

26 July 2017

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

Subject: Submission of Annual Report (including BRR) under Regulation 34 of SEBI Listing Regulations, 2015

Dear Sir,

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

Kindly acknowledge receipt and take the same on record.

Thanking you,

Yours faithfully,

For Bajaj Finserv Limited,



Sonal R Tiwari
Company Secretary



Encl: as above

Regd. Office:

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

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the shareholders of Bajaj Finserv Ltd. will be held on **Wednesday, 19 July 2017 at 4.15 p.m.** at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the standalone financial statements and the consolidated financial statements of the Company for the year ended 31 March 2017, together with the Directors' and Auditors' Reports thereon.
2. To declare a dividend.
3. To appoint a director in place of Rahul Bajaj (DIN 00014529), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

'RESOLVED that pursuant to sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, S R B C & CO LLP, Chartered Accountants (firm registration no. 324982E/E300003) be and are hereby appointed as the Statutory Auditors of the Company in place of Dalal & Shah LLP, Chartered Accountants (firm registration no. 102021W/W100110) who shall hold office for a period of five years, from the conclusion of this Annual General Meeting until the conclusion of the Fifteenth Annual General Meeting of the Company, subject to ratification by shareholders at every annual general meeting to be held hereafter, on a remuneration of ₹ 800,000 (Rupees eight lakh only) plus taxes thereon and reimbursement of travelling expenses and other out-of-pocket expenses for the year 2017-18.

'RESOLVED FURTHER that the Board of Directors of the Company (including its Committees thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary to give effect to this resolution.'

SPECIAL BUSINESS

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

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

'RESOLVED that pursuant to provisions of section 148(3) of the Companies Act, 2013 and Rules made thereunder, approval of the shareholders be and is hereby accorded for the remuneration of ₹ 55,000 (Rupees fifty-five thousand only) plus taxes, out-of-pocket, travel and living expenses payable to Dhananjay V Joshi & Associates, (firm registration no. 000030) Cost Accountants, appointed by the Board of Directors as Cost Auditor of the Company for the financial year 2017-18.'

6. **Approval of re-appointment of Sanjiv Bajaj as Managing Director of the Company and to fix his remuneration**

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

'RESOLVED that pursuant to sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder and Schedule V thereto (including any amendment(s) thereto or re-enactment thereof for the time being in force) approval be and is hereby given to the re-appointment of Sanjiv Bajaj (DIN 00014615) as the Managing Director of the Company for a five years term commencing from 1 April 2017 till 31 March 2022, not liable to retire by rotation, on the terms and conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits as set out in the explanatory statement relating to this resolution and in the agreement entered into between the Company and Sanjiv Bajaj, which agreement is hereby approved, with liberty to the Board of Directors, to alter or vary the terms and conditions and remuneration including minimum remuneration in such manner as the Board may deem fit and is acceptable to Sanjiv Bajaj.

'FURTHER RESOLVED that in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling and the said agreement between the Company and Sanjiv Bajaj be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in the general meeting.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.'

7. **Approval for payment of commission to Non-executive Directors for a period of five years commencing from 1 April 2017**

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

'RESOLVED that pursuant to section 197 and other applicable provisions, if any, of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of section 198 of the Companies Act, 2013 be paid to and distributed amongst the directors of the Company or some or any of them (other than the managing director and whole-time directors, if any) in such amounts, subject to such ceiling/s and in such manner and in such respects, as may be decided by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year for a period of five years commencing from 1 April 2017.'

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



Sonal R Tiwari
Company Secretary

Pune: 17 May 2017

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS UP TO AND NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
2. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days' written notice is given to the Company.
3. Explanatory Statement pursuant to section 102 of the Companies Act, 2013 forms part of this Notice.
4. Brief details of the director who is seeking re-appointment is annexed hereto as per requirements of regulation 36(3) of the SEBI Listing Regulations, 2015.
5. Pursuant to the provisions of section 91 of the Companies Act, 2013, the register of members and share transfer books of the Company will remain closed from **Saturday, 8 July 2017** to **Wednesday, 19 July 2017**, both days inclusive.
6. Subject to the provisions of section 126 of the Companies Act, 2013, dividend on equity shares, if declared at the Annual General Meeting, will be credited/dispatched between **24 July 2017** and/or **25 July 2017** as under:
 - a) to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on **Friday, 7 July 2017**; and
 - b) to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent [i.e., Karvy Computershare Pvt. Ltd. ('Karvy')] on or before the closing hours on **Friday, 7 July 2017**.
7. As per the SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, dividend, if declared, will be paid through electronic mode, where the bank account details of the members required for this purpose are available. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same will be paid by account payee/not negotiable instruments/warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on such payment instruments. For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, on or before Friday, 7 July 2017, updated particulars of their bank account, to Karvy along with a photocopy of a 'cancelled' cheque of the bank account and self-attested copy of Permanent Account Number (PAN) card. Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and make sure that such changes are recorded by them correctly on or before Friday, 7 July 2017. The request for updating of particulars of bank account should be signed as per the specimen signature registered with Karvy/depository participants, as the case may be.
8. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company. Members are requested to keep the same updated.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every person dealing in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to the depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Karvy.
10. In terms of sections 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of annual general meeting and the annual report, including financial statements, Board report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members, who have registered their email ids with their respective depository participants or with the share transfer agent of the Company.

11. **To receive shareholders' communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their email address with their respective depository participants, where shares are held in electronic form. If, however, shares are held in physical form, members are advised to register their email address with Karvy on mohsin.mohd@karvy.com**
12. With a view to help us serve the members better, those members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.
13. Members who still hold share certificates in physical form are advised to dematerialise their shareholding to avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
14. Documents referred to in the Notice and in the Explanatory Statement shall be open for inspection by the members at the registered office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. except holidays, up to the date of the meeting.
15. The Company has been maintaining, inter alia, the following statutory registers at its registered office at Akurdi, Pune, which are open for inspection in terms of the applicable provisions of the Companies Act, 2013, by members and others, as specified below:
 - i) Register of contracts or arrangements in which directors are interested under section 189 of the Companies Act, 2013, on all working days during business hours. The said register shall also be produced at the commencement of the Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
 - ii) Register of directors and key managerial personnel and their shareholding under section 170 of the Companies Act, 2013, on all working days during business hours. The said register shall be kept open for inspection at the Annual General Meeting of the Company and shall be made accessible to any person attending the meeting.
16. Pursuant to section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 (a copy of which is available on the website of the Company) with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participants.
17. In terms of section 124(5) of the Companies Act, 2013, dividend amount for the year ended 31 March 2010 remaining unclaimed for a period of seven years shall become due for transfer in August 2017 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of seven years, the corresponding shares shall be transferred to the IEPF demat account. Members who have not claimed dividends in respect of the financial years from 2009-10 onwards are requested to approach the Company/Karvy for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF demat account.
18. Corporate members are requested to send in advance, a duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend the annual general meeting.
19. Members/Proxies are requested to bring the attendance slip/proxy form duly filled and signed for attending the Meeting. Proxies are requested to bring their identity proof at the meeting for the purpose of identification.
20. Please note that for security reasons, no article/baggage will be allowed at the venue of the meeting.
21. Route map for directions to the venue of the meeting is available on <https://www.bajajfinserv.in/downloads/route-map-for-agm.pdf>
22. For more details on shareholders' matters, please refer to the chapter on General Shareholder Information, included in the Annual Report.
23. **Voting through electronic means –**

In terms of the provisions of section 108 of the Companies Act, 2013 (the Act), read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the SEBI Listing Regulations, 2015, the Company is providing remote e-voting to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on **13 July 2017** (end of day), being the Cut-off date for the purpose of Rule 20(4)(vii) of the Rules fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by Karvy or to vote at the Annual General Meeting. Person who is not a member as on the cut-off date should treat this Notice for information purpose only.

The instructions for remote e-voting are as under:

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

- i. Use the following URL for e-voting: <https://evoting.karvy.com>
- ii. Enter the login credentials, i.e., user id and password mentioned in your email. Your Folio No./DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your votes.
- iii. After entering the details appropriately, click on LOGIN.
- iv. You will reach the Password change menu, wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). **It is strongly recommended not to share your password with any other person and to take utmost care to keep your password confidential.**
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the EVENT, i.e., **Bajaj Finserv Ltd.**
- vii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, then enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- ix. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. **Once you confirm, you will not be allowed to modify your vote subsequently.** During the voting period, you can login multiple times, till you have confirmed that you have voted on the resolution.
- x. Corporate/Institutional Members (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board resolution/authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutiniser through email cssdlimaye@gmail.com They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'Corporate Name_EVENT No.'
- xi. Remote e-voting facility where members can cast their vote online shall be open from **16 July 2017 (9.00 a.m.) till 18 July 2017 (5.00 p.m.)** and at the end of the remote e-voting period, the facility shall forthwith be blocked.
- xii. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.karvy.com> or call Karvy on 1800 345 4001 (toll free).

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

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

C. Voting facility at Annual General Meeting:

- i. In addition to the remote e-voting facility as described above, the Company shall make voting facility available at the venue of the Annual General Meeting through electronic voting system and members attending the meeting, who have not already cast their votes by remote e-voting, shall be able to exercise their right at the meeting.
- ii. Members who have cast their votes by remote e-voting prior to the meeting may attend the meeting, but shall not be entitled to cast their vote again.

D. General Instructions:

- i. The Board of Directors has appointed Shyamprasad D Limaye, Practising Company Secretary (FCS No. 1587 CP No. 572) as the Scrutiniser to the e-voting process and voting at the venue of the Annual General Meeting in a fair and transparent manner.
- ii. The Scrutiniser shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unlock the votes through e-voting in the presence of at least 2 (two) witnesses, not in the employment of the Company and make, not later than 3 (three) days from the conclusion of the meeting, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
- iii. The Scrutiniser shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the Scrutiniser's report shall be placed on the Company's website www.bajajfinserv.in and on the website of Karvy <https://evoting.karvy.com> and shall also be communicated to the stock exchanges. The resolution shall be deemed to be passed at the Annual General Meeting of the Company, scheduled to be held on **Wednesday, 19 July 2017**.

ANNEXURE TO THE NOTICE

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

Item No. 3 of the Notice

Rahul Bajaj (DIN 00014529)

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

Information about the appointee

Rahul Bajaj, 78, is recognised as one of the most successful business leaders of India. He heads the Bajaj Group of Companies, which is a leader in a variety of manufactured products and financial services in India and abroad, including motorised two and three-wheelers, home appliances, electric lamps, wind energy, special alloy and stainless steel, material handling equipment, travel, general and life insurance and investment and consumer finance.

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

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

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

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

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

He has been conferred Honorary Doctorates by six Universities including IIT, Roorkee.

He was the President of Confederation of Indian Industry (CII-1979-80/1999-2000), Society of Indian Automobile Manufacturers (SIAM), Maharashtra Chamber of Commerce, Industry and Agriculture (MCCIA) and Chairman of the Development Council for Automobiles and Allied Industries.

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

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

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

Chairmanships

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Holdings & Investment Ltd.
Bajaj Finance Ltd.
Rahul Securities Pvt. Ltd.
Rupa Equities Pvt. Ltd.
Kamalnayan Investment and Trading Pvt. Ltd.
Bhoopati Shikshan Pratishthan
Bajaj Electoral Trust
Mahakalp Arogya Pratishthan

Directorships

Bajaj Allianz General Insurance Company Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Indian School of Business

Committee Chairmanships: Nil

Committee positions: Nil

Rahul Bajaj is not disqualified from being re-appointed as a Director in terms of section 164 of the Act. He holds 16,62,685 equity shares of ₹ 5 each in the Company as on 31 March 2017, and will be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company.

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

He was first appointed on the Board with effect from the date of incorporation, i.e., 30 April 2007 and his last drawn remuneration during the year 2016-17 was ₹ 600,000. More details are available in the Annual Report.

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

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

The Board commends this ordinary resolution set out in Item No. 3 of the Notice for approval by shareholders.

BRIEF INFORMATION ABOUT THE AUDITORS SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING

Item No. 4 of the Notice

As regards appointment of Statutory Auditors referred to in Item No. 4 of the Notice, the following disclosures are made for the information of the shareholders:

The current Auditors, viz., Dalal & Shah LLP, Chartered Accountants (firm registration no. 102021W/W100110) were last re-appointed by the Members at their Annual General Meeting held on 16 July 2014 to hold the office of Statutory Auditors from the conclusion of the Seventh Annual General Meeting till the conclusion of this Tenth Annual General Meeting.

As per the provisions of section 139 of the Companies Act, 2013, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. The Act also provided for transition period of three years from the commencement of the Act, i.e., 1 April, 2014. The current Auditors had completed a period of seven years at the commencement of the said Act. Hence on their completing the transition period of three years provided under the Act, the term of the current Auditors expires at the conclusion of the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 17 May 2017, based on the recommendation of the Audit Committee, has recommended the appointment of S R B C & CO LLP, Chartered Accountants (firm registration no. 324982E/E300003), as the Statutory Auditors of the Company for approval by the members.

S R B C & Co LLP, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under section 141(3)(g) of the Act and that they are not disqualified to be appointed as Statutory Auditors.

S R B C & CO LLP, Chartered Accountants, will be appointed as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the Fifteenth Annual General Meeting, subject to ratification of their appointment by the members at every annual general meeting on a remuneration, out-of-pocket expenses etc. incurred in connection with the Audit as may be decided by the Board of Directors in consultation with the Statutory Auditors from year to year.

Brief profile of the Auditors is as under:

S R B C & CO LLP (firm registration no. 324982E/E300003), is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. It was established in the year 2002 and is a limited liability partnership firm ('LLP') incorporated in India having its registered office at 22, Camac Street, Kolkata and 11 branch offices in various cities in India. It has a valid Peer Review certificate and is part of the S. R. Batliboi and Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

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

The Board commends this ordinary resolution set out in Item No. 4 of the Notice for approval by shareholders.

Explanatory Statement to Item No. 5 of the Notice

The Board of Directors, at its meeting held on 17 May 2017, on recommendation of the Audit Committee, approved the re-appointment of Dhananjay V Joshi & Associates, (firm registration no. 000030), Cost Accountants, as the Cost Auditor of the Company for the financial year 2017-18 on a remuneration of ₹ 55,000 (Rupees fifty-five thousand only) plus taxes, out-of-pocket, travel and living expenses.

Section 148(3) of the Companies Act, 2013 and Rules made thereunder require the Board to appoint an individual, who is a cost accountant in practice or a firm of cost accountants in practice, as Cost Auditor on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders. The Board has given the necessary approvals with due recommendation from the Audit Committee. The resolution contained in Item no. 5 of the accompanying Notice, accordingly, seeks members' approval for the remuneration of Cost Auditor of the Company for the financial year 2017-18.

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

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

Explanatory Statement to Item No. 6 of the Notice

On the recommendations made by the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 14 March 2017, re-appointed Sanjiv Bajaj, son of Rahul Bajaj, Chairman, as the Managing Director of the Company for a period of five years with effect from 1 April 2017 till 31 March 2022 and approved the terms of remuneration mentioned herein below at its meeting held on 17 May 2017, with powers to the Board to make such variation or increase therein as may be thought fit from time to time, but within the ceiling/s laid down in the Companies Act, 2013 or any statutory amendment or relaxation thereof:

1. Salary

₹ 9,45,000 (Rupees nine lakh forty-five thousand only) per month, in the scale of ₹ 9,00,000 to ₹ 35,00,000 per month, with such annual increments/increases as may be decided by the Board of Directors from time to time.

2. Commission

Payable for each financial year, subject to such ceilings as may be set out in the Companies Act, 2013 and subject to such ceiling as may be fixed by the Board of Directors from time to time. The amount of commission shall be payable after the annual accounts are approved by the Board of Directors and adopted by the shareholders.

3. Perquisites

- i. Company's contribution to Provident Fund and Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act.
- ii. Gratuity at the rate of one month's salary, for each year of service.
- iii. Leave with full pay as per the rules of the Company, with encashment of unavailed leave being allowed.
- iv. Free furnished residential accommodation with gas, electricity, water and furnishings.

- v. Reimbursement of medical expenses incurred for self and family in India or abroad, including hospitalisation, nursing home and surgical charges and in case of medical treatment abroad, the air-fare and boarding/lodging expenses for patient and attendant.
- vi. Reimbursement of actual travelling expenses for proceeding on leave from Pune to any place in India and return therefrom once a year in respect of himself and family.
- vii Reimbursement of membership fees for clubs in India or abroad, including any admission/life membership fees.
- viii Personal accident insurance policy in accordance with the scheme applicable to senior employees.
- ix. Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment, wrongful act or such other reason as may be approved by the Board of Directors from time to time.
- x. Reimbursement of entertainment expenses incurred in the course of business of the Company.
- xi. Free use of Company's car for Company's work as well as for personal purposes, along with driver.
- xii Telephone, tele-fax and other communication facilities at Company's cost.
- xiii Subject to any statutory ceiling/s, the Managing Director may be given any other allowances, perquisites, benefits and facilities, as the Board of Directors from time to time may decide.

4. 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.

5. Minimum remuneration

In the event of loss or inadequacy of profits in any financial year 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 Schedule V to the Companies Act, 2013, from time to time.

6. Computation of ceiling

The following shall not be included in the computation of perquisites for the purposes of the ceiling:

- a) Contribution to Provident and Superannuation funds referred to in para 3(i) above.
- b) Gratuity payable as per para 3(ii), to the extent of half a month's salary for each completed year of service.
- c) Encashment of leave as per para 3(iii) above.

7. Other terms

In the event of any change taking place in the relevant laws, rules, schedules, regulations or guidelines or in the event of their being withdrawn, repealed, substituted or differently interpreted at any time hereafter, the Board of Directors of the Company, including Committee of the Board, if necessary, may revise the terms of remuneration (including minimum remuneration) and perquisites as set out hereinabove and add to, change or delete any of the said terms, if agreed to by the Chairman.

Information about the appointee

Sanjiv Bajaj, 47, is B. E. (Mech), first class with distinction (8th on merit list) from the University of Pune, M. Sc (Manufacturing Systems Engg) with distinction from the University of Warwick, UK and MBA from Harvard Business School, USA.

Since 20 February 2008, he is the Managing Director of Bajaj Finserv Ltd. Since 2013, he is the Chairman of Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. and Vice Chairman of Bajaj Finance Ltd.

Bajaj Finserv operates in the insurance business through Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd., as well as in the lending business through Bajaj Finance Ltd. His role includes guiding the current businesses and building new ones in the financial services space.

Since 2012, he is Managing Director of Bajaj Holdings & Investment Ltd., where his role includes building the strategy and team and guiding this investment company which has almost ₹ 60,000 crore in cash and investments, including a stake of over 30% in Bajaj Auto Ltd. and around 40% in Bajaj Finserv Ltd.

He was former Executive Director of Bajaj Auto Ltd. (until 31 March 2012), having headed the Finance and Control, Legal and International business functions of Bajaj Auto Ltd. over different periods from 1994 until 2012, and currently a Non-Executive Director.

He has won the following awards:

- Young Business Leader of the year by Hello! Magazine in 2016-17
- Bombay Management Association (BMA) Entrepreneur of the Year Award in 2015-16.
- Listed among 'India's Most Valuable CEOs' by Business World in 2015-16.
- EY Entrepreneur of the Year (EOY) Award 2014 in Financial Services by Ernst and Young.
- Selected as one of India Inc's hundred most powerful CEOs in India by Economic Times' Corporate Dossier magazine in its 2009 survey conducted by IMRB International.
- Business Today magazine's Best CFO Awards 2005 as one of the top CFOs of India for 2005.

Details of his directorships across all the companies and committee positions in other companies:

Chairmanships

Bajaj Allianz General Insurance Company Ltd.
Bajaj Allianz Life Insurance Company Ltd.

Directorships

Bajaj Finserv Ltd. - Managing Director
Bajaj Finance Ltd. - Vice Chairman
Bajaj Holdings & Investment Ltd. - Managing Director
Bajaj Auto Ltd.
Bajaj Auto Holdings Ltd.
Maharashtra Scooters Ltd.
The Hindustan Housing Company Ltd.
Jamnalal Sons Pvt. Ltd.
Bachhraj Factories Pvt. Ltd.
Bachhraj and Company Pvt. Ltd.
Bajaj Sevashram Pvt. Ltd.
Jeewan Ltd.
Kamalnayan Investment and Trading Pvt. Ltd.
Rupa Equities Pvt. Ltd.
Sanraj Nayan Investments Pvt. Ltd.

Committee Chairmanships: Nil

Committee Positions

Bajaj Finserv Ltd.
Bajaj Allianz General Insurance Company Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Bajaj Finance Ltd.
Maharashtra Scooters Ltd.

He holds 465,024 equity shares of ₹5 each in the Company as on 31 March 2017.

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

He was first appointed on the Board with effect from the date of incorporation, i.e., 30 April 2007 and his last drawn remuneration during the year 2016-17 was ₹9,00,000 per month plus perquisites and commission. More details are available in the Annual Report.

This resolution is being proposed as a special resolution in view of the relevant provisions of Schedule V to the Companies Act, 2013 requiring a special resolution for payment of minimum remuneration in the event of loss or inadequacy of profits. The proposed remuneration is in accordance with the Remuneration Policy of the Company.

The Company has entered into an agreement with Sanjiv Bajaj laying down, inter alia, the terms of remuneration referred to above and the powers and authorities delegated to him. A copy of the said agreement is available for inspection by the members during business hours on any working day between 10.00 a.m. and 1.00 p.m. at the registered office of the Company up to the date of the meeting.

None of the Directors/Key Managerial Personnel and/or their relatives, except Rahul Bajaj, Rajiv Bajaj and Sanjiv Bajaj, are directly or indirectly concerned or interested, financially or otherwise, except to the extent of their remuneration that may be received by them and their respective shareholding, if any, in the Company, in the resolution set out in Item no. 6 of the Notice.

The Board commends the special resolution set out in Item No. 6 of the Notice for approval by shareholders.

Item No. 7 of the Notice

Section 197 of the Companies Act, 2013, permits the payment of remuneration to a director, who is neither a whole-time director nor a managing director of a company, by way of commission not exceeding one percent of the net profits of the company, if the company authorises such payment by a special resolution. Shareholders of the Company had approved such payment by a special resolution passed on 17 July 2012 for a period which expired on 31 March 2017.

In view of the increased demands on non-executive directors' participation in Board and Committee meetings and the higher responsibilities they are expected to bear in the interest of higher levels of excellence in corporate governance on account of statutory and regulatory changes, it is proposed to continue to pay such commission to the non-executive directors for a further period of five years commencing from 1 April 2017 up to 31 March 2022. The same is in accordance with the Remuneration Policy of the Company.

The amount of commission shall be payable each year after the annual accounts are approved by the Board of Directors and adopted by the shareholders.

No approval of Central Government will be required for the said payment of commission, since it is within the prescribed limits as specified under section 197. The above payment to non-executive directors will be in addition to the sitting fees payable to them for attending Board/Committee meetings, which at present is fixed at ₹50,000 per meeting.

None of the Directors/Key Managerial Personnel and/or their relatives, except the concerned non-executive director are directly or indirectly concerned or interested, financially or otherwise, except to the extent of remuneration that may be received by them and their respective shareholding, if any, in the Company, in the resolution set out in Item No. 7 of the Notice.

The Board commends the special resolution set out in Item No. 7 of the Notice for approval by shareholders.

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



Sonal R Tiwari
Company Secretary

Pune: 17 May 2017

BAJAJ FINSERV LIMITED

(CIN: L65923PN2007PLC130075)

Registered office:Bajaj Auto Ltd. Complex,
Mumbai-Pune Road, Pune 411 035**Email:** investors@bajajfinserv.in**Website:** www.bajajfinserv.in**Phone:** (020)6610 7458, **Fax:** (020)2740 7380**10th Annual Report 2016-17****PROXY FORM****Form No. MGT-11***[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN : L65923PN2007PLC130075
 Name of the Company : BAJAJ FINSERV LIMITED
 Registered office : Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035
 Name of the member(s) : _____
 Registered address : _____
 Email ID : _____
 Folio No/Client ID : _____
 DP ID : _____

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

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

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

as my/our proxy to attend and vote for me/us and on my/our behalf at the TENTH Annual General Meeting of the Company, to be held on **Wednesday, 19 July 2017 at 4.15 p.m.** at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description	For	Against
Ordinary Business			
1.	Adoption of standalone and consolidated financial statements for the year ended 31 March 2017 and the Directors' and Auditors' Reports thereon		
2.	Declaration of dividend of ₹ 1.75 per equity share (35%) of face value of ₹ 5 each, for the year ended 31 March 2017		
3.	Re-appointment of Rahul Bajaj, who retires by rotation		
4.	Appointment of S R B C & CO LLP, Chartered Accountants, (firm registration no. 324982E/E300003) as Statutory Auditors of the Company and to fix their remuneration for the financial year 2017-18		
Special Business			
5.	Approval of remuneration to Cost Auditor for the year 2017-18		
6.	Approval for re-appointment of Sanjiv Bajaj as the Managing Director of the Company for a fresh term of 5 years w.e.f. 1 April 2017 and to fix his remuneration		
7.	Approval of commission to non-executive directors for a period of five years from 1 April 2017		

Signed this _____ day of _____ 2017

Affix
revenue
stamp

Signature of shareholder

Signature of Proxy holder(s)

Note:

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

BAJAJ FINSERV LIMITED

(CIN: L65923PN2007PLC130075)

Registered office:Bajaj Auto Ltd. Complex,
Mumbai-Pune Road, Akurdi, Pune 411 035**E-mail:** investors@bajajfinserv.in**Website:** www.bajajfinserv.in**Phone:** (020) 6610 7458; **Fax:** (020) 2740 7380**ATTENDANCE SLIP****10th Annual Report 2016-17**

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

Name and Address :

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

No. of Shares held :

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

I/We hereby record my/our presence at the TENTH Annual General Meeting of the Company on **Wednesday, 19 July 2017** at **4.15 p.m.** at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035._____
Signature of First holder/Proxy/Authorised Representative_____
Signature of Joint holder(s)

Place:

Date:

Notes:

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

E-VOTING**Users who wish to opt for e-voting may use the following login credentials****EVEN (E-Voting Event No.)****USER ID****PASSWORD**

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



BAJAJ FINSERV

Bajaj Finserv Limited

**10th
ANNUAL
REPORT
2016-17**



Contents

Board of Directors	02
Chairman's Letter	04
Management Discussion and Analysis	07
Corporate Governance	24
General Shareholder Information	38
Directors' Report	47
(including Annual Report on CSR activities)	
Consolidated Financial Statements	77
Standalone Financial Statements	165

Board of Directors

Rahul Bajaj

Chairman

Nanoo Pamnani

Vice Chairman

Sanjiv Bajaj

Managing Director

Madhur Bajaj

Rajiv Bajaj

D J Balaji Rao

Naresh Chandra

Dr. Gita Piramal

Audit Committee

Nanoo Pamnani

Chairman

D J Balaji Rao

Naresh Chandra

Stakeholders Relationship Committee

Dr. Gita Piramal

Chairperson

Nanoo Pamnani

Sanjiv Bajaj

Nomination and Remuneration Committee

Naresh Chandra

Chairman

D J Balaji Rao

Nanoo Pamnani

Rahul Bajaj

Corporate Social Responsibility Committee

Rahul Bajaj

Chairman

Nanoo Pamnani

Sanjiv Bajaj

Risk Management Committee

Nanoo Pamnani

Chairman

Sanjiv Bajaj

S Sreenivasan

Duplicate Share Certificate Issuance Committee

Rahul Bajaj

Chairman

Sanjiv Bajaj

Rajiv Bajaj

Management

Sanjiv Bajaj

Managing Director

Ranjit Gupta

President (Insurance)

Kevin D'sa

President (Business Development)

V Rajagopalan

President (Legal and Taxation)

Rajeev Jain

Managing Director, Bajaj Finance Ltd.

Tapan Singhel

MD and CEO, Bajaj Allianz General Insurance Company Ltd.

Tarun Chugh

MD and CEO, Bajaj Allianz Life Insurance Company Ltd.
(w.e.f. 1 April 2017)

CFO

S Sreenivasan

Company Secretary

Sonal R Tiwari

Auditors

Dalal & Shah LLP

Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye

Practising Company Secretary

Cost Auditor

Dhananjay V Joshi & Associates

Cost Accountants

Bankers

Citibank N A

HDFC Bank

Registered Office

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

Corporate Office

Bajaj Finserv House,
Viman Nagar, Pune 411 014.

Registered under the Companies Act, 1956

CIN: L65923PN2007PLC130075

Leading the Way



Nanoo Pamnani



Sanjiv Bajaj



S Sreenivasan



Ranjit Gupta



Kevin D'sa



V Rajagopalan



Rajeev Jain



Tapan Singhel



Tarun Chugh



Chairman's Letter

Dear Shareholder,

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

Let me briefly share with you the key achievements of your Company in FY2017 under BFL, BAGIC and BALIC.

Lending: Bajaj Finance Ltd. (BFL)

Despite lower than expected growth and relatively tight credit demand, BFL has delivered excellent results and has emerged as one of the leading non-banking financial companies (NBFCs) of India. Here are some of the numbers:

- Assets under management increased by 36% to ₹ 60,194 crore.
- Receivables under financing grew by 33% to ₹ 56,832 crore.
- Total income rose by 36% to ₹ 10,003 crore.
- Profit before tax was up by 43% to ₹ 2,818 crore.
- Profit after tax rose by 44% to ₹ 1,837 crore.
- Loan losses and provisions were at ₹ 818 crore. Even so, BFL's net non-performing assets at 0.44% was among the lowest in the NBFC industry.
- Capital adequacy as on 31 March 2017 was 20.30%, which is well above the RBI norms.

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

BAGIC is a composite insurer offering various types of general insurance including motor, marine, health and various forms of corporate insurance. It continues to be among the most profitable general insurers vis-a-vis peers in the public and private sectors of comparable size. It has one of the lowest combined ratios in the industry — a combined ratio below 100% indicates that the company makes profits from its insurance operations. For FY2017, it had a combined ratio of 96.8%, reflecting a sound balance between growth and profitability. Its solvency margin remains healthy and well above the minimum required by regulations.

BAGIC's results for FY2017 were as follows:

- Gross written premium (GWP), including reinsurance accepted, was ₹ 7,687 crore versus ₹ 5,901 crore in FY2016.
- BAGIC maintained its market share at 6.7%, excluding specialised and standalone health insurers.
- Net earned premium for FY2017 was ₹ 4,937 crore, an increase of 17% over the previous year's figure of ₹ 4,224 crore.
- 10 million policies were issued in the year, versus 8.4 million in FY2016.
- Profit before tax was up by almost 40% to ₹ 1,078 crore.
- Profit after tax increased by nearly 29% to ₹ 728 crore.
- BAGIC's solvency ratio was 261%, which was well above the regulatory mandate of 150%.
- Return on average equity was 23.0% — or 50 basis points higher than the previous year.

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

Due to some key restructuring of business priorities and channels, BALIC has also done reasonably well for FY2017, as the figures below indicate.

- Gross written premium (GWP) was ₹ 6,183 crore, 5% better than the previous year.
- New business (NB) premium grew by 14% to ₹ 3,290 crore.
- BALIC's assets under management (AUM) grew by 12% to ₹ 49,270 crore as on 31 March 2017.
- Policyholders' surplus increased by 22% to ₹ 483 crore.
- Shareholders' profit after tax decreased by 5% to ₹ 836 crore.
- Net worth for the company as on 31 March 2017 was ₹ 8,476 crore, compared to ₹ 7,631 crore a year earlier.

Among the three key businesses of your Company, BFL continues to perform extraordinarily well — yet again delivering outstanding industry-beating performance, as it has over the last few years. BAGIC has also done well. And having begun to proactively deal with some of its past business challenges, BALIC, too, has produced decent results that suggest it is well on the road to profitable growth.

With you, I wish all three companies even better performance in FY2018.

Thank you for your support.

Yours sincerely,



Rahul Bajaj
Chairman

17 May 2017

Management Discussion and Analysis

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

More specifically, the areas are:

Lending

- The Company participates in the financing business through Bajaj Finance Ltd. (BFL), a company listed on The Stock Exchange, Mumbai (the BSE) and the National Stock Exchange (NSE). During the year, BFL divided its equity shares of face value of ₹ 10 each to ₹ 2 each and also issued one fully paid bonus equity share of the face value of ₹ 2 against one equity share of the face value of ₹ 2. Further, the Company converted 9,250,000 warrants into equity shares, infusing ₹ 306 crore during the year. Consequently, Bajaj Finserv's holding in BFL increased to 57.80%, versus 57.28% as on 31 March 2016.

Protection and Savings

- General insurance including health insurance through Bajaj Allianz General Insurance Company Ltd. (BAGIC).
- Life insurance and retirement plans through Bajaj Allianz Life Insurance Company Ltd. (BALIC).

BAGIC and BALIC are both joint ventures with Allianz SE, one of the world's leading composite insurers. As on 31 March 2017, Bajaj Finserv held 74% of the equity capital in BAGIC and BALIC, the balance being held by Allianz.

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

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

Macroeconomics

India had closed 2015-16 (FY2016) with growth in real GDP of 7.9% and a growth in gross value added (GVA) of 7.8%. There were expectations of India achieving similar growth in FY2017. Unfortunately, that has not occurred. The second advance estimates of national income forecast by the Central Statistics Office (CSO) suggests a real GDP growth of 7.1% for FY2017; and a real gross value added (GVA) growth of 6.7%. Both estimates are significantly lower than what the economy achieved in the previous year.

On 8 November 2016, the government announced demonetisation of ₹ 500 and ₹ 1,000 bank notes, which represented 86% of the currency in circulation. Contemporary evidence suggested significant disruption arising out of unprecedented cash constraints throughout the economy. However, the CSO's national income data does not suggest any significant reduction in GDP or GVA growth in the third quarter of FY2017, a period largely coinciding with the demonetisation drive. The third quarter traditionally tends to be muted. In FY2016, the growth rate of real GVA in Q2 was 8.4%; and in Q3 it was 7%, or a sequential drop of 1.4 percentage points. In FY2017, GVA growth in Q2 was 6.7%, and in Q3 it was 6.6%. In other words, despite the effects of demonetisation for over much of Q3 FY2017, the negative effect — as reported by the CSO —

has been only 10 basis points. We need harder evidence to clearly quantify the impact of demonetisation on real GDP or GVA growth. Whatever that may be, the fact is that the effects will be transitory, tapering off by the beginning of FY2018.

If demonetisation was not the prime cause of lower GDP and GVA growth in FY2017, what might have been the other determinants? There are two.

The first is insufficient investments, especially over the last five years. The share of gross fixed capital formation to GDP has steadily fallen from 31.7% in FY2015 to 31.1% in FY2016 to a low of 29.2% for FY2017. Unless investments rapidly pick up in FY2018 and the following year, it is difficult to envisage how India can achieve a sustained real GDP growth of 7.5%.

The second has to do with the state of our banks, especially those under government ownership. Data for the quarter ended 31 December 2016 shows that for the 27 public sector banks gross non-performing assets (NPAs) were ₹ 647,759 crore. This was 140% higher than two years earlier; and constituted 12% of total loans and advances. With these major banks being so badly stressed, there is no appetite for advancing term loans, without which it is difficult to envisage the investment spends required to transit to a higher growth path.

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

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

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

Growth in bank credit continued to be subdued. Thanks to the NPA overhang, it grew only by 5.2% in FY2017 versus 10.2% in the previous year. On the liability side, demonetisation led to an unnatural growth in bank deposits, which increased by 11.9% in FY2017 compared to 9.1% in FY2016. Awash with post-demonetisation liquidity, the banks significantly reduced their incremental marginal cost based lending rates in January 2017. This has created a potentially alarming situation in the banking sector, especially for the public sector banks. On the one hand, these institutions remain saddled with high levels of NPAs from which they earn little or no returns and need quarterly provisioning at the cost of their profits. On the other, extra liquidity has forced a reduction in lending rates which, in turn, has reduced the net income margin from new lending. Thus, the state of most banks continues to be worrying.

How FY2018 plays out depends upon two factors: the investment appetite of the country and the monsoons. Regarding the former, there is still no sign of any upsurge in private investments as firms continue to leverage efficiency improvements and squeeze the best out of existing capacities. As far as the latter, the India Meteorological Department has come out with an initial forecast of a normal monsoon. We hope that is the case.

On the positive side, the expected roll out of the nation-wide Goods and Service Tax (GST) in FY2018 ought to aid growth. No doubt, a task as monumental as the GST will have teething troubles in the first two quarters. We believe that it is only in FY2019 that the country will begin to see the overall benefits of this key economic reform. Equally, the Insolvency and Bankruptcy code ought to finally create a market for stressed assets; and, other things being equal, reduced bank lending rates should make borrowing more attractive than before.

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

Lending

Bajaj Finance Ltd. (BFL)

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

BFL had yet another strong year aided by a diversified product mix, robust volume growth, prudent operating cost and effective risk management. With assets under management of ₹ 60,194 crore, BFL has emerged as one of the leading NBFCs in the country.

BFL's loan book continued to remain strong due to the care that it takes in the choice of borrowers as well as its robust risk management. Its net NPA at 0.44 % is among the lowest in the NBFC industry. This low ratio is despite portfolio quality pressures on account of demonetisation in the third quarter of FY2017.

The Company delivered strong all-round results in FY2017, the highlights of which are given below.

Bajaj Finance: Performance Highlights FY2017

- In FY2017, new loans booked exceeded 10 million numbers, which is a first for the Company.
- Assets under management: up 36% to ₹ 60,194 crore.
- Receivables under financing: up 33% to ₹ 56,832 crore.
- Total income: up 36% to ₹ 10,003 crore.
- Total operating cost: up by 35% to ₹ 2,564 crore.
- Loan losses and provisions: ₹ 818 crore. Even so, BFL's net NPA at 0.44% was among the lowest in the NBFC industry.
- Profit before tax: up 43% to ₹ 2,818 crore.
- Profit after tax: up 44% to ₹ 1,837 crore.
- Capital adequacy as on March 31, 2017 was 20.30%, which is well above the RBI norms.

BFL focuses on six broad categories: (i) Consumer lending, (ii) SME lending, (iii) Commercial lending, (iv) Rural lending, (v) Deposits; and (vi) Partnerships and services.

Chart A depicts BFL's Assets under management (AUM) over the last five years, while Table 1 gives its break down across major business verticals.

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

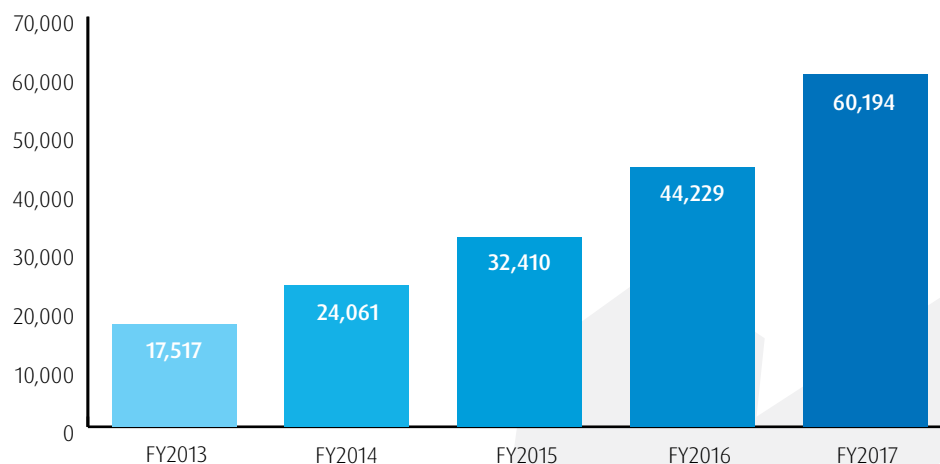


Table 1: BFL's assets under management

Particulars	(₹ In Crore)		
	FY2017	FY2016	% Change
Consumer lending	27,159	18,996	43%
SME lending	22,082	18,692	18%
Commercial lending	7,881	5,202	51%
Rural lending	3,072	1,339	129%
Total	60,194	44,229	36%

Business update

Consumer lending

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

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

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

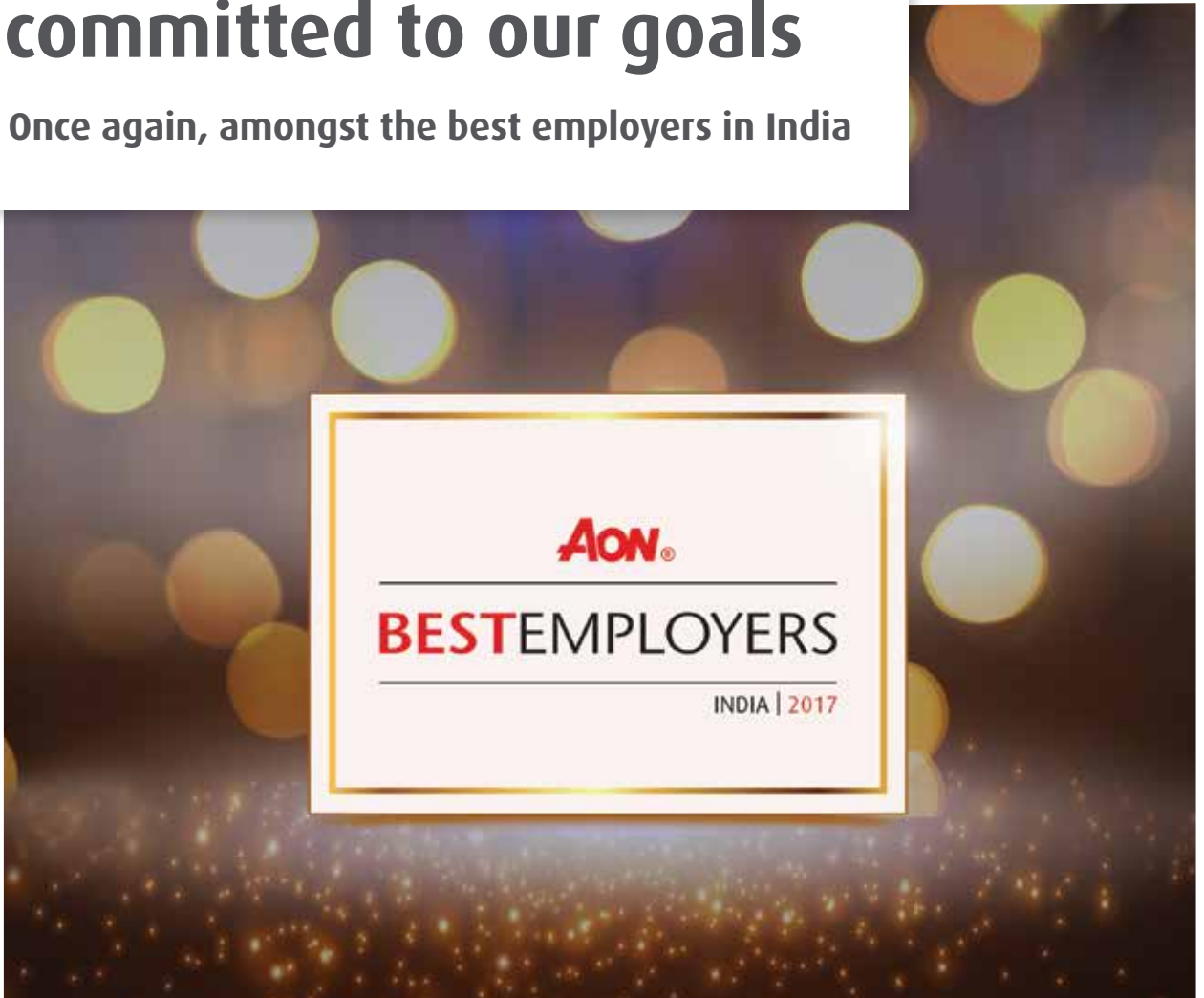
- The Company operates at the premises of 3,661 Bajaj dealers and sub-dealers across the country.
- Approximately 36% of Bajaj Auto's domestic sales of motorcycles and 23% of three-wheelers were financed by BFL in FY2017 — up from 32% and 16% respectively in FY2016.
- Gross deployments in FY2017 were ₹ 4,519 crore — a growth of 36% over FY2016.

In April 2016, BFL expanded its EMI card propositions with offerings in retail categories like fashion, travel, insurance and daily spends like groceries, small appliances and the like through an invoice financing facility. The business is operational in top 35 locations with a footprint of approximately 10,000 partner stores across India. Over the years, BFL has expanded its EMI financing business to digital products and lifestyle products.

B

Our habits keep us committed to our goals

Once again, amongst the best employers in India



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

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

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

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

Personal loans cross-sell and salaried personal loans deployments grew, respectively, by 56% and 25% over FY2016; and their AUMs by 62% and 35%.

SME lending

SME lending offers secured and unsecured loans to its customers. Secured lending is done through three product offerings: loan against property, lease rental discounting and home loans. BFL has fully transitioned its retail mortgage business to a 100% 'Direct to Customer' model, to lower costs and build sustainable return on equity.

Unsecured lending is done through two product offerings: business loans and professional loans.

The business had an AUM of ₹ 22,082 crore compared to ₹ 18,692 crore in FY2016, representing a growth of 18%.

Commercial lending

Commercial lending business had an AUM of ₹ 7,881 crore as at 31 March 2017, representing a growth of 51% compared to 31 March 2016. IPO financing was started in FY2017. Three new industry verticals, viz. corporate finance, financial institutions group (FIG) lending business and light engineering, launched in FY2016 have delivered an AUM of ₹ 1,639 crore as at 31 March 2017.

Rural lending

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

The rural MSME business offers unsecured and secured loans to self-employed clients in rural markets. Unsecured loans are offered through business loans and doctor loans while secured loans are offered primarily through lower ticket loans against property as well as secured enterprise loans.

Deposits

As at the end of FY2017, BFL had a deposit book of ₹ 4,128 crore, representing a growth of 84% over the end of FY2016. The deposit book's contribution to BFL's overall borrowing was 8%. Investments are being made to expand retail and HNI deposits and also online distribution channel partnerships with reputed institutional players.

Financial performance

Table 2 gives BFL's summarised financial performance in FY2017 versus the previous year.

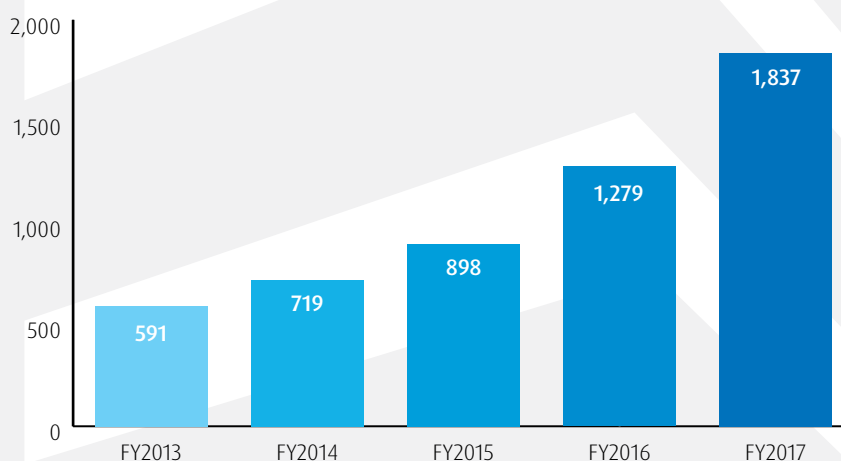
Table 2: BFL's financials

Particulars	₹ In Crore)		
	FY2017	FY2016	% Change
Total income	10,003	7,333	36%
Interest and finance charges	3,803	2,927	30%
Net interest income	6,200	4,406	41%
Profit before tax	2,818	1,965	43%
Profit after tax	1,837	1,279	44%
Earnings per share (EPS) basic, in ₹	34.01	24.23	40%
Earnings per share (EPS) diluted, in ₹	33.67	23.88	41%
Book value per share, in ₹	175.73	138.70	27%

At 20.30%, BFL's capital adequacy as at 31 March 2017 was well above the RBI norm of 15%.

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

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



Protection and Savings

General Insurance:

Bajaj Allianz General Insurance Company Ltd. (BAGIC)

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

Industry update

The general insurance industry posted a solid growth of 29.7% for FY2017, which was much higher than 12.6% recorded in FY2016. This was largely driven by significant growth in crop insurance under the Pradhan Mantri Fasal Bima Yojana launched by the Central Government in FY2017.

The growth rates in gross direct premium in India (excluding reinsurance accepted) of the industry and of BAGIC, including and excluding crop insurance are shown in Table 3.

Table 3: Gross direct premium in India, general insurance industry

(₹ In Crore)

Particulars	Gross premium		Gross premium excluding crop insurance	
	FY2017	FY2016	FY2017	FY2016
Bajaj Allianz	7,633	5,832	6,183	5,464
Private sector	53,663	39,703	43,799	37,906
Public sector	59,692	47,691	56,009	47,687
Industry	113,355	87,394	99,808	85,593
Growth rates				
Bajaj Allianz	31%	12%	13%	15%
Private sector	35%	13%	16%	13%
Public sector	25%	12%	18%	12%
Industry	30%	13%	17%	13%

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

Business update

BAGIC was a leading participant in the newly launched Pradhan Mantri Fasal Bima Yojana (PMFBY) recording gross premium of ₹ 1,450 crore in FY2017. It participated in the crop insurance programmes of Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Maharashtra and Telangana and insured more than 21 lakh farmers by issuing more than 125,000 policies. BAGIC also participated this year in the government health schemes of Gujarat and Uttarakhand.

BAGIC continues to be among the most profitable general insurers vis-a-vis peers in the public and private sectors of comparable size. It has one of the lowest combined ratios in the industry — a combined ratio below 100% indicates that the company makes profits from its insurance operations. For FY2017, it had a combined ratio of 96.8%, reflecting a sound balance between growth and profitability. Its solvency margin remains healthy and well above the minimum required by regulations.

During FY2017, BAGIC pushed the low-cost channel which it pioneered in FY2016; it works solely through electronic hand-held devices with minimum paperwork. This initiative contributed over 3% of the Company's total gross written premium, recording a gross premium of ₹ 242 crore compared to ₹ 82 crore in FY2016. BAGIC also launched a novel concept of All Women Branches to cater to the needs of household women and provide opportunities to women employees and agents.

The Insurance Regulatory and Development Authority of India (IRDAI) through its notification on 2 June 2015 introduced the Insurance Regulatory and Development Authority of India (Obligation of Insurer in respect of Motor Third Party Insurance Business) Regulations, 2015. Every insurer has to achieve the overall third party obligation based on average of overall market share and motor market share. BAGIC achieved its obligation by underwriting ₹ 1,501 crore during FY2017.

B

Heartfelt gratitude to our customers for their constant support



**General Insurance Company of the Year
(Private Sector) 2016 by Indian Insurance Awards
Domestic General Insurer of the Year
Insurance Asia Awards 2016**



**Certified with iAAA Rating by
ICRA Denoting the Company's
highest Claim paying Ability**



**Best Non Life Insurance Provider
Outlook Money Awards 2016
Motor Insurance of the Year 2017
Money Today Financial Awards**



Celebrating 15 years of relationships beyond insurance

In FY2017, BAGIC continued its focus on balancing growth with profitability. It did so by:

- Robust and prudent underwriting practices.
- Generation of cash flows through strong retention of premium and judicious investments of the proceeds.
- Focus on high quality customer service.

Motor and retail health insurance are the major focus areas of BAGIC and 61% of its gross premium were reported from these lines. Retail channels like agency, motor and bancassurance continue to be the mainstay of BAGIC's channel mix, contributing to around 59% of the business. It has one of the largest networks of independent partner banks, including nationalised banks with strong regional presence, as well as cooperative and rural banks. During FY2017, large banks like Canara Bank and Karnataka Bank became corporate agents of BAGIC. BAGIC's online sales channel, which offers 24x7 ease of buying, grew by 26% during FY2017. It is ideally suited for off-the-shelf retail products like motor and health.

Bajaj Allianz General Insurance: Performance Highlights FY2017

- Gross written premium (GWP), including reinsurance accepted, for FY2017 was ₹ 7,687 crore versus ₹ 5,901 crore in FY2016.
- BAGIC maintained its market share at 6.7%, excluding specialised and standalone health insurers.
- Net earned premium for FY2017 was ₹ 4,937 crore, an increase of 17% over the previous year's figure of ₹ 4,224 crore.
- 10 million policies were issued in the year, versus 8.4 million in FY2016.
- 942,189 claims were reported in the year, compared to 784,411 in FY2016.

Financial performance

The financial performance for FY2017 is summarised in Table 4.

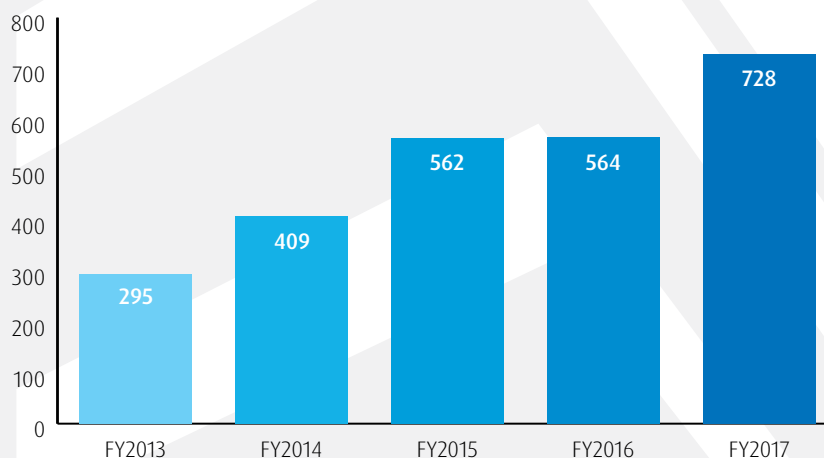
Table 4: BAGIC's financials

Particulars	₹ In Crore)	
	FY2017	FY2016
Gross written premium	7,687	5,901
Net earned premium	4,937	4,224
Underwriting results	64	(65)
Profit before tax	1,078	771
Profit after tax	728	564
Claims ratio	70.4%	72.3%
Combined ratio	96.8%	99.3%
Return on average equity	23.0%	22.5%

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

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

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



Capital and solvency

- Paid up capital, including share premium, stood at ₹ 277 crore as on 31 March 2017. No fresh capital was infused in FY2017. BAGIC is the most capital efficient general insurer in the industry.
- Shareholders' equity of BAGIC was ₹ 3,535 crore as on 31 March 2017, compared to ₹ 2,790 crore a year earlier, growing by 27%.
- As on 31 March 2017, BAGIC's solvency margin was at 261%, which is well above the normal regulatory requirement of 150%.

Investments

BAGIC's cash and investments as on 31 March 2017 stood at ₹ 10,829 crore versus ₹ 9,211 crore in the previous year, growing by 18%. Cash flow generation continues to be strong.

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

Industry update

FY2017 was generally a favourable year for life insurance, with the industry recording a growth in new business of 26.2% and individual rated new business of 20.7%. Total new business during the year reached a record level of approximately ₹ 175,000 crore.

The growth rates in premium in India of the industry and of BALIC are shown in Table 5.

Table 5: Premium in India – life insurance industry

(₹ In Crore)

Particulars	Rated new business		Individual rated new business		New business (NB)	
	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
BALIC	2,130	1,543	1,010	717	3,290	2,885
Private sector	33,427	27,191	28,699	22,706	50,626	40,983
LIC	36,038	31,126	24,519	21,369	124,396	97,674
Industry	69,465	58,317	53,218	44,076	175,022	138,657
Growth rates						
BALIC	38.0%	(4.8%)	40.8%	(7.5%)	14.1%	6.8%
Private sector	22.9%	13.4%	26.4%	13.6%	23.5%	17.6%
LIC	15.8%	9.0%	14.7%	2.9%	27.4%	24.7%
Industry	19.1%	11.0%	20.7%	8.1%	26.2%	22.6%
Market share						
Private industry	48.1%	46.6%	53.9%	51.5%	28.9%	29.6%
LIC	51.9%	53.4%	46.1%	48.5%	71.1%	70.4%

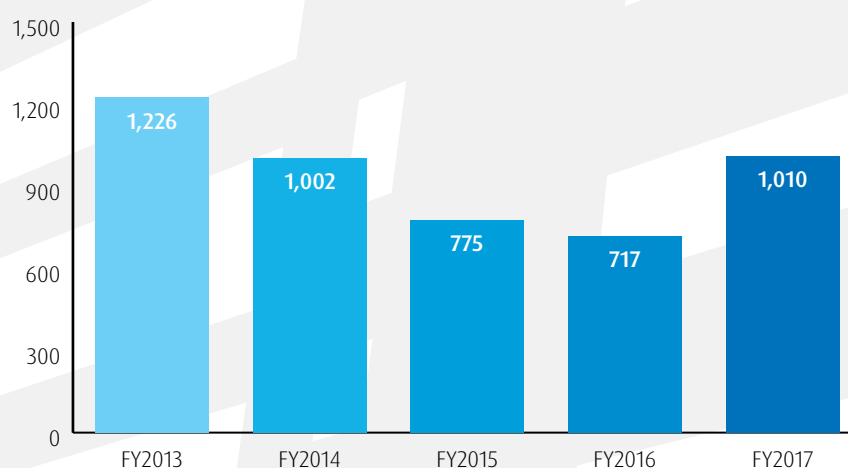
Source: Life Council statistics.

Group premium contributes to more than half the business for the industry. For the industry as a whole, this accounted for 55.6% of the overall new business premium in FY2017, compared to 58% in FY2016. Of the total growth experienced by the industry, the individual business grew by 33.3% and group business by 21.1% in FY2017.

Business update

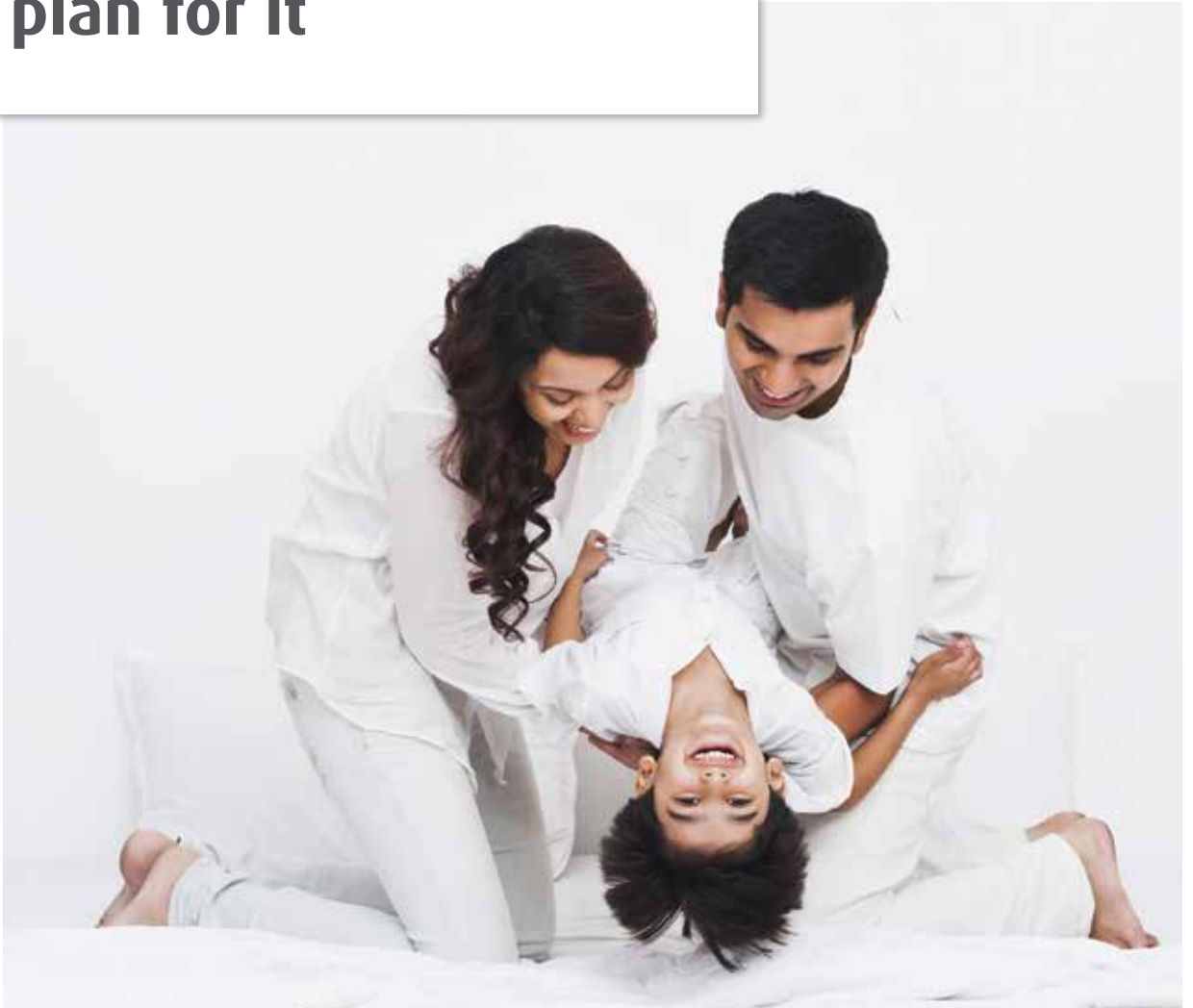
BALIC embarked on a journey of transformation about 18 months back focusing on revamping its product portfolio, distribution structures and customer/geographic segmentation on the one hand while maintaining lean operations, quality business and superior technology on the other. Green shoots of the transformation were visible in FY2017 with the Company registering a significant growth after having experienced de-growth for the last few years, as is shown in Chart D.

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



B

Don't worry about life,
plan for it



Plan for the 'Ifs Of Life' with Bajaj Allianz Life Insurance Solutions



Protection



Savings



ULIPs



Retirement



Child plans



Riders

Celebrating 15 years of helping people live worry-free

The new business growth for the industry was 26.2% whereas growth for BALIC was lower at 14.1% largely due to the planned strategy of reducing sales of single premium products through traditional channels such as agency, and substituting it with an enhanced focus on selling longer term regular premium products.

BALIC registered a stellar growth of 40.8% on individual rated new business premium as against the industry growth rate of 20.7%. The Company saw its market share of the industry increase from 2.6% in FY2016 to 3.1% in FY2017 on rated new business and from 1.6% in FY2016 to 1.9% in FY2017 on individual rated basis.

Bajaj Allianz Life Insurance: Performance Highlights FY2017

- Rated new business (NB) premium grew by 38% in FY2017 to ₹ 2,130 crore versus ₹ 1,543 crore in FY2016.
- Individual rated NB premium grew by 40.8% in FY2017 to ₹ 1,010 crore versus ₹ 717 crore in FY2016.
- With shift of focus away from single premium business, NB premium grew by 14.1% in FY2017 to ₹ 3,290 crore versus ₹ 2,885 crore in FY2016.
- Gross written premium (GWP) was ₹ 6,183 crore, better compared to the previous financial year's figure of ₹ 5,897 crore.
- 13th month persistency saw a significant improvement at 68% in FY2017, up from 63% in FY2016 (March 31, measured at April 30).
- Grievances about the Company too saw a significant decline by 72% in FY2017 over FY2016.
- BALIC's AUM grew by 12% to ₹ 49,270 crore as at 31 March 2017 from ₹ 44,108 crore at 31 March 2016.
- Net worth for the company as at 31 March 2017 was ₹ 8,476 crore, compared to ₹ 7,631 crore at 31 March 2016.

Financial performance

BALIC's financial performance in FY2017 is summarised in Table 6.

Table 6: BALIC's financials

Particulars	₹ In Crore)	
	FY2017	FY2016
Gross written premium	6,183	5,897
New business premium	3,290	2,885
-Rated new business premium	2,130	1,543
-Individual rated new business premium	1,010	717
Renewal premium	2,893	3,012
Policyholders' surplus	483	394
Shareholders' profit after tax	836	879
Assets under management	49,270	44,108
Solvency ratio	582%	793%

While BALIC grew its rated new business well above market growth rates in FY2017, renewal premium recorded a small de-growth of 4%. The de-growth was attributable to the discontinued regular premium group businesses of the past while the individual renewal premium grew at 3%. It is BALIC's strategy to continue to focus on building its new business book with higher quality.

Investments

As on 31 March 2017, BALIC's assets under management (AUM) stood at ₹ 49,270 crore — up from ₹ 44,108 crore on 31 March 2016. Table 7 gives the data.

Table 7: BALIC's assets under management

Particulars	₹ In Crore)	
	FY2017	FY2016
Shareholders' funds	7,396	7,565
Policyholders' linked funds (including unclaimed funds)	21,394	19,221
Policyholders' non linked funds	20,480	17,322
Total AUM	49,270	44,108

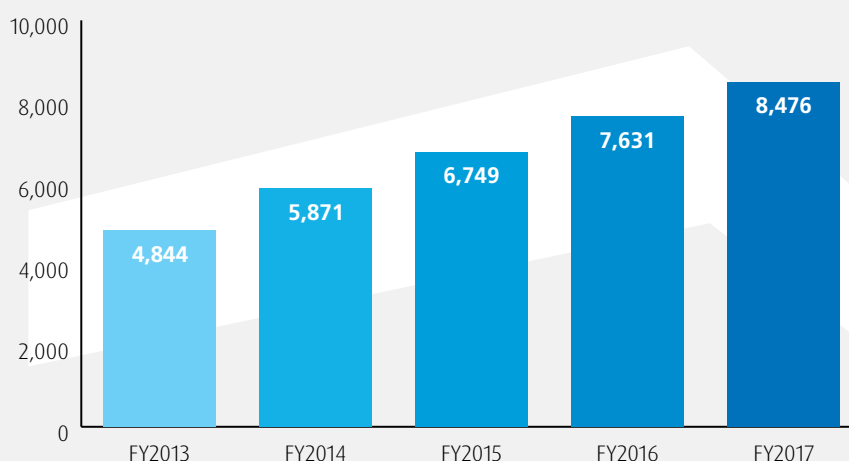
BALIC's unit-linked funds have performed well, with many generating returns that have beaten the benchmark. The traditional funds are managed, keeping in mind the duration requirements arising out of the asset-liability management framework. BALIC regularly monitors its asset-liability matching, making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

Capital and solvency

- The total capital infused by the shareholders' in BALIC was ₹ 1,211 crore as on 31 March 2017.
- Including accumulated profit of ₹ 7,249 crore as on 31 March 2017, the shareholders' net worth was ₹ 8,476 crore. For the previous year, accumulated profit was ₹ 6,412 crore, and shareholders' net worth was ₹ 7,631 crore.
- BALIC is soundly capitalised with a solvency ratio of 582% as on 31 March 2017, which is well in excess of the minimum regulatory requirement of 150%. In addition to this, BALIC had a fund of ₹ 2,233 crore held beyond required solvency margin forming part of shareholders' investments.

Chart E plots net worth over the last five years.

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



Renewable energy

Bajaj Finserv Ltd. owns and operates 138 windmills in Maharashtra with a total installed capacity of 65.2 MW. During FY2017, the Company continued its good work in generating green energy, thereby contributing significantly to conservation of the environment. Apart from revenue from sale of power generated by these wind-farms, the Company also gets revenue from renewable energy certificates.

During FY2017, the Company's wind-farms generated net wind energy of 867 lakh units of electricity compared to 772 lakh units in FY2016 – an increase of 12%. Revenue generated from renewable energy in FY2017 was ₹ 70 crore versus ₹ 58 crore in the previous year.

Financials of Bajaj Finserv

Standalone financials

The standalone financials of the Company are given in Table 8.

Table 8: Standalone financials of Bajaj Finserv

Particulars	(₹ In Crore)	
	FY2017	FY2016
A. Income from wind-farm activity	70	58
Administrative expenses	28	23
Profit from wind-farm activity	42	35
B. Income from investments and others*	95	193
Other expenses	33	33
Profit before tax*	104	195
Tax expense	34	32
Profit after tax*	70	163

* The Company received dividend of ₹ 22 crore in FY2017 as compared to ₹ 111 crore in FY2016.

Consolidated financials

The consolidated results are given in Table 9. These include the results of subsidiaries and joint venture and are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

Table 9: Consolidated financials of Bajaj Finserv

Segment revenue			Segment results-profit/(loss) from each segment		
Particulars	(₹ In Crore)		Particulars	(₹ In Crore)	
	FY2017	FY2016		FY2017	FY2016
Insurance	14,463	13,029	Insurance	2,020	1,764
Wind-farm	70	58	Wind-farm	42	35
Retail finance	10,007	7,334	Retail finance	2,877	1,989
Investments and others	147	321	Investments and others	(14)	16
	24,687	20,742		4,925	3,804
Less: inter-segment	165	208	Tax expense	1,475	1,030
			Minority interest	1,188	911
Total	24,522	20,534	Total	2,262	1,863

Awards

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

- Sanjiv Bajaj, Managing Director was awarded the Young Business Leader of the Year by Hello! Magazine.
- Sanjiv Bajaj, Managing Director, was awarded the Entrepreneur of the Year 2015-16 by Bombay Management Association (BMA).
- The Audit Committee of BFL was chosen as 'The Best Audit Committee' by the Asian Centre for Corporate Governance and Sustainability at the 4th Asia Business Responsibility Summit in January 2017.
- BAGIC won awards at the Insurance Asia Awards 2016 under the category of 'Domestic General Insurer of the Year', 'New Insurance product of the Year' and Tapan Singhel, MD and CEO of BAGIC was awarded as 'CEO of the Year'.
- BAGIC won the General Insurance Company of the Year (Private Sector) at the Indian Insurance Awards 2016 by Fintelekt.
- BALIC was awarded the 'Best Life Insurance Company' by the ABP News BFSI Awards Committee.
- BALIC won the SKOCH awards for Best Microinsurance and Best Customer Service.
- BAGIC and BALIC were recognised amongst the Best Brands by the Economic Times – Premium edition.

Cautionary statement

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

Corporate Governance

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), which were made applicable with effect from 1 December 2015, given below are the corporate governance policies and practices of Bajaj Finserv Ltd. ('the Company' or 'BFS' or 'Bajaj Finserv') for the financial year 2016-17.

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

Philosophy

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

Board of Directors

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

Composition

As on 31 March 2017, the Board of the Company consisted of eight Directors, of whom one was executive (Managing Director), four were non-executive independent (including one woman director) and three were non-executive and non-independent. The Board has no institutional nominee director. The Company has a non-executive Chairman.

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

Sanjiv Bajaj was appointed as the Managing Director of the Company with effect from 1 April 2012 to hold office up to 31 March 2017. The Board, at its meeting held on 14 March 2017, has re-appointed Sanjiv Bajaj as the Managing Director of the Company for a period of five years with effect from 1 April 2017 up to 31 March 2022 and at its meeting held on 17 May 2017 has fixed his remuneration, based on the recommendations made by the Nomination and Remuneration Committee and in accordance with the Remuneration Policy of the Company. The matter is being put up for shareholders' approval through the Notice of the ensuing Tenth Annual General Meeting of the Company.

Number of meetings of the Board

During the financial year 2016-17, the Board of Directors met six times, viz., 24 May 2016, 26 July 2016, 12 September 2016, 27 October 2016, 30 January 2017 and 14 March 2017. The gap between any two meetings has been less than one hundred and twenty days.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for 2016-17

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

Non-executive directors' compensation

The shareholders of the Company, vide a special resolution passed at the Annual General Meeting of the Company held on 17 July 2012, have by way of an enabling provision approved the payment of a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of section 198, 349 and 350 of the Companies Act, 1956 (corresponding to sections 197 and 198 of the Companies Act, 2013), to the directors (other than the Managing Director) as may be decided by the Board of Directors in respect of the profits of the Company for each year for a period commencing from 20 February 2013 up to 31 March 2017.

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

The Board of Directors at its meeting held on 14 March 2017 has, subject to approval of shareholders at the ensuing Annual General Meeting scheduled on 19 July 2017, accorded its approval to continue to pay such commission to the non-executive directors of the Company for a further period of five years commencing from 1 April 2017 up to 31 March 2022.

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

Information supplied to the Board

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

In terms of quality and importance, the information supplied by the Management to the Board of the Company is far ahead of the list mandated under regulation 17(7) read with Part A of

Schedule II to the SEBI Listing Regulations, 2015. As stated elsewhere, the independent directors of the Company at their meeting held on 14 March 2017 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

Orderly succession to Board and Senior Management

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

Directorships and memberships of Board Committees

Table 2: Number of directorships/committee positions of directors as on 31 March 2017

Name of director	Directorships			Committee positions in listed and unlisted public limited companies	
	In listed companies	In unlisted public limited companies	In private limited companies	As Chairman	As Member (other than as Chairman)
Rahul Bajaj	4	2	7	-	-
Nanoo Pamnani	4	2	-	5	4
Sanjiv Bajaj	6	4	7	-	6
Madhur Bajaj	6	-	3	-	-
Rajiv Bajaj	4	-	2	-	-
D J Balaji Rao	7	-	-	3	4
Naresh Chandra*	9	-	1	1	9
Dr. Gita Piramal	4	-	2	1	3

*Out of the total directorships, Naresh Chandra holds the position of 'non-executive non-independent director' in two companies.

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

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

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

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

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

Review of legal compliance reports

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

Code of Conduct

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

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

All Directors and Senior Management Personnel have affirmed compliance with the code for 2016-17. A declaration to this effect signed by the Managing Director (CEO) is given in this Annual Report.

Maximum tenure of independent directors

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

Formal letter of appointment to independent directors

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

Performance evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, 2015, the Board has carried out an annual evaluation of its own performance, and that of its Committees and individual directors. The manner in which such formal annual evaluation was made by the Board during the year 2016-17 is given below:

- Performance evaluation criteria for the Board, Committees of the Board and Directors were approved by the Board at its meeting held on 10 September 2014 and the same were placed on the Company's website www.bajajfinserv.in
- Based on the said criteria, rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of the performance of the Board, its Committees and Directors (except for the director being evaluated) for the year under review.
- A consolidated summary of the ratings given by each of the director was then prepared, based on which a report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, its Committees and Directors during the year under review.
- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board at their meetings held on 14 March 2017.
- Under the law, as per the report of performance evaluation, the Board shall determine, inter alia, whether to continue the term of appointment of the independent director. During the year under review, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors and hence, the question of taking a decision on their re-appointment did not arise.

Details on the evaluation of the Board, non-independent Directors and Chairperson of the Company as carried out by the independent directors at their meeting held on 14 March 2017 have been furnished in a separate para elsewhere in this Report.

During the year under review, SEBI vide its circular dated 5 January 2017, came out with a Guidance Note on Board Evaluation, which was to be adopted by the Company, as considered appropriate. The performance evaluation criteria for the Board, Committees of the Board,

Chairperson and Directors were accordingly modified by the Board at its meeting held on 14 March 2017, as approved and recommended by the Nomination and Remuneration Committee. The updated criteria are placed on the Company's website www.bajajfinserv.in and will be applicable for evaluation from the year 2017-18.

Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a Remuneration Policy providing (a) criteria for determining qualifications, positive attributes and independence of directors, and (b) a policy on remuneration for directors, key managerial personnel and other employees. The same is placed on <https://www.bajajfinserv.in/downloads/remuneration-policy.pdf>

Board Diversity Policy

In compliance with the provisions of the SEBI Listing Regulations, 2015, the Board through its Nomination and Remuneration Committee has devised a Policy on Board Diversity. The objective of the Policy is to ensure that the Board comprises an adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The Board composition as at present broadly meets with the above objective.

Familiarisation programmes

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

Whistle Blower Policy/Vigil mechanism

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

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

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

Dividend Distribution Policy

As mandated under regulation 43A of the SEBI Listing Regulations, 2015, for the top 500 companies as on 31 March 2016 by market capitalisation, the Board of Directors of the Company at its meeting held on 27 October 2016 adopted a Dividend Distribution Policy for the Company. The same is placed on <https://www.bajajfinserv.in/downloads/dividend-distribution-policy-bfs.pdf>

Subsidiary companies

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

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

To the extent applicable, provisions under the SEBI Listing Regulations, 2015, with reference to subsidiary companies were duly complied with.

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

Related party transactions

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

During the year 2016-17, as required under section 177 of the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for approval.

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

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

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

Disclosures

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

Audit Committee

Constitution and composition

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

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

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

Meetings and attendance

During 2016-17, the Audit Committee met four times, viz., 24 May 2016, 26 July 2016, 27 October 2016 and 30 January 2017. The meetings were scheduled well in advance. The gap between any two meetings has been less than one hundred and twenty days.

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

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

Table 3: Composition of the Audit Committee and attendance record of members for 2016-17

Name of director	Category	No. of Meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	4/4
D J Balaji Rao	Non-executive, independent	3/4
Naresh Chandra	Non-executive, independent	4/4

Nanoo Pamnani, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on 26 July 2016, to answer shareholders' queries.

Nomination and Remuneration Committee

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

The Board of Directors, at its meeting held on 14 May 2014, renamed the Committee as Nomination and Remuneration Committee and revised the terms of reference for this Committee at its meeting held on 10 September 2014, in compliance with section 178 of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement. The said terms of reference are placed on <https://www.bajajfinserv.in/investor-relations/miscellaneous.aspx>

During the year under review, the Committee met twice, i.e., on 24 May 2016 and 14 March 2017.

Table 4: Composition of the Nomination and Remuneration Committee and attendance record of members for 2016-17

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

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

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

- i) Revision in the remuneration of Managing Director;
- ii) Review of change in remuneration to Senior Managerial Personnel;
- iii) Re-appointment of Sanjiv Bajaj as Managing Director for a fresh term of five years from 1 April 2017;
- iv) Approval of revised Board Evaluation criteria;
- v) Recommendation of payment of commission to Non-Executive Directors for a term of five years from 1 April 2017; and
- vi) Recommendation of its report on evaluation of the Board, Committees and the Directors.

Naresh Chandra, Chairman of the Nomination and Remuneration Committee, was present at the Annual General Meeting of the Company held on 26 July 2016, to answer shareholders' queries.

Risk Management Committee

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

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

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

During the year under review, the Committee met twice on 12 September 2016 and 14 March 2017.

Table 5: Composition of the Risk Management Committee and attendance record of members for 2016-17

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

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

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

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

Stakeholders Relationship Committee

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

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

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

- i) To look into the redressal of complaints of security-holders on matters relating to transfer of shares, dematerialisation of shares, non-receipt of annual report, non-receipt of dividend, matters relating to issue of new share certificates, etc.
- ii) To look into matters that can facilitate better security-holders services and relations.

During the year under review, Rajiv Bajaj, non-executive, non-independent director of the Company, resigned as member of the Stakeholders Relationship Committee of the Company due to his preoccupation with other engagements.

During the year under review, the Committee met on 14 March 2017 to, inter alia, review the status of investors' services rendered.

Table 6: Composition of the Stakeholders Relationship Committee and attendance record of members for 2016-17

Name of director	Category	Attendance at the meeting held on 14 March 2017
Dr. Gita Piramal	Chairperson, non-executive and independent	Yes
Nanoo Pamnani	Non-executive, independent	Yes
Sanjiv Bajaj	Managing Director, executive	Yes

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

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

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

Dr. Gita Piramal, Chairperson of the Stakeholders Relationship Committee, was present at the Annual General Meeting of the Company held on 26 July 2016, to answer shareholders' queries.

Table 7: Investors' complaints attended and resolved during 2016-17

Investors' complaints	Attended/resolved during 2016-17
Pending at the beginning of the year	Nil
Received during the year	7
Disposed of during the year	7
Remaining unresolved at the end of the year	Nil

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

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

Independent Directors' meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, the independent directors held their separate meeting on 14 March 2017, without the attendance of non-independent Directors and members of the Management, inter alia, to discuss the following:

- i) Noting of the report of performance evaluation for 2016-17 from Chairman of the Board;
- ii) Review of the performance of non-independent directors and the Board;
- iii) Review of the performance of the Chairperson of the Company;

- iv) Assessment of the quality, quantity and timeliness of flow of information to the Board; and
- v) Review of Informal meetings with Senior Management.

The independent directors present elected Naresh Chandra as Chairman for the meeting.

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

Duplicate Share Certificate Issuance Committee

The Board of Directors at its meeting held on 3 February 2016, to meet the requirements of section 46 of the Companies Act, 2013, read with rule 6 of the Companies (Share Capital and Debentures) Rules, 2014 and regulation 39 of the SEBI Listing Regulations, 2015, constituted a Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate lost or misplaced.

During the year under review, the Committee met for the first time on 6 February 2017.

Table 8: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of members for 2016-17

Name of director	Category	Attendance at the meeting held on 6 February 2017
Rahul Bajaj	Chairman, non-executive	Yes
Sanjiv Bajaj	Managing Director, executive	Yes
Rajiv Bajaj	Non-executive	Yes

Remuneration of directors

Pecuniary transactions with non-executive directors

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

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

Criteria of making payments to non-executive directors

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

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

Non-executive directors

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

Managing Director

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

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

Pursuant to section 197(14) of the Companies Act, 2013, Sanjiv Bajaj, Managing Director, who is also the Non-executive, Vice Chairman of Bajaj Finance Ltd. (BFL) has been paid sitting fees of ₹ 9 lakh and is being given commission of ₹ 18 lakh from subsidiary, BFL for the year 2016-17, in the same manner as is done for the other non-executive directors of BFL.

Details of remuneration to directors

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

In 2016-17, the Company did not advance any loans to any of the non-executive directors and/or Managing Director. Details of remuneration paid/payable to directors during 2016-17 are provided in an annexure to the Directors' Report in section VI(B) of form MGT-9, i.e., extract of the Annual Return.

Shareholding of directors

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

Management

Management discussion and analysis

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

Disclosure of material transactions

Under regulation 26(5) of the SEBI Listing Regulations, 2015, the Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. The same was Nil.

Compliances regarding insider trading

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

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

- i) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and
- ii) Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons.

The Code referred to in (i) above is placed on the Company's website www.bajajfinserv.in

The said Codes were adhered to during the year under review.

Means of Communication

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

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

Section 20 and 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically on the registered members'/ shareholders' email addresses. The Company, during the year under review, sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report, credit of dividend intimation letters, etc. in electronic form to the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get the same in physical form, upon request.

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

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

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

Details of AGM	Date and time of AGM	Details of Special Resolution (s) passed at the Annual General Meetings, if any
7th AGM	16 July 2014 at 4.15 p.m.	No special resolution was passed
8th AGM	22 July 2015 at 4.15 p.m.	No special resolution was passed
9th AGM	26 July 2016 at 4.15 p.m.	Approval for increase in limit of investments, loans etc. up to ₹10,000 crore under section 186 of the Companies Act, 2013.

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

Details of capital market non-compliance, if any

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

Compliance certificate

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

Report on corporate governance

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on corporate governance during 2016-17.

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

Auditors' certificate on corporate governance

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

Compliance of mandatory and discretionary requirements

Mandatory

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

Discretionary

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

A. The Board

The Non-executive Chairman has an office in the Company's premises and is allowed reimbursement of expenses incurred in performance of his duties.

B. Shareholder rights

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

C. Modified opinion(s) in audit report

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

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

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

E. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

General Shareholder Information

10th Annual General Meeting

Date	19 July 2017
Time	4.15 p.m.
Venue	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035.

Financial calendar

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

Dividend

The Board of Directors of the Company has proposed a dividend of ₹ 1.75 per equity share (35%) of face value of ₹ 5 each for the financial year 2016-17, subject to approval by the shareholders at the ensuing Annual General Meeting.

Interim dividend, paid in March 2016, which was declared as final dividend for the year ended 31 March 2016 was also ₹ 1.75 per equity share (35%) of face value of ₹ 5 each.

Dates of book closure

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

Date of dividend payment

Dividend on equity shares, if declared at the Annual General Meeting, will be credited/dispatched between **24 July 2017** and/or **25 July 2017** as under:

- to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on **Friday, 7 July 2017**; and
- to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent [i.e., Karvy Computershare Pvt. Ltd. ('Karvy')] on or before the close of business hours on **Friday, 7 July 2017**.

Payment of dividend

As per the SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. Where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on the warrants.

For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, updated particulars of their bank account, to the share transfer agent of the Company along with a photocopy of a 'cancelled' cheque of the bank account and self-attested copy of PAN card.

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

Unclaimed dividends

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

Unpaid/unclaimed dividend for the financial year 2009-10 shall become due for transfer to the said Fund in August 2017. Members are requested to verify their records and send their claim, if any, for the financial year 2009-10, before the amount becomes due for transfer to the Fund. Communication has been sent to the members, who have not yet claimed dividend for the financial year 2009-10, requesting them to claim the same as well as unpaid dividend, if any, for the subsequent years.

The Ministry of Corporate Affairs (MCA) on 5 September 2016 notified the commencement date as 7 September 2016 for section 124 and a few sub-sections of section 125 of the Companies Act, 2013 and also notified the new Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016') outlining the detailed procedure for implementation regarding the Fund and the Authority under the Companies Act, 2013.

As previously provided under IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, and now under the IEPF Rules, 2016, the Company filed the necessary particulars of all the unclaimed and unpaid amounts through e-form IEPF 2 with MCA on 19 October 2016 for the financial year ended 31 March 2016. The details of unpaid and unclaimed dividends for the financial years 2008-09 to 2015-16 have been uploaded on the Company's website www.bajajfinserv.in

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

Accordingly, in due compliance of the provisions of rule 6(3) of IEPF Rules, 2016, the Company sent individual letters through Speed Post to such shareholders, in respect of whom dividend for a consecutive period of seven years had remained unpaid. Further, public notice was released in newspapers on 10 December 2016. These details have been made available on the Company's website.

Subsequently, MCA vide its notification dated 28 February 2017 amended the said Rules, stating that the due date for transfer of shares under the said Rules shall be 31 May 2017 and hence another public notice was released in newspapers on 25 April 2017 giving such shareholders fresh opportunity to claim the unpaid dividends, up to such date of transfer. The Company is accordingly in the process of taking appropriate steps with regard to transfer of such shares in accordance with the amended IEPF Rules, 2016, in line with the necessary instructions/modalities being issued by MCA in this regard.

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

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

Share transfer agent

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

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

Share transfer system

Share transfers received by the share transfer agent/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. The total number of shares transferred in the physical category during 2016-17 was 5,132,523 shares versus 58,444 shares during 2015-16. The details thereof were placed before the Board of Directors on a quarterly basis.

Dematerialisation/rematerialisation of shares and liquidity

During 2016-17, 329,223 shares were dematerialised, compared to 1,856,857 shares during 2015-16. Total number of shares rematerialised during 2016-17 was 2,932,845 shares compared to 26,235 shares during 2015-16. Shares held in physical and electronic mode as on 31 March 2017, are as given in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2017		Position as on 31 March 2016		Net change during 2016-17	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	10,166,313	6.39	7,562,566	4.75	2,603,747	1.64
Demat						
NSDL	145,416,465	91.38	148,450,422	93.29	(3,033,957)	(1.91)
CDSL	3,549,002	2.23	3,118,465	1.96	430,537	0.27
Sub-total	148,965,467	93.61	151,568,887	95.25	(2,603,420)	(1.64)
Total	159,131,780	100.00	159,131,453	100.00	327	

Outstanding convertible instruments/ADRs/ GDRs/Warrants

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

During the year under review, considering the substantial reduction in number of GDRs, the Company decided to terminate its GDR programme. Accordingly, a notice of termination was issued by DB to the holders of GDRs on 1 December 2016 to be effective from 1 February 2017.

With the closure of the GDR programme effected during the financial year 2016-17, outstanding GDRs at the close of the year are Nil (as at 31 March 2016: 37,532). The Company did not have any other outstanding convertible instruments/ADRs/GDRs/warrants as on 31 March 2017.

Stock code

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

Listing on stock exchanges

Shares of the Company are currently listed on the following stock exchanges:

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

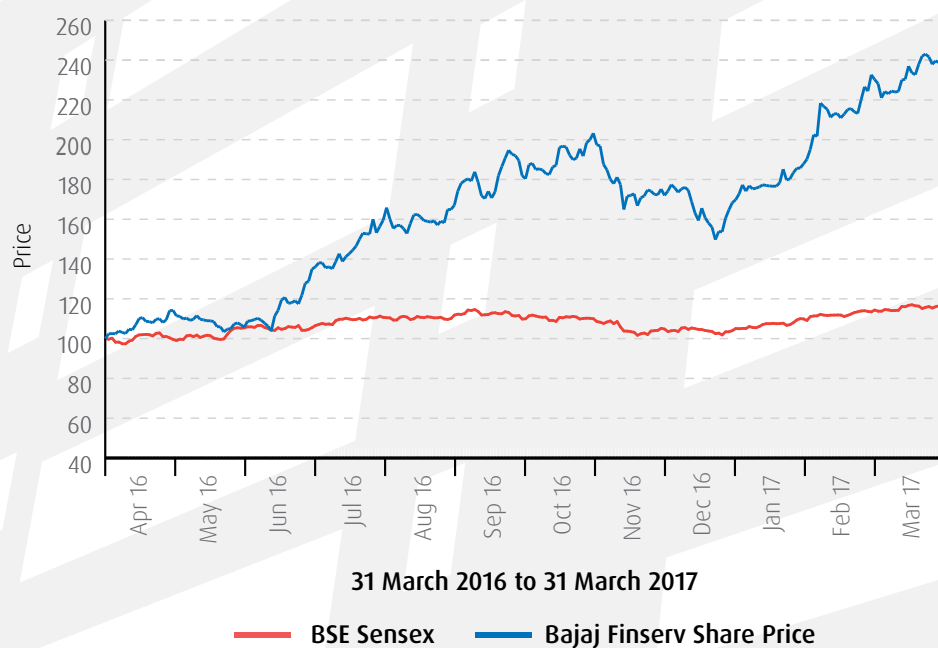
Pursuant to the SEBI Listing Regulations, 2015, the Company has entered into a Uniform Listing Agreement with BSE and NSE. For the year 2016-17, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of equity shares of Bajaj Finserv Ltd. during 2016-17 (₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr 16	1,927.25	1,717.20	1,931.00	1,712.00	25,606.62
May 16	1,985.00	1,725.00	1,990.00	1,725.55	26,667.96
Jun 16	2,386.00	1,763.40	2,390.00	1,762.10	26,999.72
Jul 16	2,781.45	2,291.15	2,784.90	2,292.05	28,051.86
Aug 16	2,999.00	2,578.95	2,997.00	2,576.15	28,452.17
Sep 16	3,420.00	2,872.35	3,424.80	2,862.10	27,865.96
Oct 16	3,443.00	3,073.90	3,445.00	3,089.00	27,930.21
Nov 16	3,479.10	2,515.95	3,480.00	2,480.00	26,652.81
Dec 16	3,080.00	2,541.00	3,095.00	2,541.30	26,626.46
Jan 17	3,335.30	2,861.10	3,338.00	2,858.80	27,655.96
Feb 17	4,005.00	3,177.05	3,980.00	3,166.00	28,743.32
Mar 17	4,286.95	3,740.05	4,217.00	3,740.00	29,620.50

Bajaj Finserv Ltd. stock performance Vs BSE Sensex, during 2016-17, indexed to 100 on 31 March 2016



Distribution of shareholding

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

Table 3: Distribution of shareholding across categories as on

Categories	31 March 2017		31 March 2016	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	92,852,783	58.35	92,852,783	58.35
Friends and associates of promoters	16,456,767	10.34	16,601,347	10.43
GDRs*	-	-	37,532	0.02
Foreign Institutional Investors/Foreign Portfolio Investors	13,075,844	8.22	11,258,491	7.08
Public Financial Institutions	3,589,509	2.26	3,604,509	2.27
Mutual Funds	6,411,024	4.03	9,498,848	5.97
Nationalised and other banks	105,432	0.07	48,170	0.03
Alternate Investment Fund	71,500	0.04	-	-
NRIs and OCBs	934,025	0.59	850,933	0.53
Others	25,634,896	16.10	24,378,840	15.32
Total	159,131,780	100.00	159,131,453	100.00

*GDR programme got closed during the year 2016-17.

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

Categories	No. of shareholders		Shares held in each class	
	Number	% to shareholders	Number	% to shareholders
1 to 500	62,046	92.12	3,733,029	2.34
501 to 1000	1,951	2.90	1,408,123	0.88
1001 to 2000	1,293	1.92	1,873,585	1.18
2001 to 3000	554	0.82	1,383,284	0.87
3001 to 4000	279	0.41	968,972	0.61
4001 to 5000	195	0.29	887,259	0.56
5001 to 10000	429	0.64	2,977,068	1.87
10001 and above	606	0.90	145,900,460	91.69
Total	67,353	100.00	159,131,780	100.00

Shareholders' and investors' grievances

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

Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review related to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares and change of address and/or bank particulars. As on 31 March 2017, there were no pending issues to be addressed or resolved.

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

Demat suspense account with HDFC Bank for unclaimed shares

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

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

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

The summary of this account for the year 2016-17 is as follows:

Sr. No.	Particulars	No. of shareholders	No. of shares
i.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year, i.e., 1 April 2016	92	9,804
ii.	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2016-17	4	385
iii.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2016-17	4	385
iv.	Number of shareholders whose shares were transferred to the Unclaimed Suspense Account during the year 2016-17	2	37
v.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31 March 2017	90	9,456

Nomination

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

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

Voting through electronic means

Pursuant to section 108 of the Companies Act, 2013 and the Rules made thereunder and provisions under the SEBI Listing Regulations, 2015, every listed company is required to provide its members, the facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with Karvy, the authorised agency for this purpose, to facilitate such e-voting for its members.

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

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

Cut-off date, as per the said Rules, shall be **13 July 2017** and the remote e-voting shall be open for a period of 3 (three) days, from **16 July 2017 (9.00 a.m.)** till **18 July 2017 (5.00 p.m.)**. The Board has appointed Shyamprasad D Limaye, Practising Company Secretary as Scrutiniser for the e-voting process.

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

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

Address for correspondence

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

Share transfer agent

Karvy Computershare Pvt. Ltd.

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

Contact persons

M S Madhusudhan
Mohd. Mohsinuddin
Tel No: (040) 6716 2222
Fax No: (040) 2300 1153
Toll Free No: 1800 345 4001
Email: mohsin.mohd@karvy.com
Website: www.karvy.com

Company

Bajaj Finserv Ltd.

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

Company Secretary and Compliance Officer

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

Directors' Report

The directors present their Tenth Annual Report and audited financial statements for the year ended 31 March 2017.

Financial results

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

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

(₹ In Crore)

Particulars	FY2017	FY2016
Total revenue*	165.00	251.45
Total expenses	61.00	56.64
Profit before tax*	104.00	194.81
Tax expense	33.98	31.68
Profit for the year*	70.02	163.13
Transfer to General reserve	-	16.31
Balance carried to Balance Sheet	70.02	118.97
Earnings per share (₹)	4.4	10.3
Proposed dividend (%)	35%	35%
Dividend and tax thereon	27.85	27.85

* The Company received dividend of ₹ 21.60 crore in FY2017 as compared to ₹ 111.08 crore in FY2016.

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

(₹ In Crore)

Particulars	FY2017	FY2016
Total revenue	24,522.06	20,533.62
Total expenses	19,597.53	16,729.57
Profit before tax	4,924.53	3,804.05
Tax expense	1,474.82	1,029.51
Profit after tax	3,449.71	2,774.54
Tax (debits)/credits pertaining to earlier years	-	0.02
Minority interest	1,187.79	911.29
Profit for the year	2,261.92	1,863.27
Earnings per share (₹)	142.1	117.1

Dividend

Your directors recommend for consideration of the shareholders at the ensuing Annual General Meeting, payment of a dividend of ₹ 1.75 per equity share (35%) of face value of ₹ 5 each for the year ended 31 March 2017. The amount of dividend and the tax thereon to the extent applicable aggregates to ₹ 27.85 crore.

Interim Dividend, paid in March 2016, which was declared as final dividend for the year ended 31 March 2016 was also ₹ 1.75 per equity share (35%) of face value of ₹ 5 each. The amount of dividend and the tax thereon to the extent applicable aggregated to ₹ 27.85 crore.

Share capital

The paid-up equity share capital as on 31 March 2017 was ₹ 79.57 crore. During the Rights Issue of equity shares made by the Company in 2012, certain shares had been kept in abeyance as required by law. With resolution of a few cases during the year under review, the Company has allotted 327 equity shares of the face value of ₹ 5 each at the original Rights Issue price of ₹ 650 per share to the eligible shareholders.

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

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

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

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

Operations

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

Adoption of Confederation of Indian Industry (CII) Charters

During the year under review, CII had come out with a Model Code of Conduct for its member companies with basic principles of doing business ethically. The Company, being a member of CII, has adopted the said Model Code of Conduct.

Further, with a view to showcasing industry's commitment to fair and ethical practices, CII had also presented its members two charters on Fair and Responsible Workplace Guidelines, viz., Charters on Fair & Responsible Workplace Guidelines for Collaborative Employee Relations and Responsible Workplace Guidelines for Contract Labour. In support of the initiative taken by CII and with a view to striving towards reducing the disparity in treatment between regular and contractual work force, your Company has adopted the above two charters during the year under review.

Extract of annual return

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

Number of meetings of the Board

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

Directors' responsibility statement

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

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

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

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

Declaration by independent directors

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

Directors' Remuneration Policy and criteria for matters under section 178

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

Particulars of loans, guarantees or investments

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

Related party transactions

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

During the year 2016-17, pursuant to section 177 of the Companies Act, 2013, and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

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

Material changes and commitments

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

Conservation of energy and technology absorption

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

Particulars regarding conservation of energy are given below:

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

The Company has installed a renewable energy (wind) project with a capacity of 65.2 MW. During the year under review, it generated 867 lakh units which it sold to third parties. It, however, is unable to make captive use of wind energy, because new regulations do not permit the same where monthly demand is less than 700 KW. The Company has installed LED lamps in place of failed tube lights and CFL, thereby reducing energy consumption in lighting by around 2 KW during the year.

- b) Capital investment on energy conservation equipment:

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

Foreign exchange earnings and outgo

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

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

Risk Management Policy

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

Corporate Social Responsibility (CSR)

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

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

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

Subsidiary and Joint Venture

Following are the subsidiary and joint venture companies of the Company as at 31 March 2017:

Name of the company	% Shareholding	Status
Bajaj Allianz Life Insurance Company Ltd.	74%	Subsidiary
Bajaj Allianz General Insurance Company Ltd.	74%	Subsidiary
Bajaj Finance Ltd.	57.80%	Subsidiary
Bajaj Housing Finance Ltd. (100% subsidiary of Bajaj Finance Ltd.)	-	Subsidiary
Bajaj Financial Securities Ltd. (100% subsidiary of Bajaj Housing Finance Ltd.)	-	Subsidiary
Bajaj Financial Holdings Ltd.	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.	50%	Joint Venture
Bajaj Allianz Staffing Solutions Ltd. (100% subsidiary of Bajaj Allianz Financial Distributors Ltd.)	-	Joint Venture

On 23 November 2016, the Company exercised its right to convert 9,250,000 warrants of Bajaj Finance Ltd. into equity shares at an exercise price of ₹ 441.20 per warrant upon payment of balance 75% amount aggregating to ₹ 306.08 crore. 25% of the subscription amount aggregating to ₹ 102.03 crore had already been paid at the time of allotment of warrants in June 2015.

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

Directors and Key Managerial Personnel-Changes

Sanjiv Bajaj was appointed as Managing Director of the Company with effect from 1 April 2012 to hold office up to 31 March 2017. The Board, at its meeting held on 14 March 2017, has re-appointed Sanjiv Bajaj as the Managing Director of the Company for a period of five years with effect from 1 April 2017 up to 31 March 2022 and at its meeting held on 17 May 2017 has fixed his remuneration, based on the recommendations made by the Nomination and Remuneration Committee and in accordance with the Remuneration Policy of the Company. The matter is being put up for shareholders' approval through the Notice of the ensuing Tenth Annual General Meeting of the Company.

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

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

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

Significant and material orders passed by the regulators or courts

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

Global Depository Receipts (GDRs)

During the year under review, the Company terminated its GDR programme with effect from 1 February 2017. Detailed information about the same is given in the annexed General Shareholder Information.

Details of internal financial controls with reference to the financial statements

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

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

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

Presentation of financial statements

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

Consolidated financial statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries and joint ventures and as prepared in compliance with the Companies Act, 2013, applicable Accounting Standards and the SEBI Listing Regulations, 2015.

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

Statutory disclosures

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

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

Details as required under the provisions of section 197(12) of the Companies Act, 2013, read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, which forms part of the Directors' Report, will be made available to any shareholder on request, as per the provisions of section 136(1) of the said Act.

A Cash Flow Statement for the year 2016-17 is attached to the Balance Sheet.

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

Corporate governance

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

All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2016-17. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report.

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

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

Business Responsibility Report

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

Since BFS is one of the top 500 listed entities, the Company, as in the previous year has presented its BRR for the financial year 2016-17, which is part of this Annual Report. As a green initiative, the BRR has been hosted on the Company's website www.bajajfinserv.in

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

Secretarial standards of ICSI

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

Auditors

Statutory Auditor

The current Statutory Auditors, viz., Dalal & Shah LLP, Chartered Accountants (firm registration no. 102021W/W100110) were last re-appointed by the members at their Annual General Meeting held on 16 July 2014 to hold the office of Statutory Auditors from the conclusion of the Seventh Annual General Meeting till the conclusion of this Tenth Annual General Meeting.

As per the provisions of section 139 of the Companies Act, 2013, no listed company shall appoint an audit firm as Statutory Auditors for more than two terms of five consecutive years. The Act also provided for a transition period of three years from the commencement of the Act, i.e., 1 April 2014.

The current Statutory Auditors, Dalal & Shah LLP, had completed a period of seven years at the commencement of the said Act. Hence, on their completing the transition period of three years provided under the Act, the term of the current Statutory Auditors expires at the conclusion of the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 17 May 2017, based on the recommendation of the Audit Committee, has recommended, for approval of shareholders, the appointment of S R B C & CO LLP, Chartered Accountants (firm registration no.324982E/E300003) as Statutory Auditors of the Company to hold office for a term of five years from the conclusion of the ensuing Annual General Meeting till the conclusion of the Fifteenth Annual General Meeting, to be scheduled in 2022.

S R B C & CO LLP, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under section 141(3)(g) of the Act and that they are not disqualified to be appointed as Statutory Auditors.

The members are therefore requested to appoint S R B C & CO LLP, Chartered Accountants (firm registration no. 324982E/E300003) as Statutory Auditors of the Company to hold office for a term of five years from the conclusion of the ensuing Annual General Meeting till the conclusion of the Fifteenth Annual General Meeting, to be scheduled in 2022, subject to ratification at every annual general meeting and to fix their remuneration for the year 2017-18.

The Statutory Audit Report for the year 2016-17 does not contain any qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013, and the Rules made thereunder, the Company has re-appointed, Shyamprasad D Limaye, Practising Company Secretary (membership no. 1587), to undertake the secretarial audit of the Company. The Secretarial Audit Report for the year 2016-17 as issued by him in the prescribed form MR-3 is annexed to this Report.

The said Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditor.

Cost Auditor

Pursuant to section 148 of the Companies Act, 2013, and the Rules made thereunder, the Board of Directors had, on the recommendation of the Audit Committee, re-appointed Dhananjay V Joshi & Associates (firm registration no. 000030), Cost Accountants, to audit the cost accounts of the Company for the financial year 2017-18 on a remuneration of ₹ 55,000 plus service tax, out-of-pocket and travel and living expenses, subject to ratification by the shareholders at the ensuing Annual General Meeting. Accordingly, a resolution seeking members' ratification for the remuneration payable to the Cost Auditor is included in the Notice convening the Annual General Meeting.

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune: 17 May 2017

Annual Report on CSR activities

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

Introduction

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

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

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

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

Guiding Principles

The Bajaj Group believes that social investments should:

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



Society must profit from profit itself

CSR initiatives by Bajaj Finserv



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

Bajaj Finserv and its subsidiaries, Bajaj Finance Limited, Bajaj Allianz General Insurance Co. Ltd. and Bajaj Allianz Life Insurance Co. Ltd. support the following CSR initiatives:

Employability initiatives

Collaborating with multiple academic partners to enhance the employability of graduates

Child initiatives

Partnering with different childcare organisations to help children overcome congenital and early childhood hardships

Health initiatives

Providing access to quality healthcare by supporting hospitals and other organisations financially

A brief overview of some of our initiatives



CPBFI (Certificate Programme in Banking, Finance & Insurance)

In collaboration with multiple academic institutions, we conduct a practical, short and affordable course for fresh graduates to set them up for a successful career in financial services.

- Since 2015-16, we have conducted 16 batches with over 350 participants in Maharashtra



Smile Train India

Smile Train is an international children's charity organisation, focused on solving cleft, lip and palette abnormalities.

- Since 2005, it has transformed the lives of over 1 million children worldwide and over 4.5 lakh in India
- Bajaj Finserv and its subsidiaries have partnered with Smile Train for over 20,000 surgeries in India since 2014-15

Rainbow Homes

Bajaj Finserv and its subsidiaries have partnered with Rainbow Foundation India to set up two 'Rainbow Homes' in Pune for the street children.

- Rainbow Foundation India is currently in the process of scaling up this Pune Street Children Programme in partnership with Pune Municipal Corporation and Bajaj Finserv companies



CSR Policy

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

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

The CSR Policy gives an overview of the projects or programmes, which would be undertaken by the Company from time to time.

The CSR Policy is placed on <https://www.bajajfinserv.in/downloads/CSR-Policy.pdf>

2. The composition of the CSR Committee.

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

Rahul Bajaj, Chairman
Nanoo Pamnani
Sanjiv Bajaj

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

3. Average net profit of the Company for last three financial years prior to 2016-17: ₹ 83.10 crore.

4. Prescribed CSR Expenditure (2% of amount as in Item No. 3): ₹ 1.66 crore.

5. Details of CSR spent during the financial year:

Particulars	(₹ In Crore)
a. Total amount to be spent:	1.66
b. Amount spent:	1.67
c. Amount unspent, if any (a-b):	Nil
d. Manner in which the amount spent/committed during the financial year: As provided in enclosed Table 1.	

6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last three financial years, the reasons for not spending the amount shall be stated in the Board report: **Not Applicable**

In addition, the Bajaj Group implements many CSR initiatives of substantial value through its Group Charitable Trusts operating at various locations in the country.

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

7. Responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the company, duly signed by director and chairperson of the CSR committee.

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

Rahul Bajaj
Chairman of CSR Committee

Sanjiv Bajaj
Managing Director

Pune: 17 May 2017

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2017

(₹ in Crore)

Sr. No.	Direct/Name and details of Implementing Agency	CSR Project/Activity Identified	Sector in which the project is covered	Location of Project/ Programme (Local Area or State/District)	Amount outlay/ Approved	Amount spent direct/ overheads during the year	Cumulative expenditure up to 31 March 2017
1	Direct-Skill Development Initiative, Pune	Employment enhancing vocational skills training for fresh graduates seeking career in banking, finance and insurance sector	Education and Employment enhancing vocational skills	Pune, Maharashtra	0.94	0.49	0.86
2	IBTADA, Alwar	Construction of Hostel Building for Girls and training centre for out of school girls	Setting up homes/hostel for women	Naogaon, Alwar, Rajasthan	0.30	0.09	0.09
3	Indian Institute of Cerebral Palsy (IICP), Kolkata	Support to Indian Institute of Cerebral Palsy	Health	Kolkata, West Bengal	0.45	0.45	0.45
4	Muktangan Mitra, Pune	Solar Lighting System and Campus enhancement	Setting up homes/hostel for women	Pune, Maharashtra	0.12	0.12	0.12
5	Nimbkar Agricultural Research Institute (NARI), Phaltan	Creating four Bajaj fellows at NARI	Rural Development	Phaltan, Maharashtra	0.60	0.20	0.20
6	Shree Gurudev Bahu Uddeshiya Samajik Sanstha, Palghar	Helping blind and mentally challenged children	Education and Employment enhancing vocational skills of differently abled	Palghar, Maharashtra	0.08	0.08	0.08
7	Swayam Sikshan Prayog, Pune	Pilot on Sakhi Resource Centres- as an ecosystem for promotion of grassroots women's entrepreneurship and leadership	Livelihood enhancement	Osmanabad, Maharashtra	0.48	0.24	0.24
Total						1.67	

Notes:

- i) Amounts mentioned above under Serial No. 2 to 7 relate to amounts spent through implementing agencies, while Serial No. 1 relates to amount spent directly by the Company.
- ii) There is no expenditure on overheads in the above list.

Extract of Annual Return (Form MGT-9) As on the financial year ended 31 March 2017

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

I. Registration and other details

Corporate Identification Number (CIN)	L65923PN2007PLC130075
Registration Date	30 April 2007
Name of the Company	Bajaj Finserv Ltd.
Category/Sub-category of the Company	Core Investment Company (CIC) w.e.f. 23 October 2015 (Non-Banking Financial Company up to 22 October 2015)
Address of the registered office and contact details	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035, Maharashtra Email: investors@bajajfinserv.in Tel. No: (020) 6610 7458
Whether listed company	Yes (BSE and NSE)
Name, address and contact details of the Registrar and Transfer Agent	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Contact Persons M. S. Madhusudan Mohd. Mohsinuddin Tel No. (040) 6716 2222 Fax No. (040) 2300 1153 Toll Free No. 1800 345 4001 Email: mohsin.mohd@karvy.com Website: www.karvy.com

II. Principal business activities of the Company

Sr. No.	Name and description of the main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Investment activity	6430	51%
2	Electric power generation	3510	43%

III. Particulars of holding, subsidiary and associate companies

Sr. No	Name of company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held as on 31 March 2017	Applicable section
1	Bajaj Finance Ltd. (BFL)	L65910MH1987PLC042961	Subsidiary	57.80	Section 2(87)
2	Bajaj Allianz Life Insurance Company Ltd.	U66010PN2001PLC015959	Subsidiary	74.00	Section 2(87)
3	Bajaj Allianz General Insurance Company Ltd.	U66010PN2000PLC015329	Subsidiary	74.00	Section 2(87)
4	Bajaj Housing Finance Ltd. (BHFL)- [100% shares held by BFL]	U65910PN2008PLC132228	Subsidiary	-	Section 2(87)
5	Bajaj Financial Securities Ltd. [100% shares held by BHFL]	U67120PN2010PLC136026	Subsidiary	-	Section 2(87)
6	Bajaj Financial Holdings Ltd.	U65923PN2014PLC150522	Subsidiary	100.00	Section 2(87)
7	Bajaj Allianz Financial Distributors Ltd. (BAFDL)	U65923PN2007PLC129802	Joint Venture	50.00	-
8	Bajaj Allianz Staffing Solutions Ltd. [100% shares held by BAFDL]	U74900PN2015PLC154364	Joint Venture	-	-

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

i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2016				No. of shares held at the end of the year as on 31 March 2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1) Indian									
a) Individual/HUF	8,300,905	-	8,300,905	5.22	8,300,905	-	8,300,905	5.22	0.00
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	84,551,878	-	84,551,878	53.13	84,551,878	-	84,551,878	53.13	0.00
e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	92,852,783	-	92,852,783	58.35	92,852,783	-	92,852,783	58.35	0.00
2) Foreign									
a) NRIs-Individual	-	-	-	-	-	-	-	-	-
b) Others-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	92,852,783	-	92,852,783	58.35	92,852,783	-	92,852,783	58.35	0.00
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	9,497,973	875	9,498,848	5.97	6,410,149	875	6,411,024	4.03	(1.94)
b) Banks/Financial Institutions	38,783	10,395	49,178	0.03	96,045	10,395	106,440	0.07	0.04
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2016				No. of shares held at the end of the year as on 31 March 2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	3,620,003	300	3,620,303	2.28	3,588,551	300	3,588,851	2.26	(0.02)
g) Foreign Institutional Investors/Foreign Portfolio Investors	11,257,066	1,425	11,258,491	7.07	13,074,419	1,425	13,075,844	8.22	1.15
h) Alternate Investment Fund	-	-	-	-	71,500	-	71,500	0.04	0.04
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	24,413,825	12,995	24,426,820	15.35	23,240,664	12,995	23,253,659	14.61	(0.74)
2) Non-Institutions									
a) Bodies Corporate									
i) Indian	11,831,110	638,219	12,469,329	7.84	12,207,953	642,963	12,850,916	8.08	0.24
ii) Overseas	-	675	675	0.00	-	675	675	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh (1 lakh in previous year)	10,703,777	1,362,372	12,066,149	7.58	14,017,476	1,434,342	15,451,818	9.71	2.13
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh (1 lakh in previous year)	9,497,725	5,535,795	15,033,520	9.45	4,231,210	8,062,828	12,294,038	7.73	(1.72)
c) Others									
i) Non-resident Indians	837,748	12,510	850,258	0.53	920,840	12,510	933,350	0.59	0.06
ii) Clearing Members	14,151	-	14,151	0.01	56,081	-	56,081	0.04	0.03
iii) Trusts	1,189,431	-	1,189,431	0.75	1,366,843	-	1,366,843	0.86	0.11
iv) NBFCs	188,629	-	188,629	0.12	63,045	-	63,045	0.04	(0.08)
v) Foreign Bodies - DR	2,176	-	2,176	0.00	8,547	-	8,547	0.01	0.01
vi) Foreign Nationals	-	-	-	-	25	-	25	0.00	-
Sub-total (B)(2)	34,264,747	7,549,571	41,814,318	26.28	32,872,020	10,153,318	43,025,338	27.04	0.76
Total Public Shareholding (B)=(B)(1)+ (B)(2)	58,678,572	7,562,566	66,241,138	41.63	56,112,684	10,166,313	66,278,997	41.65	0.02
C. Shares held by Custodian for GDRs	37,532	-	37,532	0.02	-	-	-	-	(0.02)
Grand Total (A+B+C)	151,568,887	7,562,566	159,131,453	100.00	148,965,467	10,166,313	159,131,780	100.00	-

ii) Shareholding of promoters

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 1 April 2016			Shareholding at the end of the year as on 31 March 2017			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Anant Bajaj	497,107	0.31	-	497,107	0.31	-	-
2	Deepa Bajaj	11,675	0.01	-	11,675	0.01	-	-
3	Geetika Bajaj	20,700	0.01	-	20,700	0.01	-	-
4	Kiran Bajaj	424,725	0.27	-	424,725	0.27	-	-
5	Kriti Bajaj	38,500	0.02	-	38,500	0.02	-	-
6	Kumud Bajaj	533,434	0.34	-	533,434	0.34	-	-
7	Madhur Bajaj	933,716	0.59	-	1,010,193	0.64	-	0.05
8	Minal Bajaj	74,700	0.05	-	74,700	0.05	-	-
9	Neelima Bajaj Swamy	305,519	0.19	-	305,519	0.19	-	-
10	Nimisha Jaipuria	181,285	0.11	-	181,285	0.11	-	-
11	Niraj Bajaj	1,390,938	0.87	-	1,467,415	0.92	-	0.05
12	Niravnayan Bajaj	205,866	0.13	-	205,866	0.13	-	-
13	Rahulkumar Bajaj	1,662,685	1.04	-	1,662,685	1.04	-	-
14	Rajivnayan Bajaj	3,450	0.00	-	3,450	0.00	-	-
15	Rishabhayan Bajaj	9,400	0.01	-	9,400	0.01	-	-
16	Sanjali Bajaj	10,100	0.01	-	10,100	0.01	-	-
17	Sanjivnayan Bajaj	465,024	0.29	-	465,024	0.29	-	-
18	Shelfali Bajaj	11,000	0.01	-	11,000	0.01	-	-
19	Shekhar Bajaj	701,440	0.44	-	548,486	0.34	-	(0.10)
20	Siddhantnayan Bajaj	8,300	0.01	-	8,300	0.01	-	-
21	Suman Jain	575,904	0.36	-	575,904	0.36	-	-
22	Sunaina Kejriwal	235,437	0.15	-	235,437	0.15	-	-
23	Bachhraj and Company Pvt. Ltd.	2,041,478	1.28	-	2,041,478	1.28	-	-
24	Bachhraj Factories Pvt. Ltd.	1,078,787	0.68	-	1,078,787	0.68	-	-
25	Bajaj Auto Holdings Ltd.	209,005	0.13	-	209,005	0.13	-	-
26	Bajaj Holdings & Investment Ltd.	62,314,214	39.16	-	62,314,214	39.16	-	-
27	Bajaj Sevashram Pvt. Ltd.	2,355,606	1.48	-	2,355,606	1.48	-	-
28	Baroda Industries Pvt. Ltd.	919,001	0.58	-	919,001	0.58	-	-
29	Hercules Hoists Ltd.	92,063	0.06	-	92,063	0.06	-	-
30	The Hindustan Housing Company Ltd.	8,000	0.01	-	8,000	0.01	-	-
31	Jamnalal Sons Pvt. Ltd.	15,110,824	9.50	-	15,110,824	9.50	-	-
32	Kamalnayan Investment and Trading Pvt. Ltd.	61,200	0.04	-	61,200	0.04	-	-
33	Madhur Securities Pvt. Ltd.	40,700	0.03	-	40,700	0.03	-	-
34	Niraj Holdings Pvt. Ltd.	10,300	0.01	-	10,300	0.01	-	-
35	Rahul Securities Pvt. Ltd.	143,000	0.09	-	143,000	0.09	-	-
36	Rupa Equities Pvt. Ltd.	137,400	0.09	-	137,400	0.09	-	-
37	Shekhar Holdings Pvt. Ltd.	30,300	0.02	-	30,300	0.02	-	-
	Total	92,852,783	58.35	-	92,852,783	58.35	-	-

iii) Change in promoters' shareholding

Sr. No.	Name of promoters	Shareholding at the beginning of the year (1 April 2016)		Cumulative shareholding during the year ended (31 March 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year 1 April 2016	92,852,783	58.35	-	-
	Date-wise increase/(decrease)				
1	Shekhar Bajaj (HUF)				
	30 May 2016-Transfer consequent to partition of Shekhar Bajaj HUF	(89,000)	(0.06)	92,763,783	58.29
2	Shekhar Bajaj				
	30 May 2016-Acquisition consequent to partition of Shekhar Bajaj HUF	89,000	0.06	92,852,783	58.35
3	Shekhar Bajaj				
	20 December 2016-Transferred by way of gift	(152,954)	(0.10)	92,699,829	58.25
4	Madhur Bajaj				
	20 December 2016-Acquisition by way of gift	76,477	0.05	92,776,306	58.30
5	Niraj Bajaj				
	20 December 2016-Acquisition by way of gift	76,477	0.05	92,852,783	58.35
	At the end of the year 31 March 2017			92,852,783	58.35

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2016)		Cumulative shareholding during the year ended (31 March 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	ICICI Prudential Focused Bluechip Equity Fund				
	At the beginning of the year 1 April 2016	7,187,642	4.52		
	Date-wise increase/(decrease)				
	08-04-2016 - Purchase	750,189	0.47	7,937,831	4.99
	08-04-2016 - Sale	(45,197)	(0.03)	7,892,634	4.96
	15-04-2016 - Sale	(12,414)	(0.01)	7,880,220	4.95
	22-04-2016 - Purchase	297,126	0.19	8,177,346	5.14
	22-04-2016 - Sale	(376,220)	(0.24)	7,801,126	4.90
	29-04-2016 - Purchase	127	0.00	7,801,253	4.90
	29-04-2016 - Sale	(57,020)	(0.04)	7,744,233	4.87
	06-05-2016 - Sale	(8,835)	(0.01)	7,735,398	4.86
	13-05-2016 - Purchase	269,393	0.17	8,004,791	5.03
	13-05-2016 - Sale	(287,366)	(0.18)	7,717,425	4.85
	20-05-2016 - Purchase	8	0.00	7,717,433	4.85
	27-05-2016 - Sale	(30)	0.00	7,717,403	4.85
	03-06-2016 - Purchase	40	0.00	7,717,443	4.85
	03-06-2016 - Sale	(20,977)	(0.01)	7,696,466	4.84
	10-06-2016 - Purchase	195	0.00	7,696,661	4.84
	10-06-2016 - Sale	(50,531)	(0.03)	7,646,130	4.80
	17-06-2016 - Sale	(46,791)	(0.03)	7,599,339	4.78
	24-06-2016 - Sale	(61,617)	(0.04)	7,537,722	4.74
	30-06-2016 - Sale	(246,023)	(0.15)	7,291,699	4.58
	01-07-2016 - Sale	(107,098)	(0.07)	7,184,601	4.51
	08-07-2016 - Purchase	1,518	0.00	7,186,119	4.52
	08-07-2016 - Sale	(3,478)	(0.00)	7,182,641	4.51
	15-07-2016 - Sale	(15,656)	(0.01)	7,166,985	4.50
	22-07-2016 - Sale	(111,922)	(0.07)	7,055,063	4.43
	29-07-2016 - Sale	(177,224)	(0.11)	6,877,839	4.32
	05-08-2016 - Purchase	125	0.00	6,877,964	4.32
	05-08-2016 - Sale	(14,866)	(0.01)	6,863,098	4.31
	12-08-2016 - Purchase	135	0.00	6,863,233	4.31
	19-08-2016 - Purchase	60	0.00	6,863,293	4.31
	26-08-2016 - Purchase	65	0.00	6,863,358	4.31
	26-08-2016 - Sale	(929)	(0.00)	6,862,429	4.31
	02-09-2016 - Purchase	3	0.00	6,862,432	4.31
	02-09-2016 - Sale	(83,323)	(0.05)	6,779,109	4.26
	09-09-2016 - Sale	(60,972)	(0.04)	6,718,137	4.22
	16-09-2016 - Purchase	176	0.00	6,718,313	4.22
	23-09-2016 - Purchase	279	0.00	6,718,592	4.22

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2016)		Cumulative shareholding during the year ended (31 March 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	23-09-2016 – Sale	(71,066)	(0.04)	6,647,526	4.18
	30-09-2016 – Sale	(48,787)	(0.03)	6,598,739	4.15
	07-10-2016 – Purchase	43	0.00	6,598,782	4.15
	07-10-2016 – Sale	(231,532)	(0.15)	6,367,250	4.00
	14-10-2016 – Purchase	56	0.00	6,367,306	4.00
	14-10-2016 – Sale	(60,450)	(0.04)	6,306,856	3.96
	21-10-2016 – Purchase	76	0.00	6,306,932	3.96
	21-10-2016 – Sale	(247,183)	(0.16)	6,059,749	3.81
	28-10-2016 – Purchase	37	0.00	6,059,786	3.81
	28-10-2016 – Sale	(140,311)	(0.09)	5,919,475	3.72
	04-11-2016 – Sale	(246,308)	(0.15)	5,673,167	3.57
	11-11-2016 – Purchase	81	0.00	5,673,248	3.57
	11-11-2016 – Sale	(86,865)	(0.05)	5,586,383	3.51
	18-11-2016 – Purchase	524	0.00	5,586,907	3.51
	18-11-2016 – Sale	(75,989)	(0.05)	5,510,918	3.46
	25-11-2016 – Purchase	263	0.00	5,511,181	3.46
	25-11-2016 – Sale	(184,774)	(0.12)	5,326,407	3.35
	02-12-2016 – Sale	(695,534)	(0.44)	4,630,873	2.91
	09-12-2016 – Purchase	400,035	0.25	5,030,908	3.16
	09-12-2016 – Sale	(513,052)	(0.32)	4,517,856	2.84
	16-12-2016 – Sale	(5,850)	(0.00)	4,512,006	2.84
	23-12-2016 – Purchase	67	0.00	4,512,073	2.84
	30-12-2016 – Purchase	14,167	0.01	4,526,240	2.84
	06-01-2017 – Sale	(7,785)	(0.00)	4,518,455	2.84
	13-01-2017 – Sale	(42,078)	(0.03)	4,476,377	2.81
	20-01-2017 – Purchase	7	0.00	4,476,384	2.81
	20-01-2017 – Sale	(105,862)	(0.07)	4,370,522	2.75
	27-01-2017 – Purchase	7	0.00	4,370,529	2.75
	27-01-2017 – Sale	(70,819)	(0.04)	4,299,710	2.70
	03-02-2017 – Sale	(76,291)	(0.05)	4,223,419	2.65
	10-02-2017 – Purchase	96	0.00	4,223,515	2.65
	10-02-2017 – Sale	(38,278)	(0.02)	4,185,237	2.63
	17-02-2017 – Sale	(43,500)	(0.03)	4,141,737	2.60
	03-03-2017 – Purchase	76	0.00	4,141,813	2.60
	03-03-2017 – Sale	(58,511)	(0.04)	4,083,302	2.57
	10-03-2017 – Purchase	77	0.00	4,083,379	2.57
	10-03-2017 – Sale	(4,031)	(0.00)	4,079,348	2.56
	17-03-2017 – Purchase	7	0.00	4,079,355	2.56
	17-03-2017 – Sale	(15,765)	(0.01)	4,063,590	2.55
	24-03-2017 – Purchase	1,370,192	0.86	5,433,782	3.41
	24-03-2017 – Sale	(1,381,110)	(0.87)	4,052,672	2.55

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2016)		Cumulative shareholding during the year ended (31 March 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	31-03-2017 - Purchase	44	0.00	4,052,716	2.55
	31-03-2017 - Sale	(1,831)	(0.00)	4,050,885	2.55
	At the end of the year 31 March 2017			4,050,885	2.55
2	Jaya Hind Investments Pvt. Ltd.				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	6,394,663	4.02	6,394,663	4.02
3	Maharashtra Scooters Ltd.				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	3,725,740	2.34	3,725,740	2.34
4	Life Insurance Corporation of India				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	3,173,565	1.99	3,173,565	1.99
5	Niraj Bajaj (Trustee of Yamuna Trust, Bajaj Group Trust)				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	1,829,958	1.15	1,829,958	1.15
6	Niraj Bajaj (Trustee of Narmada Trust, Bajaj Group Trust)				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	1,092,075	0.69	1,092,075	0.69
7	Ashoka Pte Ltd.				
	At the beginning of the year 1 April 2016	903,978	0.57		
	Date-wise increase/(decrease)				
	08-04-2016 - Sale	(53,000)	(0.03)	850,978	0.53
	15-04-2016 - Sale	(165,274)	(0.10)	685,704	0.43
	22-04-2016 - Sale	(91,000)	(0.06)	594,704	0.37
	29-04-2016 - Sale	(65,000)	(0.04)	529,704	0.33
	13-05-2016 - Sale	(2,237)	(0.00)	527,467	0.33
	10-06-2016 - Sale	(8,703)	(0.01)	518,764	0.33
	17-06-2016 - Sale	(162,680)	(0.10)	356,084	0.22
	30-06-2016 - Sale	(2,701)	(0.00)	353,383	0.22

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2016)		Cumulative shareholding during the year ended (31 March 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	01-07-2016 – Sale	(8,842)	(0.01)	344,541	0.22
	08-07-2016 – Sale	(27,582)	(0.02)	316,959	0.20
	15-07-2016 – Sale	(48,600)	(0.03)	268,359	0.17
	22-07-2016 – Sale	(51,600)	(0.03)	216,759	0.14
	29-07-2016 – Sale	(91,759)	(0.06)	125,000	0.08
	05-08-2016 – Sale	(91,500)	(0.06)	33,500	0.02
	12-08-2016 – Sale	(33,500)	(0.02)	0.00	0.00
	At the end of the year 31 March 2017			0.00	0.00
8	Valiant Mauritius Partners Offshore Ltd.				
	At the beginning of the year 1 April 2016	877,281	0.55		
	Date-wise increase/(decrease)				
	08-04-2016 – Sale	(581,000)	(0.37)	296,281	0.19
	15-04-2016 – Sale	(38,500)	(0.02)	257,781	0.16
	22-04-2016 – Sale	(16,500)	(0.01)	241,281	0.15
	29-04-2016 – Sale	(1,325)	(0.00)	239,956	0.15
	06-05-2016 – Sale	(3,208)	(0.00)	236,748	0.15
	13-05-2016 – Sale	(24,964)	(0.02)	211,784	0.13
	20-05-2016 – Sale	(47,151)	(0.03)	164,633	0.10
	27-05-2016 – Sale	(36,790)	(0.02)	127,843	0.08
	03-06-2016 – Sale	(127,843)	(0.08)	0.00	0.00
	At the end of the year 31 March 2017			0.00	0.00
9	Abhay Firodia				
	At the beginning of the year 1 April 2016	728,554	0.46		
	Date-wise increase/(decrease)				
	23-12-2016 – Purchase	119,430	0.08	847,984	0.53
	20-01-2017 – Purchase	244,200	0.15	1,092,184	0.69
	At the end of the year 31 March 2017			1,092,184	0.69
10	Valiant Mauritius Partners Ltd.				
	At the beginning of the year 1 April 2016	715,709	0.45		
	Date-wise increase/(decrease)				
	08-04-2016 – Sale	(474,000)	(0.30)	241,709	0.15
	15-04-2016 – Sale	(31,500)	(0.02)	210,209	0.13
	22-04-2016 – Sale	(13,500)	(0.01)	196,709	0.12
	29-04-2016 – Sale	(1,908)	(0.00)	194,801	0.12
	06-05-2016 – Sale	(2,625)	(0.00)	192,176	0.12

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year (1 April 2016)		Cumulative shareholding during the year ended (31 March 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	13-05-2016 - Sale	(20,425)	(0.01)	171,751	0.11
	20-05-2016 - Sale	(38,578)	(0.02)	133,173	0.08
	27-05-2016 - Sale	(30,101)	(0.02)	103,072	0.06
	03-06-2016 - Sale	(103,072)	(0.06)	0.00	0.00
	At the end of the year 31 March 2017			0.00	0.00

v) Shareholding of directors and key managerial personnel

Sr. No.	Name of directors/ key managerial personnel (KMP)	Shareholding at the beginning of the year (1 April 2016)		Cumulative shareholding during the year ended (31 March 2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Rahul Kumar Bajaj				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	1,662,685	1.04	1,662,685	1.04
2	Sanjivnayan Bajaj				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	465,024	0.29	465,024	0.29
3	Madhur Bajaj				
	At the beginning of the year 1 April 2016	933,716	0.59		
	20-12-2016 Purchase	76,477	0.05	1,010,193	0.64
	At the end of the year 31 March 2017			1,010,193	0.64
4	Rajivnayan Bajaj				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	3,450	0.00	3,450	0.00
5	S Sreenivasan (CFO)				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2017	1,650	0.00	1,650	0.00

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

V. Indebtedness

As on 31 March 2017, indebtedness of the Company including interest outstanding/accrued, but not due for payment is ₹ Nil.

VI. Remuneration of directors and key managerial personnel during the financial year 2016-17

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

(in ₹)			
Sr. No.	Particulars of remuneration	Sanjiv Bajaj (MD)	Total amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	11,570,000	11,570,000
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	1,509,600	1,509,600
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	-as % of profit	-	-
	-others (thrice the annual basic salary)	32,400,000	32,400,000
5	Others-Contribution to Provident Fund, etc.	2,360,413	2,360,413
	TOTAL (A)	47,840,013	47,840,013
	Ceiling as per the Act		54,500,000

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

The term of Managing Director does not exceed five years.

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

B. Remuneration to other directors

1. Independent Directors

(in ₹)

Particulars of remuneration	D J Balaji Rao	Nanoo Pamnani	Naresh Chandra	Dr. Gita Piramal	Total
i. Fee for attending Board/ Committee Meetings	450,000	750,000	600,000	300,000	2,100,000
ii. Commission	450,000	750,000	600,000	300,000	2,100,000
iii. Others	-	-	-	-	-
TOTAL (B)(1)	900,000	1,500,000	1,200,000	600,000	4,200,000

2. Non-independent Non-executive Directors

(in ₹)

Particulars of remuneration	Rahul Bajaj	Madhur Bajaj	Rajiv Bajaj	-	Total
i. Fee for attending Board/ Committee Meetings	300,000	300,000	300,000	-	900,000
ii. Commission	300,000	300,000	300,000	-	900,000
iii. Others	-	-	-	-	-
TOTAL (B)(2)	600,000	600,000	600,000	-	1,800,000
TOTAL (B)(1) + (B)(2)					6,000,000
Total Managerial Remuneration (A+B)					53,840,013
Overall ceiling as per the Act					65,400,000

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

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

(in ₹)

Sr. No.	Particulars of remuneration	Key managerial personnel		Total
		Company Secretary	Chief Financial Officer	
		Sonal R Tiwari	S Sreenivasan	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,949,438	21,312,791	24,262,229
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	24,996	89,604	114,600
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-as % of profit	-	-	-
	others	-	-	-
5	Others-Contribution to Provident Fund, etc.	229,151	1,386,190	1,615,341
	Total	3,203,585	22,788,585	25,992,170

VII. Penalties/punishment/compounding of offences:

During the year 2016-17, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Annexure to Directors' Report

Remuneration Details under Rule 5(1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended, for the year ended 31 March 2017

Name of Director/KMP	Ratio of Remuneration of director to Median Remuneration of employees	% increase in the financial year
(A) Whole-time director/Managerial Personnel		
Sanjiv Bajaj, Managing Director	19.07	5.83
(B) Non-Executive directors¹		
Rahul Bajaj	0.12	(33.33)
Madhur Bajaj	0.12	0.00
Rajiv Bajaj	0.12	20.00
Nanoo Pamnani	0.30	0.00
Naresh Chandra	0.24	0.00
D J Balaji Rao	0.18	(25.00)
Dr. Gita Piramal	0.12	0.00
(C) Key Managerial Personnel		
Sanjiv Bajaj, Managing Director		5.83
S Sreenivasan, CFO		21.23
Sonal R Tiwari, Company Secretary		18.59
(D) Remuneration of Median Employee (other than whole-time director)		(7.14)
(E) Permanent employees as on 31 March 2017²: 17		

1 (a) Remuneration payable to non-executive directors is based on the number of meetings of the Board and its Committees attended by them as members during the year.

(b) Remuneration to directors does not include sitting fees paid to them for attending Board/Committee meetings.

2 'Permanent employees' does not include trainees, probationers and contract employees.

Notes on Disclosures under Rule 5

- In 2016-17, the remuneration of median employee other than whole-time director reduced by 7.14% over the previous year.
- Increase in the remuneration of Managerial Personnel, which was 5.83% during the year under review, was given, keeping in view the remuneration trends in industry.
- The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial Audit Report (Form MR-3)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31 March 2017

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

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

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

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

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking NBFC/Core Investment Company which are specifically applicable to the Company.

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

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

I further report that the Company has allotted 327 right shares which were kept in abeyance, and complied with the Act and Rules formed thereunder, during the reporting period.

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

Pune: 17 May 2017

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

Auditors' certificate regarding compliance of conditions of Corporate Governance

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

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

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

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

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

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

Anish P Amin
Partner
Membership Number: 40451

Pune: 17 May 2017

Declaration by Chief Executive Officer

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

I, Sanjiv Bajaj, Managing Director (CEO) of Bajaj Finserv Ltd. hereby declare that all members of the Board of Directors and Senior Management have affirmed for the year ended 31 March 2017, compliance with the Code of Conduct of the Board of Directors and Senior Management of the Company.

Sanjiv Bajaj
Managing Director

Pune: 17 May 2017



Consolidated Financial Statements

Independent Auditors' Report on the Consolidated Financial Statements

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

1. We have audited the accompanying consolidated financial statements of Bajaj Finserv Ltd. ('hereinafter referred to as the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its jointly controlled entity (refer Note 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as 'the Consolidated Financial Statements').

Management's responsibility for the consolidated financial statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entity 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 and of its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and jointly controlled entity respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

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, its associates and jointly controlled entity as at 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other matters

8. We did not audit the financial statements of one subsidiary and one jointly controlled entity whose financial statements reflect total assets of ₹ 51,684 crore and net assets of ₹ 8,806.39 crore as at 31 March 2017, total revenue of ₹ 8,542.45 crore, net profit of ₹ 837.07 crore and net cash flows amounting to ₹ 2,659 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary, jointly controlled entity and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary and jointly controlled entity is based solely on the reports of the other auditors.
9. The financial statements of Bajaj Allianz Life Insurance Company Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by other firms of chartered accountants jointly for the year ended 31 March 2017, who vide their report dated 12 May 2017 have reported as follows:
The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2017 is the responsibility of the Company's Appointed Actuary (the 'Appointed Actuary'). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2017 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in Financial Statements of the Company.
10. The financial statements of Bajaj Allianz General Insurance Company Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by us and another firm of chartered accountants jointly for the year ended 31 March 2017, and vide report dated 12 May 2017 have reported as follows:
 - a) The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary. The actuarial valuation of these liabilities as at 31 March 2017 has been duly certified by the Appointed Actuary. The Appointed Actuary has also certified that in her opinion, the assumptions for such valuation are in accordance with the guidelines and norms, if any, issued by IRDAI and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Company's Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.
 - b) The financial statements of the Company for the year ended 31 March 2016 were audited by B S R & Co. LLP, Chartered Accountants and Walker Chandiook & Co LLP, Chartered Accountants who, vide their audit report dated 19 May 2016 have expressed an unmodified opinion thereon.

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

Report on other legal and regulatory requirements

11. 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.

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

- (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group and jointly controlled entity incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group and jointly controlled entity incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled company incorporated in India, none of the directors of the group companies and jointly controlled company incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and jointly controlled company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the Other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact, if any, of pending litigations as at 31 March 2017 on the consolidated financial position of the Group. In case of Bajaj Financial Holdings Ltd., a subsidiary company, the Company does not have any pending litigations as at 31 March 2017 which would impact its financial position.

'In case of Bajaj Allianz Financial Distributors Ltd.; a jointly controlled entity of the Company, audited by other firm of chartered accountants, for the year ended 31 March 2017, who vide their consolidated report dated 11 May 2017 have reported as follows: 'The Group does not have any pending litigations which would impact its financial position.'
 - ii. The Group and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts as at 31 March 2017 except in case of Bajaj Finance Ltd., a subsidiary of the Company where provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts as at 31 March 2017. Bajaj Finance Ltd. along with its subsidiaries did not have long-term derivative contracts as at 31 March 2017.

In case of Bajaj Allianz Life Insurance Company Ltd.; a subsidiary of the Holding Company, audited by other firm of chartered accountants, jointly for the year ended 31 March 2017, who vide their report dated 12 May 2017 have reported as follows:
'The liability for insurance contracts, is determined by the Company's Appointed Actuary as per Schedule 16 Note 2(i) and Note 3.2, and is covered by the Appointed Actuary's certificate, referred to in Other matter paragraph above, on which we have placed reliance; and the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses'.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended 31 March 2017 except in case of Bajaj Financial Holdings Ltd., Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd., a subsidiary Company, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2017.

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

In case of Bajaj Allianz Life Insurance Company Ltd., a subsidiary of the Company, audited by other firm of chartered accountants, jointly for the year ended 31 March 2017, who vide their report dated 12 May 2017 have reported as follows:

'The Company was not required to deposit or pay any dues in respect of the Investor Education and Protection Fund during the year.'

In case of Bajaj Allianz Financial Distributors Ltd., a jointly controlled entity of the Holding Company, audited by other firm of chartered accountants, jointly for the year ended 31 March 2017, who vide their consolidated report dated 11 May 2017 have reported as follows:

'There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.'

- iv. The Holding Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and same is in accordance with the books of accounts maintained by the Company.

The financial statements of Bajaj Finance Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by us for the year ended 31 March 2017 and vide report dated 17 May 2017 have reported as follows:

'Company has provided requisite disclosures in the financial statements as to its direct holdings as well as dealings in Specified Bank Notes during the period 8 November to 30 December 2016, which based on audit procedures and relying on management representations are in agreement with the books of accounts maintained by the Company and as produced to us for our verification. However, disclosures of holdings on 8 November 2016 and depositions thereof made directly by collecting agents, in SBN and other denomination, in respect of its two wheeler and three wheeler financing business as detailed in Note 28 to the financial statements are only to the extent of information available and received by the Company and hence are not verifiable by us'.

In case of Bajaj Allianz General Insurance Company Ltd., a subsidiary of the Holding Company, audited by us and another firm of chartered accountants jointly for the year ended 31 March 2017, vide report dated 12 May 2017 have reported as follows:

'The disclosure requirement in respect of Specified Bank Notes, as envisaged in Notification no. G.S.R 308(E) dated 30 March 2017 is not applicable to the Company. Refer Schedule 16 note 32 to the financial statements'.

In case of Bajaj Allianz Life Insurance Company Ltd., a subsidiary of the Holding Company, audited by another firm of chartered accountants jointly for the year ended 31 March 2017, who vide their report dated 12 May 2017 have reported as follows:

'The disclosure requirement as envisaged in Notification no. G.S.R 308(E) dated 30 March 2017 is not applicable to the Company. Refer Schedule 16 note 3.29 to the financial statements.'

In case of Bajaj Allianz Financial Distributors Ltd., a jointly controlled entity of the Company, audited by other firm of chartered accountants, for the year ended 31 March 2017, who vide their consolidated report dated 11 May 2017 have reported as follows:

'Company has provided requisite disclosures in the financial statements as to its direct holdings as well as dealings in Specified Bank Notes during the period 8 November to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 31 to the financial statements'.

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Bajaj Finserv Ltd. on the consolidated financial statements for the year ended 31 March 2017

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Bajaj Finserv Ltd. (hereinafter referred to as 'the Holding Company') and its subsidiary companies and jointly controlled company, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
 - (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
 - (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure A to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting

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

Opinion

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

Other matters

9. Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.
10. The financial statements of Bajaj Allianz General Insurance Company Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by us and another firm of chartered accountants jointly for the year ended 31 March 2017, and vide report dated 12 May 2017 have reported as follows:
'The actuarial valuation for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), has been duly certified by the Company's Appointed Actuary in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'Authority') and the Institute of Actuaries of India in concurrence with the Authority and has been relied upon by us, as mentioned in 'Other matter' paragraph of our audit report on the financial statements of the Company as at and for the year ended 31 March 2017. Accordingly, our opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of internal controls over valuation and accuracy of aforesaid actuarial liabilities.'
11. The financial statements of Bajaj Allianz Life Insurance Company Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by other firms of chartered accountants jointly for the year ended 31 March 2017, who vide their report dated 12 May 2017 have reported as follows:
'The actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the 'IRDA Financial Statements Regulations'), and has been relied upon by us, as mentioned in 'Other matter' para of our audit report on the financial statements of the Company as at and for the year ended 31 March 2017. Accordingly the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation is also certified by the Appointed Actuary and has been relied upon by us.'

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

Anish P Amin
Membership Number: 40451
Partner
Pune: 17 May 2017

Consolidated Balance Sheet

Particulars	Note No.	As at 31 March	
		2017	2016
(₹ In Crore)			
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	79.57	79.57
Reserves and surplus	6	15,736.50	13,311.54
Fair value change account		12.70	0.01
		15,828.77	13,391.12
Fund for future appropriations	7	321.56	207.38
Minority interest		7,200.83	5,876.68
Non-current liabilities			
Long-term borrowings	8	32,388.46	24,549.36
Deferred tax liabilities (net)		9.49	10.74
Policy liabilities		17,534.52	15,409.34
Linked liabilities		3,644.94	3,364.34
Discontinued fund liabilities		438.57	299.02
Other long-term liabilities	9	484.87	447.40
Long-term provisions	10	375.48	266.22
		54,876.33	44,346.42
Current liabilities			
Current maturities of long-term borrowings	8	6,996.16	5,974.24
Short-term borrowings	11	8,897.42	5,538.49
Trade payables	12		
Total outstanding dues of micro enterprises and small enterprises		0.18	0.88
Total outstanding dues of creditors other than micro enterprises and small enterprises		7,670.14	5,982.94
Policy liabilities		1,614.39	1,522.02
Linked liabilities		16,754.73	15,789.25
Other current liabilities	13	3,462.91	1,555.57
Short-term provisions	10	4,993.85	3,776.51
		50,389.78	40,139.90
Total		128,617.27	103,961.50

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

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March	
		2017	2016
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	14	875.55	798.59
Intangible assets	14	80.51	45.92
Capital work-in-progress		3.54	10.76
		<u>959.60</u>	<u>855.27</u>
Goodwill on consolidation of subsidiary/associates		689.34	429.03
Non-current investments	15	9,397.07	8,684.96
Policyholders' investments		21,977.01	19,740.99
Assets held to cover linked liabilities		4,692.33	4,086.67
Deferred tax assets (net)		433.39	343.44
Long-term loans and advances	16	413.29	427.53
Receivables under financing activity	17	32,028.15	24,778.55
Other non-current assets	19	353.57	332.66
		70,943.75	59,679.10
Current assets			
Current investments	15	4,164.96	1,487.46
Policyholders' investments		6,281.21	4,331.78
Assets held to cover linked liabilities		16,145.88	15,134.80
Assets held to cover discontinued funds		-	231.14
Receivables under financing activity	17	25,654.63	18,493.68
Trade receivables	18	1,253.12	680.77
Cash and bank balances	20	1,529.39	2,167.51
Short-term loans and advances	16	678.21	612.23
Other current assets	19	1,966.12	1,143.03
		57,673.52	44,282.40
Total		128,617.27	103,961.50

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

Consolidated Statement of Profit and Loss

Particulars	Note No.	For the year ended 31 March	
		2017	2016
Revenue from operations	21	10,104.83	7,531.40
Premium from insurance business		11,059.15	10,055.36
Other operating income from insurance business		3,357.53	2,946.52
Other income	22	0.55	0.34
Total revenue		24,522.06	20,533.62
Expenses			
Employee benefits expense	23	1,000.73	768.04
Claims incurred pertaining to insurance business		9,676.11	8,066.40
Commission, operating and other expenses pertaining to insurance business		2,720.96	3,171.26
Finance costs	24	3,716.28	2,876.95
Loan losses and provisions	25	818.19	542.85
Depreciation and amortisation	26	72.63	57.72
Other expenses	27	1,592.63	1,246.35
Total expenses		19,597.53	16,729.57
Profit before tax		4,924.53	3,804.05
Tax expense			
Current tax		1,565.60	1,115.42
Share of current tax of joint venture		0.41	0.59
Deferred tax		(91.20)	(86.56)
Share of deferred tax of joint venture		0.01	0.06
Total tax expense		1,474.82	1,029.51
Profit after tax		3,449.71	2,774.54
Share of tax (debits)/credits pertaining to earlier years of joint venture		-	0.02
Minority interest		1,187.79	911.29
Profit for the year		2,261.92	1,863.27
Basic and diluted Earnings per share (in ₹) (Nominal value per share ₹ 5)	28	142.1	117.1

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

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2017

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

Name of the company	Country of incorporation	% Shareholding of Bajaj Finserv Ltd.	Consolidated as
Bajaj Allianz General Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Allianz Life Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Finance Ltd.*	India	57.80%	Subsidiary
Bajaj Financial Holdings Ltd.	India	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.**	India	50%	Joint Venture

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

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

- (b) These financial statements have been prepared in accordance with the 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 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. Consequently, 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], other relevant provisions of the Companies Act, 2013 and the RBI guidelines/regulations to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013.

- (c) With effect from the financial year 2016-17, the Revenue Account (Policyholders' Account/Technical Account) as well as the Profit and Loss (Shareholders') Accounts of the insurance subsidiaries have been considered in the line by line consolidation into the financial statements of the Company, as against the past practice of considering only the Profit and Loss (Shareholders') Accounts, which incorporated the net operating results including inter-se transfers to and from the Revenue Accounts. This change in presentation of the Company's Consolidated Financial Statements is intended to present the consolidated revenues and total income of the group consistent with the practice widely followed by other holding companies of insurers providing the reader with a better basis of comparability of performance. Further such change in presentation of the Consolidated Financial Statements has no impact on the profit for the year or the shareholders' funds. Accordingly, previous year figures have been reclassified/regrouped to make them comparable with those of the current year.

- 2 Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements to which these consolidated financial statements are attached.
- 3 No adjustments have been made to the financial statements of the two insurance subsidiaries on account of diverse accounting policies as the same, being insurance companies, have been prepared under a regulated environment in contrast to those of Bajaj Finserv Ltd. and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

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

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

A. Bajaj Allianz Life Insurance Company Ltd.

Significant accounting policies followed by the Company

Basis of preparation

The accompanying financial statements are prepared and presented under the historical cost convention, unless otherwise stated, and on the accrual basis of accounting, in accordance with accounting principles generally accepted in India (Indian GAAP). The Company has prepared the financial statements in compliance with the Accounting Standards ('AS') notified under the section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014 and in accordance with the provisions of the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), Insurance Regulatory and Development Authority Act, 1999, and the regulations framed thereunder, the Master Circular on Preparation of Financial Statements and Filing of Returns of Life Insurance Business Ref No. IRDA/F&A/Cir/232/12/2013 dated 11 December 2013 ('the Master Circular') and other circulars issued by the IRDAI from time to time and the practices prevailing within the insurance industry in India.

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

Use of estimates

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

a) Revenue recognition

Premium income

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

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

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

Reinsurance premium ceded and commission thereon

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

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

Income from investments

Interest income

Interest income is recognised on accrual basis.

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

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

Amortised income/cost

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

Dividend

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

Income from securities lending and borrowing

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

Rent on investment property

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

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

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

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

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

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

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

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

Unrealised gain/(loss) for linked business

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

Income from loans

Interest income on loan is recognised on accrual basis.

Other income from unit linked policies

Fund management charges, policy/fund administration charges and cost of insurance are accounted for on accrual basis in accordance with terms and conditions of the policies issued. These charges are shown on the face of the Fund Revenue Account though net off against unit fund reserves in the Policyholders' Revenue Account in line with the disclosure requirements prescribed by IRDAI in the Accounting Regulations.

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

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

Fees, charges and other income

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

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

b) Acquisition cost

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

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

c) Benefits paid

Benefits paid comprise of policy benefits and claim settlement costs.

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

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

d) Actuarial (Policy) liability

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

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

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

e) Fund for future appropriations (FFA)

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

f) Investments

Investments are made and accounted for in accordance with the Insurance Act, 1938, as amended from time to time including the amendment brought by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority of India (Investments) Regulations, 2016 as amended from time to time, Insurance

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

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

Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and various other circulars/notifications issued by the IRDAI in this context from time to time.

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

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

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

i) Classification

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

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

All debt securities (including AT1 - Additional Tier 1 Basel III compliant perpetual bonds) are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortisation of premium or accretion of discount, as may be the case, over the remaining period of maturity using the effective yield basis.

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

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

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

Redeemable preference shares are considered as 'held to maturity' and accordingly valued at historical cost and is subject to amortisation of premium or accretion of discount.

Listed preference shares other than redeemable preference shares are valued at fair value, being the last quoted closing price on NSE at the Balance Sheet date. In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE. If price is not available on Balance Sheet date, the quoted price on the earliest previous day is used for valuation.

In case of unlisted preference shares other than redeemable preference shares and listed preference (other than redeemable preference) shares that are not regularly traded in active markets and which are classified as 'thinly traded' as per the guidelines governing mutual funds for valuation of thinly traded securities laid down by Securities Exchange Board of India (SEBI) are valued at historical cost, subject to provision for diminution in the value, if any, of such investments determined separately for each individual investment.

Mutual fund units are stated at fair value being the net asset value per unit on the Balance Sheet date declared by respective mutual fund.

Unrealised gains/losses on changes in fair values of listed equity shares and mutual funds are taken to the 'Fair value change account' in the Balance Sheet.

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

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

Investment in alternative investment funds and security receipts are valued at cost.

Investment in fixed deposits and reverse repos are valued at cost.

Loans are valued at cost.

Investment property is held to earn rental income or for capital appreciation and is not occupied by the Company. Investment property is initially valued at cost including any directly attributable transaction costs. Investment property is revalued at least once in every three years. The change in carrying amount of investment property is taken to 'Revaluation reserve' in the Balance Sheet.

The Company assesses at each Balance Sheet date whether there is any evidence of impairment of any investments. In case of impairment, the carrying value of such investment is reduced to its fair value and the impairment loss is recognised in the Revenue Account or Profit and Loss Account after adjusting it with previously recognised revaluation reserve/fair value change account. However, at the Balance Sheet date if there is any indication that a previously recognised impairment loss no longer exists, then such loss is reversed and the investment is restated to that extent.

iii) Valuation - linked business

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

Debt securities (Including AT1 - Additional Tier 1 Basel III compliant perpetual bonds) other than government securities with a residual maturity of over 182 days are valued on a yield to maturity basis, by using spreads over the benchmark rate (based on the matrix released by the CRISIL on daily basis) to arrive at the yield for pricing the security.

Debt securities with a residual maturity up to 182 days are valued at last valuation price plus the difference between the redemption value and last valuation price, spread uniformly over the remaining maturity period of the instrument.

Listed equity shares are valued at fair value, being the last quoted closing price on the NSE. In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE.

Equity shares lent under securities lending and borrowing scheme (SLB) are valued as equity shares as the Company retains the risk and reward of the shares lent. The securities are valued as stated above.

Listed preference shares are valued and stated at fair value, being the last quoted closing price on NSE at the Balance Sheet date. In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE.

If preference shares are not traded either on the NSE or BSE on the Balance Sheet date, then the price at which the preference shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation.

Unrealised gains or losses arising on such valuations are accounted for in the Revenue Account.

Listed preference shares that are not regularly traded in active markets and which are classified as 'thinly traded' as per the guidelines governing mutual funds for valuation of thinly traded securities laid down by SEBI, are valued at historical cost, subject to provision for diminution in the value, if any, of such investment determined separately for each individual investment.

Equity exchange traded funds (ETFs) are valued as equity shares. In case the ETF is not traded either on NSE or BSE on any day, Net Asset Value (NAV) as published by the mutual fund is considered for valuation.

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

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

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

Investments in fixed deposit and reverse repos are valued at cost.

Mutual fund units and alternative investment funds are valued at the last available net asset value per unit declared for the respective fund.

Unrealised gains and losses are recognised in the Revenue Account as prescribed by IRDAI (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002.

Securities with call option are valued at the lower of the value as obtained by valuing the security up to final maturity date or the call option date. In case there are multiple call options, the security is valued at the lowest value obtained by valuing the security at various call dates or up to the final maturity date.

Securities with put option are valued at the higher of the value as obtained by valuing the security up to final maturity date or the put option date. In case there are multiple put options, the security is valued at the highest value obtained by valuing the security at various put dates or up to the final maturity date.

The securities with both put and call option on the same day would be deemed to mature on the put/call date and would be valued on a yield to maturity basis, by using spreads over the benchmark rate based on the matrix released by CRISIL.

Valuation of discontinued policy fund is done as per the valuation policy applicable to unit linked business.

iv) Provision for non-performing asset (NPA)

All asset where the interest and/or instalment of principal repayment remain overdue for more than 90 days at the Balance Sheet date are classified as NPA and provided in the manner required by the IRDAI regulations on this behalf.

v) Provision for standard asset

In accordance with the IRDAI guidelines on 'Prudential norms for income recognition, asset classification, provisioning and other related matter in respect of debt portfolio' vide the Master circular, adequate provisions are made for estimated loss arising on account from/under recovery of loans and advances (other than loans and advances granted against insurance policies issued by the insurer) outstanding at the Balance Sheet date in respect of standard asset.

vi) Transfer of investments

Transfer of investments from Shareholders' Account to the Policyholders' Account to meet the deficit in the Policyholders' Account is done at book value or market value, whichever is lower.

No transfer of securities is done between non-linked policyholders' funds.

Transfer of investments between unit linked funds is done at prevailing market price.

Inter fund transfer of treasury bills, certificate of deposits and commercial papers between unit linked funds is done at cost plus accretion.

g) Loans

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

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

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

h) Fixed assets, intangibles, depreciation and impairment

i) Tangible assets and depreciation

Tangible assets are stated at acquisition cost less accumulated depreciation and impairment loss, if any. Cost includes the purchase price net of trade discounts and rebates, if any, and any cost directly attributable to bringing the asset to its working condition for its intended use and other incidental expenses incurred up to that date.

Subsequent expenditure incurred on tangible assets is expensed out except where such expenditure results in an increase in future benefits from the existing assets beyond its previously assessed standard of performance.

In respect of liabilities incurred in acquisition of fixed assets in foreign exchange, the net gain or loss arising on conversion/settlement is charged to Revenue Account or Profit and Loss Account.

Asset costing up to ₹ 5,000 are charged off as revenue expenses.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Revenue Account or Profit and Loss Account when the asset is derecognised.

The estimated useful life of assets determined is as follows:

Asset class	Useful life (in years)
Leasehold improvement	Over the balance period of lease
Buildings	60
Electrical fittings	10
Furniture and fittings	10
Information technology equipment	3
Server and networks	6
Air conditioner	5
Vehicles (in common use)	8
Vehicles (in use by specified employees)	4
Office equipment	5
Mobile Phones/Tablets	2

Depreciation is charged on pro rata basis from the month in which the assets is ready to use and in case of assets sold, up to the previous month of sale.

As per Company policy, mobile phone/tablet is transferred to employee on completion of two years or written down value (WDV) in case of separation of employee before two years. Accordingly, the Company has depreciated the mobile phones/tablets over two years.

ii) Intangibles

Intangible assets comprising software are stated at cost less amortisation. Significant expenditure on improvements to software are capitalised when it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably. Subsequent expenditures are amortised over the remaining useful life of original software. Software expenses are amortised on straight line basis over a period of three years from the date of being ready to use.

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

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

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Revenue Account when the asset is derecognised.

iii) Capital work in progress

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date and the cost of fixed assets not ready for its intended use before such date are disclosed under capital work in progress.

iv) Impairment of assets

At each Balance Sheet date, management assesses whether there is any indication, based on internal/external factors, that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

An assessment is made at the Balance Sheet date to see if there is an indication that a previously assessed impairment loss no longer exists or may have decreased. If such indication exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to maximum of depreciable historical cost.

After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

i) Taxation

i. Direct taxes

The Income-tax Act, 1961 prescribes that profits and gains of life insurance companies will be the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938.

Income tax expense comprises of:

Current tax – which is the amount of tax for the year determined in accordance with the Income-tax Act, 1961. Current tax is the amount expected to be paid to the tax authorities after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961.

Deferred tax – this could be a charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year. Deferred tax asset and liabilities are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax asset in respect of unabsorbed depreciation or carried forward loss are recognised only if there is a virtual certainty of realisation of such assets. At each Balance Sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The Company allocates tax to the respective lines of businesses in the Revenue Account in order to ensure that the expenses pertaining to and identifiable with a particular line of business are represented as such to enable a more appropriate presentation of the financial statements.

ii. Indirect taxes

Service tax liability on premium and charges are set-off against available service tax credits from service tax payments made for eligible input services. Unutilised credits, if any, are carried forward under

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

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

'Advances and other assets' for adjustments/set-off in subsequent periods, after creating a provision based on estimated realisation of the unutilised credit. Such provisions are subsequently reversed only on reasonable certainty that the credits will be utilised in future periods.

j) Provisions and contingencies

The Company creates a provision when there is present legal obligation as a result of a past event/(s) that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate to settle the obligation on the reporting date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

A contingent liability is a possible obligation that arises from past event(s) whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. It also includes a present obligation that is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Accordingly, the Company does not recognise a contingent liability but discloses the existence of a contingent liability when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed.

k) Long-term contracts

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long-term contracts has been made in the financial statements. For insurance contracts, actuarial valuation of liabilities for policies in force is done by the Appointed Actuary of the Company. The assumptions used in valuation of liabilities for policies in force are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI.

B. Bajaj Allianz General Insurance Company Ltd.

Significant accounting policies followed by the Company

Basis of preparation

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles followed in India under the historical cost convention and accrual basis of accounting and comply with applicable Accounting Standards referred to in Companies Act, 2013 under section 133 read with rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the statutory requirements of the Insurance Act, 1938 (amended by the Insurance laws (Amendment) Act, 2015), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') and orders and directions issued by the IRDAI in this behalf, the Companies Act, 2013 ('the Act') (to the extent applicable) and current practices prevailing in the insurance industry.

Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumption that affect the reported amounts of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

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

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

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

a. Revenue recognition

i) Premium income

Premium (net of service tax), including reinstatement premium on direct business and reinsurance accepted, is recognised as income at the commencement of risk over the contract period or the period of risk, whichever is appropriate, on a gross basis and for installment cases, it is recognised on installment due dates. Any subsequent revisions to premium are recognised in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

ii) Interest/dividend income

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

iii) Premium/discount on purchase of investments

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

iv) Profit/loss on sale of securities

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

v) Commission on reinsurance ceded

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

b. Reinsurance ceded

Reinsurance premium in respect of proportional reinsurance is ceded at the commencement of the risk over the contract period or the period of risk. Non-proportional reinsurance premium is ceded when incurred and due. Any subsequent revisions to, refunds or cancellations of premiums are recognised in the year in which they occur.

c. Reinsurance accepted

Reinsurance inward acceptances are accounted for on the basis of reinsurance slips accepted from the reinsurers.

d. Acquisition costs

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

e. Premium received in advance

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

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

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

f. Reserve for unexpired risk

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of Marine Hull business based on net premium written on all unexpired policies at Balance Sheet applying 1/365th method on the unexpired period of respective policies.

g. Premium deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. The Company considers maintenance costs as relevant direct costs incurred for ensuring claim handling operations. Further, as per IRDAI circular IRDA/F&A/CIR/FA/126/07/2013, dated 3 July 2013 (Corrigendum to Master Circular IRDA/F&I/CIR/F&A/231/10/2012, dated 5 October 2012), premium deficiency, if any, has been recognised at segmental revenue account level. In computing the premium deficiency in miscellaneous revenue account, the premium deficiency arising out of reinsurance acceptances from declined risk pool is not considered as per regulatory guidelines. The expected claim costs is calculated and duly certified by the Appointed Actuary.

h. Claims incurred

Claims are recognised as and when reported. Claims incurred comprises claims paid, change in the outstanding provision of claims and estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER'). It also includes survey fees, legal expenses and other costs directly attributable to claims.

Claims paid (net of recoveries including salvage retained by the insured and includes interest paid towards claims) are charged to the respective revenue account when approved for payment. Where salvage is retained by the Company, the recoveries from sale of salvage are recognised at the time of sale.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid against each claim, as anticipated and estimated by the Management in light of past experience and subsequently modified for changes, as appropriate.

Amounts received/receivable from the reinsurers and coinsurers, under the terms of the reinsurance and coinsurance arrangements respectively, are recognised together with the recognition of the claim.

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

Incurred But Not Reported (IBNR) reserve is a provision for all claims that have occurred prior to the end of the current accounting period but have not been reported to the Company. The IBNR reserve also includes provision for claims Incurred But Not Enough Reported (IBNER). The said liability is determined by Appointed Actuary based on actuarial principles. The actuarial estimate is derived in accordance with relevant IRDAI regulations and guidance note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

j. Income from investments and other income

Income earned from investments, gains or loss on sale of investments is allocated to Revenue Account and Profit and Loss Account on the basis of actual holding of the investments of the policyholders and shareholders as bifurcated according to the IRDAI Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated 4 April 2016 with effect from 1 October 2016. Till 30 September 2016, income earned from investments, gain or loss on sale of investments was allocated to Revenue Account and Profit and Loss Account on the basis of funds available from insurance

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

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

operations and shareholders' funds. The income earned from investments, gain or loss on sale of investments and other income are further allocated to the lines of business in proportion of net premium. Consequently, investment income allocated to Revenue Account and Profit and Loss Account for previous year is not strictly comparable.

k. Fixed assets and depreciation/amortisation

Tangible fixed assets and depreciation

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

Depreciation on other assets is provided based on Management's assessment of useful life which is in accordance with the useful life specified in Schedule II of the Companies Act, 2013, as follows:

Nature of assets	Useful life (in years) as per Management's assessment	Useful life (in years) as per Schedule II of the Companies Act, 2013
Information technology equipment		
End user devices, such as, desktops, laptops, etc.	3	3
Servers and networks	6	6
Vehicles**	8	8
Office equipment	5	5
Furniture and fixtures	10	10
Buildings	60	60
Air conditioner (part of office equipment)	5	5
Electrical fittings (part of furniture and fittings)*	10	10

* Electrical fittings installed at leased premises are depreciated over an estimated useful life of 3 years.

** Useful life of vehicle allotted to the employees is considered 4 years as per Management estimation.

Leasehold improvements to leased properties are depreciated over the primary period of lease which is generally 3 years.

Intangible fixed assets and amortisation

Intangible fixed assets representing software are recorded at its acquisition price and are amortised over their estimated useful life on a straight line basis, commencing from the date the assets are available for use. The Management has estimated the useful life for such software as three years. The useful life of the asset is reviewed by the Management at each Balance Sheet date.

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

Capital work in progress and advances

Capital works in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses and advances paid for purchase of fixed assets.

Impairment of assets

- (i) The carrying amounts of all assets are reviewed by the Company at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to

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

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

arise from the continuing use of the assets and from its disposal at the end of its useful life. In assessing value in use the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the asset, as determined by the Management.

- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life, if any.

I. Investments

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

Classification:

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

The investments funds are segregated into Policyholders' and Shareholders' fund on security level basis in compliance with circular no IRDA/F&A/CIR/CPM/056/03/2016 dated - 4 April 2016. With reference to the new circular IRDA/F&A/CIR/CPM/010/01/2017 dated - 12 January 2017, IRDAI has modified the circular no IRDA/F&A/CIR/CPM/056/03/2016, allowing the general insurers to 'bifurcate the Policyholders' and Shareholders' funds at the end of each quarter at the 'fund level' on 'notional basis'. Furthermore, the Company has communicated to regulators that it will continue to follow the same practice of segregating the investments into Policyholders' and Shareholders' funds at security level on quarterly basis in compliance with circular no IRDA/F&A/CIR/CPM/056/03/2016.

Previous year investments are segregated notionally based on Policyholders' and Shareholders' funds as at 31 March 2016.

Valuation:

Debt securities and non-convertible preference shares

All debt securities including government securities and non-convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Account and Profit and Loss Account over the period of maturity/holding.

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

Equities (listed and actively traded)

Listed and actively traded securities are stated at the last quoted closing price on the National Stock Exchange of India Ltd. (NSE). In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE Ltd. Unrealised gains or losses are credited/debited to the Fair value change account.

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

Mutual fund units

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

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

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

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

Loans – investment

Loans given are classified as ‘held to maturity’ and accordingly stated at historical cost.

Fair value change account

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

Impairment of investment

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

If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists then impairment loss, earlier recognised in Profit and Loss Account, is reversed in Profit and Loss Account and the investment is reinstated to that extent.

m. Contributions to Terrorism and Third Party Insurance Pools

i) Terrorism Pool

In accordance with the requirements of IRDAI, the Company, together with other insurance companies, participated in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India (‘GIC’). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee (‘TAC’) are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of ₹ 15.50 billion (Previous year ₹ 15.50 billion) per location/compound.

In accordance with the terms of the agreement, GIC retro cedes, to the Company, terrorism premium to the extent of the share agreed to be borne by the Company in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded in accordance with the latest statement received from GIC as on 31 December 2016.

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

ii) The Indian Motor Third Party Declined Risk Insurance Pool (‘IMTPDRIP’)

IRDAI has formed a Declined Risk Insurance Pool with effect from 1 April 2012 vide order IRDA/NL/ORD/MPL/277/12/2011. The Indian Motor Third Party Declined Risk Insurance Pool (DR Pool), administered by the GIC, is an arrangement among all the existing General Insurers to share in the Stand Alone Third Party Liability of Commercial Vehicles i.e. Act Only policies. Any business relating to Act Only policies of Commercial Vehicles which does not fall within the underwriting parameters of respective insurer shall be ceded to the DR Pool. The premium to the extent of 20% in respect of specified risks is to be retained by the Company, 5% is to be ceded to GIC under obligatory cession and residual 75% is to be ceded to DR Pool. The Company has to underwrite a minimum

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

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

percentage, as prescribed, of Act Only commercial vehicle third party insurance. DR pool shall be extinguished at the end of every underwriting year on a clean cut basis by transferring the risk at par to the members who have not fulfilled their mandatory obligation.

Accordingly, GIC has circulated the settlement statement up to 31 March 2016 stating the details of premium ceded to the pool, shortfall of obligation and share of the Company in the DR Pool premium. The Company had recorded its share of premium and claims as inward reinsurance business, based on the returns submitted by the GIC, under the respective heads of income or expense as the case may be and included within the Motor Third Party sub-segment of the Miscellaneous Revenue Account.

IRDAI issued an order No. IRDA/NL/CIR/MISC/051/03/2016 dismantling Indian Motor Third Party Declined Risk Pool (IMTPDRP) for Commercial vehicle (Act Only Insurance) w.e.f. from 1 April 2016.

IRDAI issued a circular towards 'Obligation of insurer in respect of Motor Third Party Insurance Business, Regulations, 2015' w.e.f. from 1 April 2016. Every insurer, for the purpose of section 32D of the Insurance Act, 1938, during a financial year, shall underwrite such minimum percentage of the 90% of the overall motor third party insurance business premium of the industry for the immediate preceding financial year. Every insurer shall submit the financial returns to the IRDAI for every quarter of the financial year within forty five days from the end of the quarter. For the period ended 31 March 2017 the Company has accounted for business of ₹ 1,501.07 crore (Previous year ₹ 1,149.10 crore) under Motor TP obligation as against an obligation of ₹ 1,376.49 crore (Previous year ₹ 1150.76 crore) for the current year.

n. Contributions to Solatium funds

The Company provides for contribution to Solatium fund at 0.10% of total TP Premium of direct business as per requirements of IRDAI circular.

o. Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences for earlier years. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward business losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against sufficient future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax asset (net of the deferred tax liability) is disclosed on the face of the Balance Sheet. The break-up of deferred tax assets and deferred tax liabilities into major components of the respective balances has been disclosed in the notes.

p. Service tax

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilised credits, if any, are carried forward under 'Others - unutilised service tax carried forward' and disclosed

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

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

for adjustments in subsequent periods and service tax liability to be remitted to the appropriate authority is disclosed under 'Others - service tax payable'. Service tax paid for eligible input services not recoverable by way of credits is recognised in the Revenue Account as expenses under a separate line item.

q. Provisions, contingent liabilities and contingent assets

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

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

Contingent assets are neither recognised nor disclosed in the financial statements.

C. Bajaj Finance Ltd.

Significant accounting policies followed by the Company

a. Fixed assets, depreciation and amortisation

I) Tangible fixed assets

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

Depreciation on tangible fixed assets

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

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 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 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 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

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

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

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

C. Bajaj Finance Ltd. (Contd.)

Companies (Accounting Standards) Rules, 2006. Intangible assets are amortised systematically over the useful life of the assets. Accordingly, most software cost are generally amortised as an intangible equally over a period of sixty months unless it has a shorter life.

b. Revenue recognition

(i) Income from financing activity

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

(ii) Income from investment

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 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.

(iii) Income from assignment

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

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

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

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

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

(v) Other income

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

c. Receivables under financing activity

- (i) Receivables under financing activity represent principal and matured finance charges outstanding at the close of the year but net of amount written off.
- (ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets and delinquent assets not yet NPAs as considered necessary including by accelerating provision to an early stage based on past experience, emerging trends and estimates which is disclosed under 'Short-term provisions' in the financial statements. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable RBI Regulations/Guidelines.

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

C. Bajaj Finance Ltd. (Contd.)

(iii) A general provision, as required by RBI Regulations/Guidelines, is also made by the Company on the standard assets outstanding which is disclosed under 'Long-term provisions' in the financial statements.

d. Borrowing costs

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

e. Employee Stock Option Scheme

The Company operates its Employee Stock Option Scheme through a trust formed for the purpose. Equity shares are issued to the trust on the basis of the Company's expectation of the options being exercised by employees. Cost of benefit, if any, is recognised as an expense by the Company. The balance equity shares not exercised and held by the trust are disclosed as a reduction from the Share capital and Securities premium account with an equivalent adjustment to the subscription loan advanced to the Trust.

D. Bajaj Allianz Financial Distributors Ltd.

Background

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

Bajaj Allianz Staffing Solutions Ltd. is a wholly subsidiary of Bajaj Allianz Financial Distributors Ltd., incorporated on 16 March 2015 with an objective to engage in the business of providing manpower and recruitment support services.

Significant accounting policies followed by the Company

Accounting assumptions

The financial statements are prepared under the historical cost convention, on accrual basis of accounting to comply in all material respects, with the mandatory Accounting Standards as specified under section 133 of the Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

Use of estimates

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

a) Revenue recognition

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

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

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

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

D. Bajaj Allianz Financial Distributors Ltd. (Contd.)

b) Investments

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

Transfer of current investment to non-current investment, valuation has been done at the lower of cost and fair value at the date of transfer.

c) Provisions and contingent liabilities

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

Contingent liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognised.

5 Share capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Authorised:		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
Issued, subscribed and fully paid-up shares:		
159,131,780 (159,131,453) equity shares of ₹ 5 each	79.57	79.57
	<u>79.57</u>	<u>79.57</u>

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

Particulars	As at 31 March			
	2017		2016	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	159,131,453	79.57	159,125,184	79.56
Equity shares earlier held in abeyance, issued during the year [See note 5 e.]	327		6,269	0.01
Outstanding at the end of the year	<u>159,131,780</u>	<u>79.57</u>	<u>159,131,453</u>	<u>79.57</u>

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

5 Share capital (Contd.)

b. Further, of the above

Euro Equity issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares issued in earlier years has been disbanded during the year 2016-17, hence there are no outstanding GDRs at the close of the year.

c. Terms/rights/restrictions attached to equity shares

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

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

	As at 31 March			
	2017		2016	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,110,824	9.50%	15,110,824	9.50%

e. Shares reserved for issue at a subsequent date

20,081 (20,408) equity shares of ₹5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter.

f. Utilisation of funds raised on issue of equity shares

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Amount receivable from rights issue - as per letter of offer	940.44	940.44
Less: Amount not received on shares kept in abeyance	1.30	1.32
Amount received from rights issue - (A)	939.14	939.12
Deployment of rights issue proceeds:		
(a) Investment in Bajaj Finance Ltd. - subscription and on conversion of warrants	271.33	165.99
(b) Investment in Bajaj Finance Ltd. - subscription to rights issue	478.67	478.67
(c) Share issue expenses	3.16	3.16
(d) General corporate purposes	185.98	185.96
Total deployment of rights issue proceeds - (B)	939.14	833.78
Balance amount to be utilised (A - B)	-	105.34
Interim utilisation of balance rights issue proceeds:		
Investment in money market instruments and mutual funds	-	105.34

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

6 Reserves and surplus

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Securities premium account		
Balance as at the beginning of the year	2,599.62	1,853.48
Add/(Less): Adjustment because of change in shareholding in subsidiary	17.49	(81.98)
Add/(Less): Received during the year	(16.93)	834.58
Add/(Less): Share issue expenses	(0.55)	(6.46)
Closing balance	2,599.63	2,599.62
Revaluation reserve		
Balance as at the beginning of the year	6.30	3.70
Add: Addition during the year	5.73	2.60
Closing balance	12.03	6.30
Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	494.23	496.19
Add/(Less): Adjustment because of change in shareholding in subsidiary	4.80	(28.49)
Add: Transferred from surplus in Statement of Profit and Loss	212.69	146.63
Add/(Less): Transfer to surplus in Statement of Profit and Loss [See note 37]	-	(120.10)
Closing balance	711.72	494.23
Reserve Fund in terms of section 29 C of the National Housing Bank Act, 1987		
Balance as at the beginning of the year	0.01	-
Add: Transferred from surplus in Statement of Profit and Loss	0.02	0.01
Closing balance	0.03	0.01
Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961		
Balance as at the beginning of the year	3.29	3.53
Add/(Less): Adjustment because of change in shareholding in subsidiary	0.03	(0.24)
Add: Transferred from surplus in Statement of Profit and Loss	2.02	-
Closing balance	5.34	3.29
General reserve		
Balance as at the beginning of the year	1,831.56	1,762.08
Add/(Less): Adjustment because of change in shareholding in subsidiary	136.17	(20.15)
Add: Transferred from surplus in Statement of Profit and Loss	106.35	89.63
Closing balance	2,074.08	1,831.56
Carried over	5,402.83	4,935.01

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

6 Reserves and surplus (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Brought over	5,402.83	4,935.01
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	8,376.53	6,766.10
Add/(Less): Adjustment because of change in shareholding in subsidiary and others	16.30	(108.82)
Add: Transfer from Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 [See note 37]	-	120.10
Profit for the year	2,261.92	1,863.27
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	212.69	146.63
Transfer to Reserve Fund in terms of section 29 C of the National Housing Bank Act, 1987	0.02	0.01
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	2.02	-
Transfer to General reserve	106.35	89.63
Interim dividend	-	27.85
Total appropriations	321.08	264.12
Balance in Statement of Profit and Loss	10,333.67	8,376.53
	15,736.50	13,311.54

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

7 Fund for future appropriations in policyholders' account

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Premiums earned - net		
(a) Premium	6,183.32	5,897.32
(b) Reinsurance ceded	(61.22)	(65.60)
Sub-total	6,122.10	5,831.72
Income from investment		
(a) Interest, dividend and rent - gross	1,940.80	1,774.20
(b) Profit on sale/redemption of investments	2,616.31	1,972.24
(c) Loss on sale/redemption of investments	(534.70)	(892.88)
(d) Transfer/gain on revaluation/change in fair value	1,146.28	(2,283.87)
(e) Accretion of discount/(amortisation of premium) (net)	204.13	178.24
Other income	35.04	42.14
Contribution from the shareholders' account	141.86	43.57
Sub-total	5,549.72	833.64
Total (A)	11,671.82	6,665.36
Commission	146.44	157.41
Operating expenses related to insurance business	1,056.30	1,108.63
Provision for doubtful debts	(0.09)	1.52
Service tax charge on linked charges	94.63	95.53
Total (B)	1,297.28	1,363.09
Benefits paid (net)	6,170.06	4,998.26
Interim bonuses paid	29.76	14.28
Change in valuation of liability against life policies in force		
(a) Gross	2,149.02	2,352.06
(b) Fund reserve	1,246.07	(2,491.25)
(c) Reserve for discontinuance fund	139.54	14.61
(d) Unclaimed reserve	27.86	-
(d) Amount ceded in reinsurance	68.54	(26.24)
Total (C)	9,830.85	4,861.72
Surplus/(deficit) before tax (D) = (A) - (B) - (C)	543.69	440.55
Provision for income-tax	60.59	46.14
Surplus/(deficit) after tax	483.10	394.41
Opening balance of fund for future appropriations	207.38	124.41
Less: Transfer to shareholders' account	368.92	311.44
Closing balance of fund for future appropriations	321.56	207.38

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

8 Long-term borrowings*

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Secured				
Privately placed redeemable non convertible debentures	15,061.37	10,159.40	3,794.50	2,971.20
From Banks, against hypothecation of assets under finance, book debts and other receivables	11,768.75	11,836.61	2,367.86	2,347.86
	26,830.12	21,996.01	6,162.36	5,319.06
Unsecured				
Privately placed redeemable non convertible debentures	124.10	-	-	113.00
Privately placed subordinated (Tier II) redeemable non convertible debentures	3,250.80	1,275.80	-	-
Term loans from banks	-	100.00	100.00	75.00
Fixed deposits	2,059.44	1,177.55	683.80	467.18
Inter corporate deposits	124.00	-	50.00	-
	5,558.34	2,553.35	833.80	655.18
	32,388.46	24,549.36	6,996.16	5,974.24

* For details and terms of repayment refer note 29 C. 4

9 Other long-term liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Trade payables	50.19	44.19
Security deposits	33.60	21.50
Interest accrued but not due	395.23	377.20
Others	5.85	4.51
	484.87	447.40

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

10 Provisions

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Provision for employee benefits				
Provision for gratuity	18.46	8.75	-	-
Share of provision for gratuity of joint venture	0.85	0.96	-	-
Provision for compensated absences	-	-	40.67	36.55
Share of provision for compensated absences of joint venture	-	-	0.35	0.55
Provision for long-term service plan/awards	30.56	12.34	13.41	11.22
	49.87	22.05	54.43	48.32
Other provisions				
Fair value change account	-	-	615.52	136.23
Reserve for unexpired risk	-	-	2,936.42	2,572.59
General provision on standard assets	245.54	181.52	-	-
Provision for restructured standard assets	68.88	52.68	-	-
Provision for non-performing assets (NPAs)	-	-	722.08	412.85
Provision for delinquent receivables not yet NPAs	-	-	128.40	103.62
Provision retained on sale of non-performing assets	10.05	8.74	-	-
Provision for tax (net of tax paid in advance)	-	-	536.59	502.31
Share of provision for tax (net of tax paid in advance) of joint venture	1.14	1.23	0.41	0.59
	325.61	244.17	4,939.42	3,728.19
	375.48	266.22	4,993.85	3,776.51

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

11 Short-term borrowings*

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Secured		
From banks, against hypothecation of assets under finance, book debts and other receivables		
Cash credit and demand loans	1,234.26	1,880.08
Working capital demand loan	500.00	-
Overdraft facility	86.15	239.97
Collateralised borrowing and lending obligation	350.00	200.00
	<u>2,170.41</u>	<u>2,320.05</u>
Unsecured		
From banks		
Overdraft facility	502.52	642.38
Working capital demand loan	500.00	500.00
Fixed deposits	725.62	448.45
Inter corporate deposits	435.18	-
	<u>2,163.32</u>	<u>1,590.83</u>
Borrowings by issue of Commercial Papers	4,563.69	1,627.61
	<u>6,727.01</u>	<u>3,218.44</u>
	<u>8,897.42</u>	<u>5,538.49</u>

* For details and terms of repayment refer note 29 C. 5

12 Trade payables

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Total outstanding dues of micro enterprises and small enterprises	0.18	0.85
Total outstanding dues of micro enterprises and small enterprises (share of joint venture)	-	0.03
	<u>0.18</u>	<u>0.88</u>
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,035.22	760.28
Total outstanding dues of creditors other than micro enterprises and small enterprises (share of joint venture)	0.09	-
Outstanding claims	4,641.93	3,760.18
Agents' balances	80.08	81.66
Balances due to other insurance companies	814.82	615.79
Unallocated premiums	363.84	226.27
Unclaimed amount of policyholders/insured	734.16	538.76
	<u>7,670.14</u>	<u>5,982.94</u>

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

13 Other current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Premiums received in advance	355.47	311.48
Solatium fund	6.06	4.56
Unsettled investment contract payable	310.99	175.97
Interest accrued but not due	1,327.24	708.83
Income received in advance	8.76	0.12
Share of income received in advance of joint venture	0.23	0.24
Security deposits	1.71	0.81
Unclaimed dividend	1.42	2.77
Book overdraft	1,096.25	15.38
Unit payable	139.04	117.95
Directors' remuneration and commission payable	3.64	3.51
Share of employee benefits payable of joint venture	0.26	2.11
Employee benefits payable	97.39	114.60
Share of taxes payable of joint venture	0.51	0.95
Taxes payable	106.57	90.09
Share of other payables of joint venture	1.39	1.74
Other payables	5.98	4.46
	3,462.91	1,555.57

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

14 Fixed assets (tangible and intangible assets)

Current year

(₹ In Crore)

Particulars	Gross block				Depreciation			Net block	
	As at	Additions	Deductions/ adjustments	As at	As at	For the year	As at	As at	
	1 April 16			31 March 17	1 April 16		31 March 17	31 March 17	31 March 17
Tangible assets:									
Land freehold	23.11	-	-	23.11	-	-	-	-	23.11
Land leasehold	8.19	-	-	8.19	-	-	-	-	8.19
Buildings	659.48	10.89	2.90	667.47	90.37	0.25	13.99	104.11	563.36
Leasehold improvements	98.04	17.58	22.72	92.90	72.49	22.63	13.97	63.83	29.07
Freehold improvements	2.42	-	-	2.42	2.42	-	-	2.42	-
Information technology equipment	292.53	77.26	26.59	343.20	242.05	26.43	30.92	246.54	96.66
Office equipment	91.14	20.17	3.11	108.20	61.10	2.85	14.46	72.71	35.49
Furniture and fixtures	137.29	36.61	6.56	167.34	75.33	5.93	14.72	84.12	83.22
Electric fittings	3.33	-	0.05	3.28	1.65	-	0.30	1.95	1.33
Vehicles	24.80	14.65	4.79	34.66	10.52	3.87	7.08	13.73	20.93
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	1,624.05	177.16	66.72	1,734.49	825.46	61.96	95.44	858.94	875.55
Share of fixed assets of joint ventures	0.10	-	0.09	0.01	0.10	0.09	-	0.01	-
Intangible assets:									
Computer softwares	92.42	53.09	15.85	129.66	46.50	-	2.65	49.15	80.51

Previous year

(₹ In Crore)

Particulars	Gross block				Depreciation			Net block	
	As at	Additions	Deductions/ adjustments	As at	As at	For the year	As at	As at	
	1 April 15			31 March 16	1 April 15		31 March 16	31 March 16	31 March 16
Tangible assets:									
Land freehold	23.11	-	-	23.11	-	-	-	-	23.11
Land leasehold	-	-	(8.19)	8.19	-	-	-	-	8.19
Buildings	677.55	0.35	18.42	659.48	78.20	2.33	14.50	90.37	569.11
Leasehold improvements	83.19	17.44	2.59	98.04	63.29	2.58	11.78	72.49	25.55
Freehold improvements	2.42	-	-	2.42	2.42	-	-	2.42	-
Information technology equipment	266.62	37.25	11.34	292.53	231.89	6.64	16.80	242.05	50.48
Office equipment	79.85	14.02	2.73	91.14	50.66	1.72	12.16	61.10	30.04
Furniture and fixtures	128.30	17.80	8.81	137.29	67.39	4.53	12.47	75.33	61.96
Electric fittings	3.33	-	-	3.33	1.31	-	0.34	1.65	1.68
Vehicles	17.74	9.42	2.36	24.80	7.50	1.54	4.56	10.52	14.28
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	1,565.83	96.28	38.06	1,624.05	772.19	19.34	72.61	825.46	798.59
Share of fixed assets of joint ventures	0.10	-	-	0.10	0.10	-	-	0.10	-
Intangible assets:									
Computer softwares	82.08	24.58	14.24	92.42	44.08	3.01	5.43	46.50	45.92

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

15 Investments

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(A) Long-term investments:				
In Fully Paid Equity Shares:				
Others:				
Quoted:				
Held by insurance companies*	93.13	-	-	-
In Government and Trust Securities:				
Others:				
Quoted:				
8.27% Government of India Stock, 2020 of the face value of ₹ 25 crore	-	25.44	-	-
8.6% Government of India Stock, 2020 of the face value of ₹ 20 crore	22.68	-	-	-
8.28% Government of India Stock, 2027 of the face value of ₹ 25 crore	-	26.06	-	-
8.28% Government of India Stock, 2027 of the face value of ₹ 35 crore	-	35.60	-	-
8.4% Government of India Stock, 2024 of the face value of ₹ 15 crore	-	15.60	-	-
8.4% Government of India Stock, 2024 of the face value of ₹ 85 crore	-	87.76	-	-
8.6% Government of India Stock, 2028 of the face value of ₹ 75 crore	-	80.01	-	-
8.6% Government of India Stock, 2028 of the face value of ₹ 10 crore	-	10.58	-	-
8.08% Government of India Stock, 2022 of the face value of ₹ 10 crore	10.24	-	-	-
8.15% Government of India Stock, 2026 of the face value of ₹ 20 crore	22.01	-	-	-
8.28% Government of India Stock, 2027 of the face value of ₹ 5 crore	5.14	-	-	-
8.4% Government of India Stock, 2024 of the face value of ₹ 65 crore	67.11	-	-	-
8.6% Government of India Stock, 2028 of the face value of ₹ 45 crore	-	-	-	48.06
8.83% Government of India Stock, 2023 of the face value of ₹ 30 crore	-	-	-	31.97
7.88% Government of India Stock, 2030 of the face value of ₹ 10 crore	-	10.06	-	-
8.15% Government of India Stock, 2026 of the face value of ₹ 10 crore	-	9.97	-	-
Carried over	127.18	301.08	-	80.03
Carried over	93.13	-	-	-

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

15 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Brought over	93.13	-	-	-
In Government and Trust Securities: (Contd.)				
Others: (Contd.)				
Quoted: (Contd.)				
Brought over	127.18	301.08	-	80.03
8.38% Tamilnadu State Development Loan, 2026 of the face value of ₹ 10 crore	10.01	10.01	-	-
8.49% Tamilnadu State Development Loan, 2026 of the face value of ₹ 15 crore	15.02	15.02	-	-
8.67% Karnataka State Development Loan, 2026 of the face value of ₹ 8.94 crore	8.95	8.95	-	-
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	-	20.81	-	-
7.59% Government of India Stock, 2029 of the face value of ₹ 150 crore	157.48	-	-	-
7.59% Government of India Stock, 2029 of the face value of ₹ 125 crore	-	-	137.95	-
7.59% Government of India Stock, 2029 of the face value of ₹ 20 crore	-	-	-	19.93
7.59% Government of India Stock, 2026 of the face value of ₹ 10 crore	-	-	10.71	-
7.72% Government of India Stock, 2025 of the face value of ₹ 185 crore	195.53	-	-	-
7.72% Government of India Stock, 2025 of the face value of ₹ 40 crore	-	-	-	40.43
7.72% Government of India Stock, 2025 of the face value of ₹ 50 crore	-	-	54.55	-
7.88% Government of India Stock, 2030 of the face value of ₹ 24 crore	24.87	-	-	-
8.83% Government of India Stock, 2023 of the face value of ₹ 15 crore	15.60	-	-	-
7.88% Government of India Stock, 2030 of the face value of ₹ 30 crore	-	-	-	30.25
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	-	-	-	21.26
7.88% Government of India Stock, 2030 of the face value of ₹ 25 crore	-	24.87	-	-
8.35% Government of India Stock, 2022 of the face value of ₹ 125 crore	-	-	141.81	-
8.35% Government of India Stock, 2022 of the face value of ₹ 25 crore	25.52	25.52	-	-
8.4% Government of India Stock, 2024 of the face value of ₹ 50 crore	-	51.54	-	-
Carried over	580.16	457.80	345.02	191.90
Carried over	93.13	-	-	-

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

15 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Brought over	93.13	-	-	-
In Government and Trust Securities: (Contd.)				
Others: (Contd.)				
Quoted: (Contd.)				
Brought over	580.16	457.80	345.02	191.90
7.16% Government of India Stock, 2023 of the face value of ₹ 90 crore	87.70	-	-	-
7.68% Government of India Stock, 2023 of the face value of ₹ 95 crore	95.38	-	-	-
Held by insurance companies*	5,268.43	5,334.04	-	-
	6,031.67	5,791.84	345.02	191.90
Less: Amortisation of premium/(discount) on acquisition	0.94	0.65	-	-
Less: Marked to market losses on investments	-	-	24.16	1.19
	6,030.73	5,791.19	320.86	190.71
In Bonds and Debentures:				
Fully paid:				
Others:				
Quoted:				
Held by insurance companies*	2,969.20	2,441.06	49.27	408.55
Less: Amortisation of premium/(discount) on acquisition	(1.29)	-	(13.50)	-
	2,970.49	2,441.06	62.77	408.55
Unquoted:				
Held by insurance companies*	250.46	297.01	45.98	69.05
In Mutual Fund Units:				
Quoted:				
Share of joint venture	4.32	3.48	-	-
In Fixed Deposits:				
Unquoted:				
Held by insurance companies*	6.00	119.94	30.00	27.82
In Others:				
Real estate held by insurance companies*	41.94	32.28	-	-
Total (A)	9,397.07	8,684.96	459.61	696.13

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

15 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(B) Current investments:				
In Fully Paid Equity Shares:				
Others:				
Unquoted:				
Held by insurance companies*	-	-	1.25	1.25
In Government and Trust Securities:				
Others:				
Quoted:				
Treasury Bills - 182 day TB 30-06-2016	-	-	-	98.21
In Certificate of Deposit:				
Unquoted:				
10,000 (-) Certificate of Deposit of ₹ 100,000 each of Axis Bank - 26-10-2016	-	-	-	92.97
Held by insurance companies*	-	-	-	52.41
	-	-	-	145.38
Less: Amortisation of premium/(discount) on acquisition	-	-	-	(2.88)
	-	-	-	148.26
In Commercial Paper:				
Unquoted:				
1,500 (-) Commercial Paper of ₹ 500,000 each of Housing Development Finance Corporation Ltd. - 10-08-2016	-	-	-	70.67
Held by insurance companies*	-	-	-	4.86
	-	-	-	75.53
Less: Amortisation of premium/(discount) on acquisition	-	-	-	(2.23)
	-	-	-	77.76
In Mutual Fund Units:				
Quoted:				
829,039.59 (346,238) ICICI Prudential Money Market Fund- Direct Growth	-	-	18.65	7.25
97,361.27 ICICI Prudential Flexible Income Direct Plan- Growth	-	-	-	2.40
- (395,353) HDFC Cash Management Fund -Savings plan - Direct plan- Growth	-	-	-	125.00
- (338,607) Reliance Liquid Fund - Treasury plan - Institutional Growth	-	-	-	125.00
- (3,131,880) Sundaram Liquid Money Fund-Direct	-	-	-	10.00
Carried over	-	-	18.65	269.65
Carried over	-	-	1.25	325.48

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

15 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Brought over	-	-	1.25	325.48
In Mutual Fund Units: (Contd.)				
Quoted: (Contd.)				
Brought over	-	-	18.65	269.65
- (79,301) IDFC Money Manager Fund Treasury Plan C - Growth - Defunt	-	-	-	0.10
- (263,987) IDFC Money Manager Fund Treasury Plan C - Growth - Direct	-	-	-	0.55
87,558,919 (-) Reliance Banking and PSU Fund Direct Growth	-	-	102.56	-
16,418,455 (-) Kotak Bond Fund Short Term Direct Growth	-	-	51.30	-
16,606,211 (-) Birla Sunlife Short Term Fund Direct Growth	-	-	102.53	-
32,536,183 (-) L&T Short Term Opportunities Fund Direct Plan Growth	-	-	51.19	-
112,754,496 (-) HDFC Short Term Opportunities Fund - Direct - Growth	-	-	203.05	-
59,355,710 (-) IDFC SSIF - Short Term - Direct Growth	-	-	202.04	-
32,073,790 (-) Reliance Short Term Fund - Direct -Growth	-	-	100.87	-
897,370 (-) Invesco India Short Term Fund - Direct - Growth	-	-	200.00	-
1,109,428 (-) Axis Liquid Fund Direct Growth	-	-	200.00	-
7,655,927 (-) Birla Sunlife Cash Plus Direct Growth	-	-	200.00	-
430,074 (-) DSP Blackrock Liquidity Fund Direct Growth	-	-	100.00	-
8,890,504 (-) ICICI Prudential Money Market Fund Direct Growth	-	-	200.00	-
749,447 (-) Kotak Floater ST Direct Growth	-	-	200.00	-
897,074 (-) L&T Liquid Fund Direct Growth	-	-	200.00	-
2,617,305 (-) SBI Ultra Short Term Debt Fund Growth	-	-	550.00	-
188,912 (-) UTI - Treasury Advantage Fund Institutional Plan Direct Plan - Growth	-	-	40.00	-
972,401 (-) IDFC Ultra Short Term Fund - Growth - Direct Plan	-	-	2.25	-
16,096,126 (-) Kotak Treasury Advantage Fund - Direct Plan - Growth	-	-	40.00	-
15,012,535 (-) HDFC Floating Rate Income Fund - Short Term Plan - Direct Plan- Wholesale option - Growth option	-	-	40.00	-
186,570 (-) Reliance Money Manager Fund - Direct Growth Plan Growth option	-	-	40.00	-
116,208 (-) Invesco India Ultra Shorth Term Fund - Direct Plan Growth	-	-	25.00	-
125,553 (-) SBI Ultra Short Term Debt Fund Direct Plan - Growth	-	-	25.00	-
34,799 (-) Tata Floater Fund Direct Growth	-	-	8.12	-
41,715 (-) ICICI Prudential Liquid - Direct Plan - Growth	-	-	1.00	-
3,366,739 (-) L&T Ultra Short term Fund Direct Plan - Growth	-	-	9.00	-
Carried over	-	-	2,912.56	270.30
Carried over	-	-	1.25	325.48

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

15 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Brought over	-	-	1.25	325.48
In Mutual Fund Units: (Contd.)				
Quoted: (Contd.)				
Brought over	-	-	2,912.56	270.30
1,331,278 (418,357) Birla Sun Life Savings Fund - Growth - Direct Plan	-	-	40.00	11.00
530,590 (564,818) ICICI Prudential Flexible Income - Regular Plan - Growth	-	-	9.24	9.83
1,473,016 (57,112) ICICI Prudential Flexible Income - Direct Plan - Growth	-	-	45.60	1.55
Held by insurance companies*	-	-	317.77	28.97
Share of joint venture	-	-	4.01	5.75
	-	-	3,329.18	327.40
In Fixed Deposits:				
Unquoted:				
Held by insurance companies*	-	-	125.00	134.95
In Others:				
Unquoted:				
CBLO - Held by insurance companies*	-	-	249.92	3.50
Total (B)	-	-	3,705.35	791.33
Total (A+B)	9,397.07	8,684.96	4,164.96	1,487.46

*See Note 3

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

16 Loans and advances

(Unsecured, good, unless stated otherwise)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Capital advances	6.47	2.15	-	0.33
Security deposits	55.05	54.95	12.91	1.07
Share of security deposits of joint venture	0.07	0.07	-	-
Policy loans	170.02	136.93	9.62	7.96
Advances to dealers	-	-	465.22	378.68
Advances recoverable in cash or kind				
Secured considered good	-	-	53.99	43.32
Unsecured considered good	64.07	46.04	27.67	75.83
Doubtful	0.39	0.24	4.97	3.65
	64.46	46.28	86.63	122.80
Provision for doubtful advances	1.37	0.24	5.18	3.65
	63.09	46.04	81.45	119.15
Other loans and advances				
Prepaid expenses	3.39	0.95	17.17	20.75
Share of prepaid expenses of joint venture	-	-	-	0.26
VAT refund receivable	2.15	1.85	-	-
CENVAT credit receivable	-	-	90.21	82.49
Share of CENVAT credit receivable of joint venture	-	-	0.19	0.14
Advance income-tax (net of provision for tax)	93.68	164.34	-	-
Share of advance income-tax (net of provision for tax) of joint venture	3.60	4.52	-	-
MAT credit entitlement	15.70	15.70	-	-
Share of others advances of joint venture	-	-	0.13	0.35
Other advances	0.07	0.03	1.31	1.05
	118.59	187.39	109.01	105.04
	413.29	427.53	678.21	612.23

(₹ In Crore)

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

17 Receivables under financing activity

(Good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(I) Secured:				
(i) (a) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue instalments ₹ 586.06 crore) (Previous year ₹ 409.53 crore)	3,611.53	1,961.54	12,239.52	10,046.38
(b) Stock of repossessed vehicles under finance agreements at estimated realisable/balance value	-	-	22.04	26.87
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue instalments ₹ 12.39 crore) (Previous year ₹ 13.55 crore)	13,881.62	12,833.17	1,712.03	897.46
(iii) Infrastructure finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets (Includes overdue instalments ₹ 39.83 crore) (Previous year ₹ 30.65 crore)	245.50	250.45	55.56	62.37
(iv) Loan against securities (secured by pledge of securities) (Includes overdue instalments ₹ 2.16 crore) (Previous year ₹ 1.73 crore)	502.84	122.68	3,661.34	2,547.55
Total (I)	18,241.49	15,167.84	17,690.49	13,580.63
(II) Unsecured: +				
Loans at agreement values less instalments received (Includes overdue instalments ₹ 216.06 crore) (Previous year ₹ 155.48 crore)	13,786.66	9,610.71	7,964.14	4,913.05
Total (II)	13,786.66	9,610.71	7,964.14	4,913.05
Total (I + II)	32,028.15	24,778.55	25,654.63	18,493.68

* See note 4 C. c.

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

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

18 Trade receivables

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Outstanding for a period exceeding six months from the date they are due for payment	0.24	0.07	0.67	0.58
Share of trade receivables, Others, good of joint venture	-	-	0.38	0.47
Others, good	-	-	161.28	372.55
Outstanding premiums	-	-	1,091.46	307.75
	0.24	0.07	1,253.79	681.35
Provision for doubtful receivable	0.24	0.07	0.67	0.58
	-	-	1,253.12	680.77

19 Other assets

(Unsecured, good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Non-current bank balances [See note 20]	-	0.02	-	-
Interest receivable on investments	353.57	330.97	991.88	816.80
Unsettled investment contract/amount receivable	-	-	101.88	120.63
Credit receivable for windpower generated	-	-	2.13	3.43
REC sale proceeds/REC receivable	-	-	1.60	0.02
Other finance charges receivable	-	-	304.35	185.69
Others	-	-	562.48	16.46
Share of other assets of joint venture	-	1.67	1.80	-
	353.57	332.66	1,966.12	1,143.03

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

20 Cash and bank balances

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Cash and cash equivalents				
Balances with banks				
In current accounts	-	-	1,227.61	644.91
Share of current accounts of joint venture	-	-	0.05	0.10
Cash on hand	-	-	128.36	135.48
Cash equivalents				
Cheques/drafts on hand	-	-	168.43	144.25
Deposits with original maturity of less than 3 months	-	-	-	1.49
Certificate of Deposits with maturity of less than 3 months from date of acquisition	-	-	-	1,236.99
			1,524.45	2,163.22
Other bank balances				
In unclaimed dividend account	-	-	0.25	0.96
Earmarked balances with bank	-	-	1.18	1.92
Deposits with residual maturity for more than 12 months	-	0.02	-	1.41
Deposits with residual maturity for less than 12 months	-	-	3.51	-
	-	0.02	4.94	4.29
Amount disclosed under 'other non-current assets' [See note 19]	-	(0.02)	-	-
	-	-	1,529.39	2,167.51

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

21 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Wind-farm activity		
Income from power generation	57.16	50.22
Income from Renewable Energy Certificates (REC)	13.16	8.15
	<u>70.32</u>	<u>58.37</u>
Investment and financial services activity		
Investment activity		
Interest income on		
Bank deposits	10.49	7.80
Long-term investments	49.90	34.46
Current investments	4.26	-
Others	233.98	177.41
Share of interest of joint venture	0.18	0.03
Amortisation of (premium)/discount on acquisition of fixed income securities on		
Long-term investments	4.61	(1.20)
Current investments	6.43	37.64
	<u>309.85</u>	<u>256.14</u>
Profit on sale of investments, net	169.73	87.84
Share of profit on sale of investments, net of joint venture	0.24	0.22
Financial services		
Interest on loans including interest subsidy	8,706.69	6,547.94
Service and administration charges	565.64	353.56
Other financial services		
Sundry credit balances appropriated	7.84	1.88
Bad debt recoveries	30.15	22.98
Share of manpower and recruitment services of joint venture	48.06	121.21
Share of brokerage of joint venture	4.00	6.03
Miscellaneous income	192.23	75.20
Share of miscellaneous income of joint venture	0.08	0.03
	<u>10,034.51</u>	<u>7,473.03</u>
	<u>10,104.83</u>	<u>7,531.40</u>

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

22 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Interest - others	0.13	-
Business support service	-	0.17
Miscellaneous receipts	0.08	0.06
Surplus on sale of assets	0.12	-
Provision no longer required	0.22	0.11
	0.55	0.34

23 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Salaries, wages and bonus to employees (including managerial remuneration)	877.26	598.46
Share of salaries, wages and bonus to employees of joint venture	45.26	113.79
Contribution to provident and other funds	44.34	27.33
Share of contribution to provident and other funds of joint venture	3.02	6.72
Staff welfare expenses	30.42	20.89
Share of staff welfare expenses of joint venture	0.43	0.85
	1,000.73	768.04

24 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Interest expense	3,267.43	2,534.94
Discount in respect of 'Commercial Papers'	411.95	317.60
Others	36.90	24.41
	3,716.28	2,876.95

25 Loan losses and provisions

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

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

26 Depreciation and amortisation

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Depreciation on tangible assets	56.78	46.50
Depreciation on intangible assets	15.85	11.22
	72.63	57.72

27 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Repairs to buildings	1.07	1.71
Repairs to machinery - windmill	8.48	8.26
Repairs to others	0.05	0.19
Energy generation expenses	17.53	12.82
Rent	31.11	21.85
Share of rent of joint venture	0.11	0.15
REC registration, issuance and brokerage charges	0.37	0.24
Rates and taxes	1.43	1.37
Payment to auditor	0.94	0.84
Share of payment to auditor of joint venture	0.05	0.05
Directors' fees and travelling expenses	0.47	0.54
Commission to non-executive directors	2.77	2.64
Loss on sale of assets	0.26	0.25
Marked to market losses on investments	22.97	0.93
Travelling (including foreign travel) expenses	101.46	72.01
Share of travelling (including foreign travel) expenses of joint venture	1.90	3.21
Business support service expenses	0.67	0.71
Outsourcing/back office expenses	147.65	110.84
Expenditure towards Corporate Social Responsibility (CSR) activities	30.05	22.98
Miscellaneous expenses	463.72	354.60
Share of miscellaneous expenses of joint venture	-	1.43
Sourcing and credit cost	132.26	91.01
Recovery costs	317.96	247.51
Dealer incentive	309.35	290.21
	1,592.63	1,246.35

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

28 Earnings Per Share (EPS)

Particulars	For the year ended 31 March	
	2017	2016
Profit for the year (₹ In Crore)	2,261.92	1,863.27
Weighted average number of shares outstanding during the year (Nos)	159,131,633	159,127,993
Earnings per share (Basic and Diluted) ₹	142.1	117.1
Face value per share ₹	5.0	5.0

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

A. Bajaj Allianz Life Insurance Company Ltd.

1. Actuarial method and assumptions

Liabilities for life insurance policies (Reserves) are determined by the Appointed Actuary in accordance with the IRDAI Regulations and relevant guidance notes issued by the Institute of Actuaries of India.

Non-linked business is reserved using the prospective gross premium method of valuation. The non-linked business is predominantly participating and the reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received, together with associated bonus rates. Regular premium participating and non-participating business has been reserved using interest rates ranging from 6.25% per annum to 7.25% per annum (previous year: 6.50% per annum to 7.50% per annum) which includes the reduction of 25 basis points in the quarter ended September 2016. Further, margin for adverse deviations as per APS 7 issued by Institute of Actuaries of India is considered.

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

The policies under Invest Plus and Invest Plus Premier products in the non-linked non-par business have been reserved using an interest rate 6.75% (previous year: 7.00%) and the Guaranteed Investment Return (GIR) consistent with the interest rate assumption.

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

Mortality assumptions are based on the published 'Indian Assured Lives Mortality (2006-2008) ultimate mortality table' with adjustments to reflect expected experience and with an allowance for adverse deviation. Assumptions for morbidity and for the incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table 'CIBT 93 (Critical Illness Base Table for year 93)'.

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

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

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

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

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

As per the IRDAI (Treatment of Discontinued Linked Insurance Policies) Regulations, 2010, a segregated fund called 'Discontinued Policy Fund' is maintained for the discontinued policies of the products which are launched on or after 1 September 2010. The fund value as at the date of discontinuance after deducting the discontinuance charges as applicable by said regulations is credited to the discontinued fund. As an assured return is guaranteed on this fund, reserve is held towards the shortfall in meeting the guarantee on the reporting date, if any.

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

Reserves are held for free look option given to the policyholders based on the free look cancellation rate which varies, across business segments, between 0.04% and 3.79% (previous year: 1.58% and 3.52%).

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

Additional reserves are held for sub-standard lives and guaranteed insurability options available.

Provisions for future claims in payment are made as part of other contingency reserves.

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

2. Investments

All investments are specifically procured for and held under the Policyholders' and Shareholders' funds respectively and accordingly the income relating to these investments is recognised in the Revenue Account and Profit and Loss Account respectively.

3. Claims settled and remaining unpaid

Claims settled and remaining unpaid for a period of more than six months as at 31 March 2017 is ₹ 55.03 crore (at 31 March 2016: ₹ 75.55 crore). This includes claims payable on death, maturity or otherwise.

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

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

4. Unclaimed amount of policyholders

- (i) Disclosure of unclaimed amounts of Policyholders' as required vide IRDAI Circular No. IRDA/F&I/CIR/CMP/174/11/2010 dated 4 November 2010 is as follows:

Statement showing age-wise analysis of the unclaimed amount of the Policyholders' at 31 March 2017:

(₹ In Crore)

Age-wise analysis	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholder# (A)	Sum due to the insured/policyholders on maturity or otherwise (B)	Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far (C)	Cheques issued but not encashed by the policyholder/insured* (D)	Total amount (A+B+C+D)
0 - 01 month	3.35	19.90	-	15.91	39.16
01 - 06 months	7.32	22.42	-	77.48	107.22
07 - 12 months	10.93	6.04	-	62.73	79.70
13 - 18 months	2.56	27.95	-	33.76	64.27
19 - 24 months	1.60	0.11	-	39.25	40.96
25 - 30 months	1.98	0.25	-	26.33	28.56
31 - 36 months	0.48	0.10	-	19.05	19.63
> 36 months	1.14	1.90	-	137.10	140.14
Total	29.36	78.67	-	411.61	519.64

Statement showing age-wise analysis of the unclaimed amount of the policyholders' at 31 March 2016:

(₹ In Crore)

Age-wise analysis	Claims settled but not paid to the insured/policyholders/insured due to any reasons except under litigation from the insured/policyholder# (A)	Sum due to the insured/policyholders on maturity or otherwise (B)	Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far (C)	Cheques issued but not encashed by the policyholder/insured* (D)	Total amount (A+B+C+D)
0 - 01 month	19.65	16.97	-	19.78	56.40
01 - 06 months	10.01	14.60	-	42.12	66.73
07 - 12 months	3.52	6.61	-	55.42	65.55
13 - 18 months	4.08	9.59	-	35.47	49.14
19 - 24 months	1.52	5.95	-	19.63	27.10
25 - 30 months	0.77	15.70	-	25.30	41.77
31 - 36 months	0.61	3.78	-	39.88	44.27
> 36 months	3.17	20.24	-	91.64	115.05
Total	43.33	93.44	-	329.24	466.01

* represents cheques issued but not encashed that have exceeded their validity period. Cheques issued to the policyholders' but not encashed which do not exceed their validity period amounting to ₹ 416.22 crore (Previous year: ₹ 237.94 crore) form part of the bank reconciliation statement and consequently have not been considered in unclaimed amount of policyholders'.

includes all open title cases (Individual and Group)

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

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

- (ii) Disclosure of unclaimed amounts of Policyholders' as required vide IRDAI Circular No. IRDA/F&A/CIR/CLD/114/05/2015 dated 28 May 2015 is as follows:

Details of unclaimed amounts and investment income thereon at 31 March 2017:

Particulars	(₹ In Crore)	
	31 March 2017*	
Opening balance	466.02	
Add: Amount transferred to unclaimed amount	1,178.72	
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (to be included only when the cheques are stale)	4.70	
Add: Investment Income	39.23	
Less: Amount paid during the year	1,132.90	
Closing balance of unclaimed amount	555.77	

* Comparative information for previous year is not available since unclaimed fund was created effective 1 April 2016 as per IRDAI's circular reference IRDA/F&A/CIR/CPM/134/07/2015 dated 24 July 2015.

- (iii) Payable to policyholders indicates monies due to the policyholder which are under regular process of being disbursed. Such sums until FY2016 were disclosed as a part of unclaimed amount of policyholders and have been segregated in the current year as a consequence of creation of a separate segregated fund for unclaimed balances pursuant to IRDAI's circular reference IRDA/F&A/CIR/CPM/134/07/2015 dated 24 July 2015.

5. Risk retained and reinsured

The extent of risk retained and reinsured is as follows:

Particulars	(₹ In Crore)			
	At 31 March 2017		At 31 March 2016	
	Sum at risk	%	Sum at risk	%
Risk retained	380,546.73	87%	317,104.40	82%
Risk reinsured	56,533.18	13%	67,580.58	18%

6. Discontinued policy fund

Pursuant to IRDAI's circular number IRDA/F&A/CIR/MISC/232/12/2013 dated 11 December 2013, the following details are disclosed with respect to the policies discontinued either on customer request or for non-payment of premium amount within grace period:

- a. Movement in funds for discontinued policies:

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Opening balance of funds for discontinued policies	299.02	284.42
Add: Amount transferred to fund on discontinuance of policies during the year	186.93	152.47
Less: Amount transferred out of fund on revival of policies during the year	8.67	16.60
Add: Net income/gains on investments of the fund	24.62	25.95
Less: Fund management charges levied	2.08	1.89
Less: Amount refunded to policyholders' during the year	61.25	145.33
Closing balance of funds for discontinued policies#	438.57	299.02

until 27 June 2016, the Company maintained separate discontinued funds under linked and non linked platforms. Discontinued fund at 31 March 2016 included non linked fund of ₹231.15 crore. During the year, the Company has, based on guidance from the Authority, merged the discontinued funds which are now being managed as unit linked funds for respective lines of businesses.

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

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

b. Count of policies discontinued during the year and percentage to total policies (product wise):

Product name	As at 31 March 2017		As at 31 March 2016	
	Count of policies discontinued during the year	% to total policies issued	Count of policies discontinued during the year	% to total policies issued
Bajaj Allianz Future Gain	17,095	8.2%	10,376	9.7%
Bajaj Allianz Retire Rich	826	7.6%	128	2.3%
Bajaj Allianz Smart Insurance Plan III	709	4.3%	1,094	6.6%
Bajaj Allianz Money Secure Insurance Plan	579	2.1%	1,262	4.5%
Bajaj Allianz Life Assure Plan	372	6.1%	475	7.8%
Bajaj Allianz Max Advantage Insurance Plan	308	0.8%	635	1.6%
Bajaj Allianz Assured Protection Insurance Plan	177	1.5%	391	3.3%
Bajaj Allianz Niyamit Sanchay Suraksha	44	25.4%	30	17.4%
Bajaj Allianz Principal Gain	19	0.3%	-	0.0%
Bajaj Allianz iGain III Insurance Plan	16	1.5%	28	2.6%
Bajaj Allianz Fortune Gain	14	0.0%	-	0.0%
Total	20,159		14,419	

c. Number and percentage of the policies revived during the year ended 31 March 2017*:

Particulars	As at 31 March	
	2017	2016
Number of policies revived	1,009	1,348
Percentage of policies revived	1.05%	1.88%

d. Charges imposed/readjusted on account of discontinued policies/revival of discontinued policies during the year ended 31 March 2017*:

Particulars	(₹ In Crore)	
	As at 31 March 2017	As at 31 March 2016
Charges imposed on account of discontinued policies ¹	4.01	2.94
Charges readjusted on account of revival of discontinued policies	(0.14)	(0.09)
Total	3.87	2.85

¹ excluding service tax on charges

* excluding policies discontinued and revived during the same reporting year.

7. Contribution from shareholders' account to policyholders' account

The Shareholders' of the Company, in their extra ordinary general meeting held on 7 May 2010 have authorised the Board of Directors of the Company to decide on the transfer of amounts from the shareholders' account to the policyholders' account to make good the deficit, if any, in the policyholders' funds in respect of any financial year, which shall be subject to the approval of the shareholders' of the Company at the ensuing annual general meeting of the respective years. Such contributions made by the shareholders' to the policyholders' account are irreversible in nature.

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

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

The IRDAI (Expenses of Management of Insurers transacting Life Insurance Business) Regulations, 2016, which were notified on 9 May 2016, provided that the insurer shall be deemed to be compliant with these Regulations if for FY2016 and FY2017 the overall percentage of expense of management to allowable expenses is up to 120% subject to the excess expenses of management, on segmental level, being borne by the shareholders'. The regulation also prescribed an option for the insurers to adopt the said guidelines from FY2016.

Accordingly, to comply with the Regulation for FY2016 and FY2017, the Company has during the period transferred ₹ 135.16 crore (₹ 100.55 crore for FY2016 and ₹ 34.61 crore for FY2017) from the shareholders' account to the policyholders' Account.

During the year the Company has transferred the net surplus of ₹ 368.92 crore (previous year ₹ 311.44 crore) from Revenue account to Profit and Loss Account in accordance with the Insurance Act 1938 and the Insurance Law (Amendment) Act 2015 read with IRDAI circular no. IRDA/F&A/CIR/FA/059/03/2015 dated 31 March 2015 and as certified by the Appointed Actuary.

As recommended by the Appointed Actuary, the bonus to participating policyholders, for the current year, has been included in change in valuation against the policies in force.

8. Being an Insurance Company, Schedule III of the Companies Act, 2013 is not applicable and hence the disclosure requirements for the details of Specified Bank Notes (SBN) as envisaged in the notification G.S.R 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs (MCA) has not been provided.

B. Bajaj Allianz General Insurance Company Ltd.

1. The Appointed Actuary has certified to the Company that actuarial estimates for IBNR (including IBNER) reserves have been determined using actuarial principles. In the determination, the Actuarial Practice Standards issued by the Institute of Actuaries of India with the concurrence of the Authority and any directions issued by the Authority in this behalf have been followed. Where sufficient data is available, the Actuary has chosen to adopt the chain ladder method. The chain ladder method has accordingly been applied to motor, fire, marine cargo, engineering, personal accident, workmen's compensation, health (excluding govt. health schemes), travel and miscellaneous lines of business. These constitute almost 94.4% (previous year 98%) of the Company's total net written premium. For liability, credit insurance, crop and weather insurance, government sponsored health schemes (RSBY and MSBY) and commercial vehicle TP lines of business the expected ultimate loss ratio method has been used to arrive at the estimate of IBNR reserve. For aviation and marine hull lines of business, a flat IBNR of ₹ 1 crore and ₹ 50 lakh has been adopted.

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

2. Extent of risk written and reinsured based on gross written premium (excluding excess of loss and catastrophe reinsurance).

Particulars	For the year ended 31 March 2017 % of business written	For the year ended 31 March 2016 % of business written
Risk retained	71%	80%
Risk reinsured	29%	20%
Total	100%	100%

3. Contribution to Environment relief fund

The Company has collected an amount of ₹ 0.61 crore (previous year - ₹ 0.61 crore) towards Environment relief fund from public liability policies. The Company has paid all the funds collected towards Environment relief fund up to 28 February 2017 to United India Insurance Company, the implementing agency for the fund. The balance payable has been disclosed under the head current liabilities.

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

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

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

Age-wise analysis as at 31 March 2017:

Ageing	(₹ In Crore)						
	Total amount	4 to 12 months	13 to 18 months	19 to 24 months	25 to 30 months	31 to 36 months	Beyond 36 months
Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholders	-	-	-	-	-	-	-
Sum due to the insured/policyholders on maturity or otherwise	-	-	-	-	-	-	-
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far	2.78	0.82	0.35	0.35	0.30	0.27	0.69
Cheques issued but not encashed by the policyholder/insured*	5.75	-	-	-	-	0.24	5.51

Age-wise analysis as at 31 March 2016:

Ageing	(₹ In Crore)						
	Total amount	4 to 12 months	13 to 18 months	19 to 24 months	25 to 30 months	31 to 36 months	Beyond 36 months
Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholders	-	-	-	-	-	-	-
Sum due to the insured/policyholders on maturity or otherwise	-	-	-	-	-	-	-
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far	3.29	0.91	0.64	0.61	0.56	0.40	0.17
Cheques issued but not encashed by the policyholder/insured*	5.62	-	-	-	0.08	0.13	5.41

* Does not include cheques issued to policyholders and appearing in bank reconciliation.

IRDAI circular no. IRDA/F&A/CIR/CLD/114/05/2015 dated 28 May 2015 which came into effect from the current year required disclosure of the following information on unclaimed amount of policyholders.

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Opening balance	72.74	74.17
Add: Amount transferred to unclaimed amount	1.87	6.84
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	-	-
Add: Investment income	0.35	-
Less: Amount paid during the year	65.00	8.27
Closing balance of unclaimed amount	9.96	72.74

5. The Company periodically reviews all its long-term contracts to assess for any material foreseeable losses. Based on such review, the Company has made adequate provisions for these long-term contracts in the books of account as required under any applicable law/accounting standard.

As at 31 March 2017 the Company did not have any outstanding derivative contracts.

6. Ministry of Corporate Affairs Notification no. GSR 308(E) dated 30 March 2017 requires a disclosure on holdings as well as dealings of Specified Bank Notes (SBN) under Schedule III of the Companies Act, 2013. By virtue of proviso (2) of sub-section (1) of section 129 of the Companies Act, 2013, provisions of Schedule III do not apply to Insurance companies. Accordingly, the Company has not made any disclosure in this regard.

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

C. Bajaj Finance Ltd.

1. Employee Stock Option Plan:

The Board of Directors at its meeting held on 14 October 2009, approved an issue of Stock Options up to a maximum of 5% of the issued equity capital of the Company then aggregating 1,829,803 equity shares of the face value of ₹ 10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s). The shareholders, at the Annual General Meeting held on 16 July 2014, approved an additional issue of 677,313 equity shares of the face value of ₹ 10 each under the Stock Options schemes of the Company i.e. Employee Stock Option Plan 2009.

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

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

Above disclosures have been adjusted for bonus and sub-division of shares in the current year to make it comparable.

Method used for accounting for share based payment plan:

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

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

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

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

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

C. Bajaj Finance Ltd. (Contd.)

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:

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Net profit (as reported)	1,836.55	1,278.52
Add: Stock based employee compensation expense included in net income	-	-
Less: Stock based compensation expense determined under fair value based method (pro forma)	30.52	26.52
Net Profit (pro forma)	1806.03	1,252.00
Basic earnings per share (as reported)	34.01	24.23
Basic earnings per share (pro forma)	33.45	23.73
Diluted earnings per share (as reported)	33.67	23.88
Diluted earnings per share (pro forma)	33.11	23.39

- In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C No. 87/03.02.004/2006-07 dated 4 January 2007, the Company has created a floating charge on the statutory liquid assets comprising of investment in government securities to the extent of ₹ 557.38 crore (previous year ₹ 347.11 crore) in favor of trustees representing the public deposit holders of the Company.
- During the year, the Company transferred loans through direct assignment to the partner bank. The disclosure as required by the revised Guidelines on Securitisation Transactions issued by RBI on 21 August 2012 is given as under:

Assets transferred during FY2017	Amount
1. Gross amount of assets assigned including exposure retained by the seller	3,393.01
2. Total amount of exposure retained by the NBFC to comply with MRR	
- In form of on-Balance Sheet retention of assets	339.30
3. Total amount of exposure retained by NBFC other than MRR	
- In form of on-Balance Sheet retention of assets	-
4. Net amount of assets transferred through direct assignment in FY2017	3,053.71
5. The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2017	3,361.62

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

C. Bajaj Finance Ltd. (Contd.)

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

a) Details of privately placed secured redeemable non convertible debentures

(₹ In Crore)

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

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

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current maturities	
		1 Crore(₹)	0.10 Crore(₹)	As at 31 March		As at 31 March	
				2017	2016	2017	2016
Feb 20	Bullet repayment		359.00	359.00	-	-	-
Jan 20	Bullet repayment		314.00	314.00	-	-	-
Dec 19	Bullet repayment		560.00	560.00*	125.00*	-	-
Nov 19	Bullet repayment		490.00	490.00	15.00	-	-
Oct 19	Bullet repayment		206.00	206.00*	191.00*	-	-
Sep 19	Bullet repayment		965.40	948.67*	128.00*	-	-
Aug 19	Bullet repayment		686.90	686.90*	152.50*	-	-
Jul 19	Bullet repayment		779.10	779.10*	149.00*	-	-
Jun 19	Bullet repayment		24.00	24.00	24.00	-	-
May 19	Bullet repayment		161.30	161.30	130.50	-	-
Apr 19	Bullet repayment		557.70	557.70*	547.70*	-	-
Mar 19	Bullet repayment		965.00	965.00*	965.00*	-	-
Feb 19	Bullet repayment		77.00	77.00	77.00	-	-
Jan 19	Bullet repayment		100.00	100.00	100.00	-	-
Dec 18	Bullet repayment		84.00	84.00	84.00	-	-
Nov 18	Bullet repayment		73.00	73.00	58.00	-	-
Oct 18	Bullet repayment		109.50	109.50*	102.00	-	-
Aug 18	Bullet repayment		401.00	401.00	401.00	-	-
Jul 18	Bullet repayment		207.90	207.90	157.90	-	-
Jun 18	Bullet repayment		436.80	436.80*	436.80*	-	-
May 18	Bullet repayment		209.00	209.00*	209.00*	-	-
Apr 18	Bullet repayment		1,151.80	1,151.80*	651.80*	-	-
Mar 18	Bullet repayment		181.50	-	181.50	181.50	-
Feb 18	Bullet repayment		29.10	-	29.10	29.10	-
Jan 18	Bullet repayment	595.00	96.50	-	691.50*	691.50*	-
Dec 17	Bullet repayment		199.90	-	199.90	199.90	-
Nov 17	Bullet repayment		388.00	-	388.00	388.00	-
Oct 17	Bullet repayment	125.00	332.80	-	457.80*	457.80*	-
Sep 17	Bullet repayment		261.60	-	261.60	261.60	-
Aug 17	Bullet repayment		445.20	-	445.20	445.20*	-
Jul 17	Bullet repayment		76.60	-	76.60	76.60*	-
Jun 17	Bullet repayment		548.50	-	548.50	548.50*	-
May 17	Bullet repayment		88.20	-	88.20	88.20	-
Apr 17	Bullet repayment		641.60	-	641.60*	641.60*	-
Mar 17	Bullet repayment		100.80	-	-	-	100.80
Feb 17	Bullet repayment		61.90	-	-	-	61.90

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

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current maturities	
		1 Crore(₹)	0.10 Crore(₹)	As at 31 March		As at 31 March	
				2017	2016	2017	2016
Jan 17	Bullet repayment		352.00	-	-	-	352.00
Dec 16	Bullet repayment		129.00	-	-	-	129.00
Nov 16	Bullet repayment		188.60	-	-	-	188.60
Oct 16	Bullet repayment		725.00	-	-	-	725.00
Sep 16	Bullet repayment		264.90	-	-	-	264.90
Aug 16	Bullet repayment		775.00	-	-	-	775.00
Jul 16	Bullet repayment		40.00	-	-	-	40.00
May 16	Bullet repayment		110.00	-	-	-	110.00
Apr 16	Bullet repayment		349.00	-	-	-	349.00
				<u>15,651.37</u>	<u>10,844.40</u>	<u>4,009.50</u>	<u>3,096.20</u>

Note:

As on 31 March 2017, of the total Non Current Secured Zero Coupon Bonds issued, ₹ 4,025.40 crore were issued at a premium.

As on 31 March 2017, of the total Non Current Secured Zero Coupon Bonds issued, ₹ 100.00 crore were issued at a discount.

* Related parties are current holders of ₹ 885 crore in aggregate of the referenced issue (previous year ₹ 895 crore).

Interest rates range from 7.45% p.a. to 10.00% p.a. as at 31 March 2017. For Zero Coupon Bonds, the interest rate is on XIRR basis.

b) Terms of repayment of bank loans - secured

(₹ In Crore)

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

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

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current		Current maturities	
		As at 31 March		As at 31 March	
		2017	2016	2017	2016
	2 semi-annual payment of ₹ 100 crore starting Jun 20	200.00	-	-	-
	8 quarterly payment of ₹ 31.25 crore starting Jun 20	250.00	-	-	-
	2 semi-annual payment of ₹ 25 crore starting Jun 20	50.00	50.00	-	-
	2 semi-annual payment of ₹ 50 crore starting Jun 20	-	100.00	-	-
May 20	Bullet repayment	100.00	100.00	-	-
	8 quarterly payment of ₹ 12.50 crore starting May 20	100.00	-	-	-
	2 semi-annual payment of ₹ 50 crore starting May 20	100.00	100.00	-	-
Mar 20	Bullet repayment	350.00	300.00	-	-
	2 semi-annual payment of ₹ 50 crore starting Mar 20	100.00	-	-	-
Feb 20	Bullet repayment	100.00	100.00	-	-
Jan 20	Bullet repayment	100.00	100.00	-	-
Dec 19	Bullet repayment	400.00	300.00	-	-
	2 annual payment of ₹ 25 crore starting Dec 19	50.00	50.00	-	-
Nov 19	Bullet repayment	200.00	100.00	-	-
Oct 19	Bullet repayment	100.00	100.00	-	-
	2 semi-annual payment of ₹ 50 crore starting Oct 19	100.00	-	-	-
Sep 19	Bullet repayment	100.00	100.00	-	-
	2 annual payment of ₹ 25 crore starting Sep 19	50.00	50.00	-	-
	2 semi-annual payment of ₹ 75 crore starting Sep 19	150.00	150.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Sep 19	100.00	100.00	-	-
Aug 19	Bullet repayment	100.00	100.00	-	-
	4 semi-annual payment of ₹ 50 crore starting Jul 19	200.00	200.00	-	-
	2 semi-annual payment of ₹ 50 crore starting Jul 19	100.00	100.00	-	-
Jun 19	Bullet repayment	200.00	-	-	-
	4 semi-annual payment of ₹ 100 crore starting Jun 19	400.00	400.00	-	-
	8 quarterly payment of ₹ 18.75 crore starting Jun 19	150.00	150.00	-	-
	4 quarterly payment of ₹ 87.5 crore starting Jun 19	350.00	350.00	-	-
	2 semi-annual payment of ₹ 50 crore starting Jun 19	100.00	100.00	-	-
	2 semi-annual payment of ₹ 125 crore starting May 19	250.00	250.00	-	-
	4 semi-annual payment of ₹ 87.5 crore starting May 19	350.00	350.00	-	-
Mar 19	Bullet repayment	50.00	50.00	-	-
	4 semi-annual payment of ₹ 37.5 crore starting Mar 19	150.00	150.00	-	-
	4 quarterly payment of ₹ 25 crore starting Mar 19	100.00	100.00	-	-
	4 quarterly payment of ₹ 25 crore starting Mar 19	-	100.00	-	-
	4 quarterly payment of ₹ 12.5 crore starting Mar 19	50.00	50.00	-	-
Jan 19	Bullet repayment	100.00	100.00	-	-
Dec 18	Bullet repayment	400.00	400.00	-	-
	4 quarterly payment of ₹ 25 crore starting Dec 18	100.00	100.00	-	-
	4 quarterly payment of ₹ 75 crore starting Sep 18	300.00	300.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Sep 18	100.00	100.00	-	-

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

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current		Current maturities	
		As at 31 March		As at 31 March	
		2017	2016	2017	2016
	4 semi-annual payment of ₹ 25 crore starting Aug 18	100.00	100.00	-	-
Jun 18	Bullet repayment	100.00	100.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Jun 18	100.00	100.00	-	-
	4 quarterly payment of ₹ 62.50 crore starting Jun 18	250.00	250.00	-	-
	4 quarterly payment of ₹ 50 crore starting May 18	200.00	200.00	-	-
	4 semi-annual payment of ₹ 50 crore starting Apr 18	200.00	200.00	-	-
	4 quarterly payment of ₹ 25 crore starting Apr 18	100.00	100.00	-	-
Apr 18	Bullet repayment	100.00	100.00	-	-
Mar 18	Bullet repayment	-	200.00	100.00	-
	4 quarterly payment of ₹ 25 crore starting Mar 18	75.00	100.00	25.00	-
	4 semi-annual payment of ₹ 12.5 crore starting Mar 18	37.50	50.00	12.50	-
Feb 18	Bullet repayment	-	100.00	-	-
Jan 18	Bullet repayment	-	250.00	250.00	-
Dec 17	Bullet repayment	-	300.00	200.00	-
	4 semi-annual payment of ₹ 12.5 crore starting Dec 17	37.50	50.00	12.50	-
	4 semi-annual payment of ₹ 50 crore starting Dec 17	150.00	200.00	50.00	-
	4 quarterly payment of ₹ 100 crore starting Dec 17	200.00	400.00	200.00	-
	4 quarterly payment of ₹ 12.5 crore starting Dec 17	25.00	50.00	25.00	-
	4 quarterly payment of ₹ 25 crore starting Dec 17	50.00	100.00	50.00	-
	4 semi-annual payment of ₹ 25 crore starting Dec 17	75.00	100.00	25.00	-
Oct 17	Bullet repayment	-	100.00	100.00	-
	4 semi-annual payment of ₹ 25 crore starting Sep 17	50.00	100.00	50.00	-
	4 semi-annual payment of ₹ 75 crore starting Sep 17	150.00	300.00	150.00	-
	4 semi-annual payment of ₹ 25 crore starting Sep 17	50.00	100.00	50.00	-
	4 semi-annual payment of ₹ 37.50 crore starting Sep 17	75.00	150.00	75.00	-
	4 semi-annual payment of ₹ 25 crore starting Sep 17	50.00	100.00	50.00	-
Aug 17	Bullet repayment	-	150.00	150.00	-
	4 semi-annual payment of ₹ 25 crore starting Aug 17	50.00	100.00	50.00	-
Jul 17	Bullet repayment	-	100.00	100.00	-
Jun 17	Bullet repayment	-	235.00	235.00	-
	4 semi-annual payment of ₹ 37.50 crore starting Jun 17	75.00	150.00	75.00	-
	4 semi-annual payment of ₹ 25 crore starting Jun 17	50.00	100.00	50.00	-
May 17	Bullet repayment	-	50.00	50.00	250.00
	4 semi-annual payment of ₹ 25 crore starting May 17	50.00	100.00	50.00	-
	4 semi-annual payment of ₹ 25 crore starting Mar 17	25.00	75.00	50.00	25.00
Dec 16	Bullet repayment	-	-	-	400.00
Nov 16	Bullet repayment	-	-	-	300.00
Aug 16	Bullet repayment	-	-	-	150.00
Jul 16	Bullet repayment	-	-	-	400.00
Jun 16	Bullet repayment	-	-	-	50.00

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

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

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

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

c) Details of privately placed unsecured redeemable non convertible debentures

(₹ In Crore)

Date of maturity	of face value		Non-current		Current maturities	
	1 Crore(₹)	0.10 Crore(₹)	As at 31 March		As at 31 March	
			2017	2016	2017	2016
Oct 29 (partly paid)		124.10	124.10	-	-	-
Mar 17		13.00	-	-	-	13.00
Aug 16		100.00	-	-	-	100.00
			124.10	-	-	113.00

Note:

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

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

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

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

(₹ In Crore)

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

Note:

Interest rates range from 8.05% p.a. to 10.21% p.a. as at 31 March 2017.

* Related parties are current holders of ₹ 87.50 crore of the mentioned issue (previous year ₹ 2.50 crore).

e) Terms of repayment of bank loans - unsecured

(₹ In Crore)

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

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

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

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of long-term borrowings (Contd.)

f) Terms of repayment of fixed deposits

(₹ In Crore)

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

Note:

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

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

* Includes fixed deposits from related parties aggregating ₹ 51.78 crore (previous year ₹ 58.48 crore).

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

(₹ In Crore)

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

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

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

i) Terms of repayment of secured collateralised borrowing and lending obligation

(₹ In Crore)

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

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

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

C. Bajaj Finance Ltd. (Contd.)

5. Details and terms of repayment of short-term borrowings (Contd.)

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

(₹ In Crore)

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

iii) Terms of repayment of unsecured working capital demand loan from bank

(₹ In Crore)

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

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

iv) Terms of repayment of Commercial Papers

(₹ In Crore)

Date of maturity	As at 31 March	
	2017	2016
Mar 18	46.85	-
Feb 18	32.95	-
Jan 18	23.69	-
Nov 17	215.52	-
Aug 17	24.29	-
Jul 17	48.88*	-
Jun 17	222.25	-
May 17	3,924.48	-
Apr 17	49.78	-
Nov 16	-	95.12
Aug 16	-	48.43
May 16	-	1,186.07
Apr 16	-	297.99
	4,588.69	1,627.61

Note:

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

Face value of Commercial Paper is ₹ 4,645 crore as at 31 March 2017 (previous year ₹ 1,650 crore).

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

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

C. Bajaj Finance Ltd. (Contd.)

5. Details and terms of repayment of short-term borrowings (Contd.)

v) Terms of repayment of fixed deposits

(₹ In Crore)

Maturing in	As at 31 March	
	2017	2016
Mar 18	17.38	-
Feb 18	35.22	-
Jan 18	27.37	-
Dec 17	57.85	-
Nov 17	94.39	-
Oct 17	69.65*	-
Sep 17	62.22	-
Aug 17	31.02*	-
Jul 17	112.97	-
Jun 17	143.26	-
May 17	48.56	-
Apr 17	25.73*	-
Mar 17	-	26.54
Feb 17	-	58.29
Jan 17	-	12.48
Dec 16	-	24.91
Nov 16	-	13.35
Oct 16	-	208.67
Sep 16	-	100.52
Aug 16	-	75.19
Jul 16	-	10.49
Jun 16	-	4.40
May 16	-	6.94
Apr 16	-	6.67
	725.62	548.45

Note:

Interest rates range from 7.53% p.a. to 9.00 % p.a. as at 31 March 2017.

* Includes related parties aggregating ₹ Nil (previous year ₹ 100 crore).

vi) Terms of repayment of Inter-Corporate Deposits

(₹ In Crore)

Maturing in	As at 31 March	
	2017	2016
Mar 18	125.00	-
Jan 18	75.00	-
Sep 17	30.00	-
Aug 17	10.00	-
Jul 17	20.00	-
Jun 17	20.00	-
May 17	150.00	-
Apr 17	5.18	-
	435.18	-

Note:

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

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

C. Bajaj Finance Ltd. (Contd.)

6. Disclosure of restructured accounts as per Notification No. DNBS (PD) No. 271/CGM (NSV)-2014 dated 23 January 2014 of the Reserve Bank of India

Type of Restructuring Asset classification Details	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				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	-	-	-	-	1.00	229	9	-	239	1	229	9	-	239
	Amount outstanding	-	-	-	-	175.60	53.98	15.06	-	244.64	175.60	53.98	15.06	-	244.64
	provision thereon	-	-	-	-	52.68	12.69	5.50	-	70.87	52.68	12.69	5.50	-	70.87
Fresh restructuring during the year	No of borrowers	-	-	-	-	-	507	-	-	507	-	507	-	-	507
	Amount outstanding	-	-	-	-	(3.39)	97.45	-	-	94.06	(3.39)	97.45	-	-	94.06
	provision thereon	-	-	-	-	16.20	28.38	-	-	44.58	16.20	28.38	-	-	44.58
Upgradations to restructured standard category during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured Standard advances at the beginning of the next FY	No of borrowers	-	-	-	-	-	(93)	-	-	(93)	-	(93)	-	-	(93)
	Amount outstanding	-	-	-	-	-	(21.23)	-	-	(21.23)	-	(21.23)	-	-	(21.23)
	provision thereon	-	-	-	-	-	(2.21)	-	-	(2.21)	-	(2.21)	-	-	(2.21)
Downgradations of restructured accounts during the FY	No of borrowers	-	-	-	-	-	(1)	1	-	-	-	(1)	1	-	-
	Amount outstanding	-	-	-	-	-	(0.28)	0.28	-	-	-	(0.28)	0.28	-	-
	provision thereon	-	-	-	-	-	(0.06)	0.06	-	-	-	(0.06)	0.06	-	-
Write-offs of restructured accounts during the FY	No of borrowers	-	-	-	-	-	(52)	-	-	(52)	-	(52)	-	-	(52)
	Amount outstanding	-	-	-	-	-	(28.92)	-	-	(28.92)	-	(28.92)	-	-	(28.92)
	provision thereon	-	-	-	-	-	(7.86)	-	-	(7.86)	-	(7.86)	-	-	(7.86)
Restructured Accounts as on March 31 of the FY (Closing figures)	No of borrowers	-	-	-	-	1	590	10	-	601	1	590	10	-	601
	Amount outstanding	-	-	-	-	172.21	101.00	15.34	-	288.55	172.21	101.00	15.34	-	288.55
	provision thereon	-	-	-	-	68.88	30.94	5.56	-	105.38	68.88	30.94	5.56	-	105.38

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

C. Bajaj Finance Ltd. (Contd.)

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

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

Note:

- Includes ₹ 5.04 crore in-transit cash depositions as on 8 November 2016, where the Company had initiated deposition of cash into its bank accounts on or before 8 November 2016 through Cash Management Services (CMS) of Banks which were collected by the CMS personnel by 17 November 2016 due to unprecedented work load.
- The Company's collection agencies deposit cash collected from the Company's customers to the Company's branches which are in turn along with other direct collections deposited into the Company's bank accounts with details of denominations. The said information has been tabulated above. The cash collected by collection agencies on or before 8 November 2016 was submitted to the Company across more than 430 branches between 9 November 2016 and 16 November 2016. The Company has taken due efforts in ensuring that amounts received from collection agencies (more than 6,000 agencies) in SBNs were evidenced by collections made by its agencies on or before 8 November 2016.
 - The Company provides a facility to its collection agencies to directly deposit collections made by them from the Company's customers, as also to customers to directly deposit their instalments into the Company's bank accounts.
The Reserve Bank of India vide notification no. RBI/2016-17/112 dated 8 November 2016 specifically restricted acceptance of SBNs by bank in third party accounts unless specific authorisation therefor accorded by the third party is presented to the bank.
However, the Company had not authorised any of its banks to accept any SBN deposits directly into its bank account by third parties in SBNs except in respect of its two wheeler and three wheeler financing business, where due to its penetration into remote markets and corresponding profile of customers, the Company had authorised banks to accept deposit of cash collected by its agents on or before 8 November 2016 directly into the Company's bank accounts but not beyond 16 November 2016, aggregating to ₹ 9.77 crore. Whilst the Company has taken due efforts in ensuring that amounts received from collection agencies in SBNs were evidenced by collections made by its agencies on or before 8 November 2016, the information in this regard has been presented only to the extent of information available and received from the collection agents in absence of any information forthcoming from banks in this regard and hence disclosures are not verifiable by the statutory auditors.
- The Company has not authorised any transaction, collections or otherwise, in SBNs post 8 November 2016. All cash collected in accordance with the Company's policies and procedures are deposited into the Bank accounts.

30 Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March 2017	2016
a. Claims against the Company not acknowledged as debts	26.75	25.98
b. Taxes, duties and other sums due	1,314.61	158.39
c. Claims, under policies, not acknowledged as debts	52.84	26.54
d. Guarantees given on behalf of Company	8.10	3.31

The Commissioner of Service Tax, during the year, confirmed the demand of service tax on interest subsidy received from manufacturers and dealers, which was previously questioned by show cause notice issued on Bajaj Finance Ltd. Consequently, the Commissioner has demanded service tax amounting to ₹ 644.65 crore for the period up to 30 September 2016, interest approximating ₹ 303.50 crore (interest up to 31 March 2017) and penalty of ₹ 198.95 crore. The Company has disputed the said demand and in accordance with legal advice, is in the process of filing an appeal refuting the said claim. The Company in line with the opinion obtained from an eminent counsel, is of view that the said demand is not tenable and has accordingly disclosed it as a contingent liability. It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

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

31 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Capital commitments, net of capital advances	268.94	166.97

32 Cash flow statement

Two subsidiaries of the Company carrying out insurance business, are mandated by IRDA regulations to draw up cash flows on direct method due to the unique nature of their business and reporting framework. Owing to the impracticability to draw up meaningful cash flow statements of these two subsidiaries on the indirect method as done by the parent, a detailed consolidated cash flow statement on a consistent method across the group is not possible.

However, to better view cash flows of the group, the cashflow statement has been drawn up at an activity level on the basis of their independent cash flows statements.

The independent cash flow statements of the two insurance subsidiaries are attached herewith for viewing.

Consolidated cash flows for the year could be better viewed when summarised as follows:

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
From operating activities	(10,982.58)	(9,795.15)
From investing activities	185.53	(885.83)
From financing activities	12,512.75	11,601.63
Net change	1,715.70	920.65
Cash and cash flow equivalents at the beginning of the year	2,770.46	1,849.81
Cash and cash flow equivalents at the end of the year **	4,486.16	2,770.46
** Cash and cash flow equivalents at the end of the year		
Cash and bank balance as per note 20	1,524.45	2,163.22
Other bank balances as per note 20 (current and non-current)	4.94	4.31
Cash and bank balances for unit linked business	9.29	10.75
Other short-term liquid investment	2,999.84	586.87
Add: Fixed deposits reclassified to investment considered	-	25.00
Less: Unclaimed dividend bank balance	0.25	0.96
Less: Fixed deposits having maturity more than 3 months/Temporary overdraft	52.11	18.73
	4,486.16	2,770.46

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

32 Cash flow statement (Contd.)

Bajaj Allianz General Insurance Company Ltd.

Receipts and payments account

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
I. Operating activities		
Premium received from policyholders (including advance receipts and service tax)	7,450.36	6,466.63
Receipts/payments from/to re-insurers (net of commission and claims)	(886.43)	(108.89)
Receipts/payments from/to co-insurers (net of claims)	108.48	56.61
Payment of claims (net of salvage)	(3,431.17)	(3,785.67)
Payment of commission and brokerage	(343.08)	(332.69)
Payment of other operating expenses	(1,277.17)	(1,082.44)
Miscellaneous income	10.28	3.10
Deposits placed during the year	(1.66)	(3.99)
Deposits recovered during the year	0.79	2.20
Income tax paid (net)	(339.36)	(245.23)
Service tax paid	(595.53)	(483.56)
Other payments	-	-
Cash flow before extraordinary items	695.51	486.07
Cash flow from extraordinary operations	-	-
Net cash inflow from operating activities	695.51	486.07
II. Investment activities		
Purchase of fixed assets (including capital advances)	(46.77)	(12.97)
Proceeds from sale of fixed assets	0.86	0.24
Purchase of investments	(9,649.08)	(7,854.13)
Sale of investments	8,406.11	6,367.73
Rent/interests/dividends received	717.53	741.11
Investments in money market instruments and in liquid mutual funds (net)	42.48	(47.81)
Interest expense and other investment expenses	(1.42)	(1.14)
Fixed deposits placed during the year	(48.51)	(125.00)
Fixed deposits matured during the year	135.00	353.13
Net cash outflow from investment activities	(443.80)	(578.84)

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

32 Cash flow statement (Contd.)

Bajaj Allianz General Insurance Company Ltd.

Receipts and payments account (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
III. Financing activities		
Proceeds from issuance of share capital	-	-
Interest/dividends paid	-	-
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Net cash flow from financing activities	-	-
Effect of foreign exchange rates on cash and cash equivalents, net	(0.39)	0.59
Increase/(decrease) in cash and cash equivalents during the year	251.32	(92.18)
Cash and cash equivalent at the year beginning	301.53	393.71
Cash and cash equivalent at the year end ^{**}	552.85	301.53
** Cash and cash equivalent		
Cash and bank balance	556.36	531.53
Less: Fixed deposit maturity more than 3 months	3.51	230.00
Less: Temporary overdraft	-	-
Cash and cash equivalent at the year end	552.85	301.53

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

32 Cash flow statement (Contd.)

Bajaj Allianz Life Insurance Company Ltd.

Receipts and payments account

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
I. Operating activities		
Premium received from policyholders, including advance receipts	6,554.57	6,163.45
Other receipts	25.74	43.08
Payments to the re-insurers, net of commissions and claims	(4.32)	(15.09)
Payment of claims	(6,059.30)	(5,019.16)
Payment of commission and brokerage	(156.51)	(172.20)
Payment of operating expenses	(1,192.56)	(1,221.31)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	3.31	(8.91)
Income-taxes paid (net)	(137.73)	(97.55)
Service tax paid	(252.08)	(261.28)
Other payments	-	-
Cash flows before extraordinary items	(1,218.88)	(588.97)
Cash flow from extraordinary operations	-	-
Net cash from operating activities	(1,218.88)	(588.97)
II. Cash Flow from investing activities		
Purchase of fixed assets	(62.53)	(20.79)
Proceeds from sale of fixed assets	35.82	1.70
Purchase of investments	(160,868.88)	(81,057.38)
Loans disbursed	-	(12.50)
Loans against policies	(25.45)	(49.15)
Sale of investments	160,577.76	79,196.52
Repayment received	-	128.71
Rent, interest and dividend received	2,360.76	2,363.35
Investment in money market instruments and in liquid mutual funds (net)	1,863.87	(266.33)
Expense related to investments	(3.16)	(2.20)
Net cash from investing activities	3,878.19	281.93

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

32 Cash flow statement (Contd.)

Bajaj Allianz Life Insurance Company Ltd.

Receipts and payments account (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
III. Cash Flow from financing activities		
Proceeds from issuance of share capital	-	-
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash from financing activities	-	-
Effect of foreign exchange rates on cash and cash equivalents, net	-	-
Net increase in cash and cash equivalents	2,659.31	(307.04)
Add: Cash and cash equivalents at the beginning of the year	916.94	1,223.98
Cash and cash equivalents at the end of the year	3,576.25	916.94
Components of cash and cash equivalents at the end of the year		
(a) Cash (including cheques in hand and stamps in hand)	159.87	156.69
(b) Bank balances and money at call and short notice	454.67	178.02
Bank balance in Unit linked business	9.29	10.75
Temporary overdraft as per the books of accounts	(47.42)	(15.38)
(c) Other short-term liquid Investment (forming part of investments in financials)	2,999.84	586.86
Cash and cash equivalents at the end of the year	3,576.25	916.94

The above Receipts and payments account has been prepared as prescribed by Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 under the 'Direct method' in accordance with Accounting Standard 3 on Cash Flow Statements notified under the section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014.

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

33 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2017

(a) Primary segment: Business segment

(₹ In Crore)

Particulars	Insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	14,416.68	70.32	9,965.88	69.18	24,522.06
Inter segment sales and other income	46.14	-	40.65	78.06	164.85
Total Revenue	14,462.82	70.32	10,006.53	147.24	24,686.91
Segment result	2,019.61	42.64	2,877.09	(14.81)	4,924.53
Tax expense	-	-	-	-	1,474.82
Tax (debits)/credits pertaining to earlier years	-	-	-	-	-
Minority interest	-	-	-	-	1,187.79
Profit for the year	2,019.61	42.64	2,877.09	(14.81)	2,261.92
Segment assets	63,889.53	36.83	64,096.27	135.38	128,158.01
Unallocated corporate assets	-	-	-	-	25.87
Total assets	63,889.53	36.83	64,096.27	135.38	128,183.88
Segment liabilities	52,379.33	0.97	4,874.83	23.60	57,278.73
Unallocated corporate liabilities	-	-	-	-	17.41
Total liabilities	52,379.33	0.97	4,874.83	23.60	57,296.14
Capital employed	11,510.20	35.86	59,221.44	111.78	70,887.74
Capital expenditure	81.63	-	148.21	0.41	230.25
Depreciation and amortisation	-	-	71.17	1.46	72.63
Non cash expenses other than depreciation	-	-	-	-	-

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Insurance, Windmill, Retail financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

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

33 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2016

(a) Primary segment: Business segment

(₹ In Crore)

Particulars	Insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	13,001.88	58.37	7,298.26	175.11	20,533.62
Inter segment sales and other income	27.07	-	35.30	145.49	207.86
Total Revenue	13,028.95	58.37	7,333.56	320.60	20,741.48
Segment result	1,764.22	35.41	1,988.52	15.90	3,804.05
Tax expense	-	-	-	-	1,029.51
Tax (debits)/credits pertaining to earlier years	-	-	-	-	0.02
Minority interest	-	-	-	-	911.29
Profit for the year	1,764.22	35.41	1,988.52	15.90	1,863.27
Segment assets	55,903.08	43.81	47,150.06	495.18	103,592.13
Unallocated corporate assets	-	-	-	-	25.93
Total assets	55,903.08	43.81	47,150.06	495.18	103,618.06
Segment liabilities	46,097.46	1.52	2,476.33	25.30	48,600.61
Unallocated corporate liabilities	-	-	-	-	20.26
Total liabilities	46,097.46	1.52	2,476.33	25.30	48,620.87
Capital employed	9,805.62	42.29	44,673.73	469.88	54,997.19
Capital expenditure	23.88	-	95.25	1.73	120.86
Depreciation and amortisation	-	-	56.34	1.38	57.72
Non cash expenses other than depreciation	-	-	-	-	-

Business segments of the consolidated group have been identified as distinguishable components that are engaged in a group of related product or services and that are subject to risks and returns different from other business segments. Accordingly Insurance, Windmill, Retail financing and Investments and others have been identified as the business segments.

(b) All the companies included in above reporting operate within India. Hence Geographic segment is not applicable.

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

34 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	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
Since consolidated financial statements present information about the holding and its subsidiaries as a single reporting enterprise, it is unnecessary to disclose intra - group transactions.					
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party)	Purchase of shares by BHIL (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	-	-	21.81	-
	Business support services received	2.61	-	2.60	-
	Business support services rendered	0.26	-	0.20	-
	Insurance premium received	0.06	-	0.06	-
	Unallocated premium	-	(0.04)	-	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to Equity (12,00,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	0.53	-	0.39	-
	Rental income	0.04	0.04	0.05	-
	Reimbursement of expenses received	0.01	-	0.01	-
	Insurance premium received	0.09	-	0.06	-
	Insurance claim paid	-	-	0.16	-
	Unallocated premium	-	(0.05)	-	(0.01)
	Manpower supply charges	-	-	66.76	-
	Insurance commission paid/payable	7.86	(0.59)	12.09	(0.75)
	Benefits paid	-	-	0.02	-
Bajaj Allianz Staffing Solutions Ltd. (100% owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Other income	0.13	0.12	0.20	-
	Reimbursement of expenses received	0.03	-	0.03	-
	Insurance premium received	0.70	-	1.25	-
	Insurance claim paid	-	-	0.43	-
	Unallocated premium	-	(0.02)	-	(0.02)
	Manpower supply charges	100.27	(3.35)	178.16	-
Allianz Cornhill Information Services Pvt. Ltd.	Insurance premium received	0.03	-	0.05	-
	Unallocated premium	-	(0.17)	-	-
Allianz SE	Contribution to equity of BALICL including premium	-	(1,099.13)	-	(1,099.13)
	Contribution to equity of BAGICL including premium	-	(195.27)	-	(195.27)
	Billable expenses incurred on behalf	0.08	-	0.12	0.51
	Billable expenses recovered on behalf	0.02	-	0.72	-
	Receipt of award	-	-	0.15	-
	Reimbursement of revenue expenses received	0.03	-	0.02	0.01
Allianz Insurance Management Asia Pacific Pte.	Billable expenses incurred	0.04	(0.03)	0.08	0.01
	Billable expenses recovered on behalf	-	-	0.01	-
	Reimbursement received of revenue expenditure	0.03	-	0.01	-
	Paid towards revenue expenditure	-	0.01	0.02	-
Allianz Investment Management Singapore Pte. Ltd.	Data provision charges	1.47	(0.33)	1.47	(0.33)
	Investment management	0.28	(0.06)	0.28	(0.06)
AGCS Marine Insurance Company	Reinsurance premium paid/payable	4.38	1.27	5.00	(1.66)
	Commission on reinsurance premium	0.61	-	0.77	-
	Claims recovery on reinsurance	5.51	-	2.38	-

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

34 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	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Allianz Global Risks US Insurance Company	Reinsurance premium paid/payable	1.89	(0.29)	0.67	0.16
	Commission on reinsurance premium	0.22	-	0.10	-
	Claims recovery on reinsurance	0.18	-	-	-
Allianz Global Corporate & Speciality AG, Spain	Reinsurance premium paid/payable	0.24	-	0.30	-
	Commission on reinsurance received/receivable	0.06	-	0.06	-
Allianz Global Corporate & Speciality AG, UK	Reinsurance premium paid/payable	24.65	(0.79)	20.65	(1.11)
	Commission on reinsurance received/receivable	1.42	-	2.94	-
	Claims recovery on reinsurance	27.55	-	2.31	-
Allianz Global Corporate & Speciality SE, Netherlands	Reinsurance premium paid/payable	0.23	0.04	0.23	(0.01)
	Commission on reinsurance received/receivable	0.09	-	0.08	-
	Claims recovery on reinsurance	0.04	-	-	-
Allianz Global Corporate & Speciality SE, Italy	Reinsurance premium paid/payable	0.44	(0.01)	0.35	(0.01)
	Commission on reinsurance received/receivable	0.11	-	0.14	-
	Claims recovery on reinsurance	0.03	-	0.06	-
Allianz Global Corporate & Speciality SE, Switzerland	Reinsurance premium paid/payable	-	-	0.62	-
	Commission on reinsurance received/receivable	-	-	0.22	-
Allianz Global Corporate & Speciality SE, Denmark - Nordic Region	Reinsurance premium paid/payable	0.36	(0.01)	1.00	(0.26)
	Commission on reinsurance received/receivable	0.14	-	0.21	-
Allianz Global Corporate & Speciality SE Munich	Reinsurance premium paid/payable	60.63	(10.83)	52.69	(7.39)
	Commission on reinsurance received/receivable	10.04	-	8.74	-
	Claims recovery on reinsurance	43.89	-	15.34	-
Allianz SE Reinsurance, Branch Asia Pacific	Reinsurance premium paid/payable	40.02	(4.11)	226.76	106.50
	Commission on reinsurance received/receivable	2.19	-	46.71	-
	Claims recovery on reinsurance	144.03	-	431.66	-
	Reinsurance profit commssion receivable	-	-	1.74	-
	Profit commision on reinsurance	-	-	5.29	-
	CAT XOL premium paid/payable	1.88	-	13.65	-
	CAT XOL claim recovered	8.09	-	18.26	-
Allianz Global Corporate & Speciality AG Singapore (Previously known as Allianz Insurance Company of Singapore - PTE)	Reinsurance premium paid/payable	1.54	(0.30)	1.93	(0.16)
	Commission on reinsurance received/receivable	0.18	-	0.21	-
	Claim recovery on reinsurance	0.24	-	-	-
	Reinsurance premium received/receivable	-	-	0.02	-
	Billable expenses reimbursed on behalf	0.03	-	-	-
	Risk survey fee	-	-	0.18	-
	-	-	-	-	-
Allianz Belgium	Reinsurance premium paid/payable	0.34	(0.12)	0.37	-
	Commission on reinsurance received/receivable	0.03	-	0.03	-
	Claim recovery on reinsurance	0.01	-	0.01	-
Allianz Elementar Versicherungs - Austria	Reinsurance premium paid/payable	0.40	0.12	0.31	0.02
	Commission on reinsurance received/receivable	0.09	-	0.06	-
	Claim recovery on reinsurance	0.14	-	0.26	-
Allianz Global Corporate & Speciality SE - France	Reinsurance premium paid/payable	17.98	(9.48)	20.96	(9.15)
	Commission on reinsurance received/receivable	1.71	-	3.14	-
	Claims recovery on reinsurance	1.40	-	93.49	-
Allianz Risk Transfer AG	Reinsurance premium paid/payable	30.69	(0.03)	33.13	-
	Commission on reinsurance received/receivable	0.36	-	0.78	-
	Claims recovery on reinsurance	-	-	0.14	-

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

34 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	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Allianz Australia Insurance Ltd.	Reinsurance premium paid/payable	0.07	-	0.14	-
	Commission on reinsurance received/receivable	0.02	-	0.03	-
Euler Hermes Deutschland [Formerly known as Euler Hermes Cr Insurance (S) Ltd.]	Reinsurance premium paid/payable	0.03	0.18	7.78	(0.16)
	Commission on reinsurance received/receivable	-	-	1.51	-
	Claims recovery on reinsurance	0.04	-	10.10	-
	Billable expenses incurred on behalf	2.57	0.54	2.36	0.99
Euler Hermes Europe, Singapore Branch	Reinsurance premium paid/payable	15.25	(4.75)	12.68	(4.04)
	Commission on reinsurance received/receivable	1.47	-	2.27	-
	Claims recovery on reinsurance	2.43	-	1.10	-
Allianz Risk Transfer N.V.	Reinsurance premium paid/payable	0.91	-	0.60	-
	Commission on reinsurance received/receivable	0.04	-	-	-
Allianz CP General Ins Co. Ltd.	Claims paid/payable	-	-	0.53	-
	Software consultancy fees	-	-	0.97	-
Allianz Global Assistance Australia	Billable expenses recovered on behalf	-	-	0.01	-
Allianz Managed Operations & Services SE	SAS license fees	-	-	0.66	(4.07)
	Paid towards opus revenue expenditure	2.71	(2.29)	2.52	(4.97)
	License and Maintenance fees paid	1.05	(0.95)	0.93	-
	Insurance premium received	0.22	-	0.23	-
	Benefits paid	0.01	-	0.02	-
	E-learning service fees	-	-	0.34	-
	Unallocated premium	-	(0.08)	-	(0.06)
Allianz Managed Operations & Services SE India	Insurance premium received	0.03	-	0.06	-
	Insurance claims paid	-	-	0.01	-
	Unallocated premium	-	(0.03)	-	(0.07)
AGA Assistance (India) Private Ltd.	Insurance claims paid	1.16	-	1.19	-
	Premium received as an agent	-	(0.23)	-	(0.05)
	Insurance commission paid/payable	0.92	(0.06)	0.96	(0.04)
	Unallocated premium	-	0.02	-	-
	Insurance premium received	0.01	-	-	-
	Claim assistance fee paid	3.93	-	4.99	-
	Billable expenses incurred on behalf	0.06	0.07	0.07	0.08
AGA Services (India) Private Ltd.	Insurance claims paid	23.72	-	13.46	-
	Claim assistance fee paid	3.22	-	2.59	-
	Fees received for loss minimisation activity	-	-	-	-
	Other expenses paid/payable	2.93	(1.07)	1.92	(0.13)
Euler Hermes Services India Pvt Ltd.	Credit risk assessment fees paid	2.19	(0.17)	2.11	-
Allianz Insurance Lanka Ltd.	Reinsurance premium received/receivable	0.09	-	-	(0.07)
	Commission on reinsurance paid/payable	0.02	-	-	-
	Claims paid on reinsurance accepted	-	-	0.23	-
IDS GmbH	Legal and professional charges	-	-	0.04	-
AWP P&C SA Saint Ouen Paris	Reinsurance premium received/receivable	6.82	(2.40)	-	-
	Commission on reinsurance paid/payable	4.16	-	-	-
	Claims paid on reinsurance accepted	0.25	-	-	-
Allianz Global Corporate & Speciality US	Risk survey fees	0.02	-	-	-

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

34 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	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
C Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.08	-	0.11	-
	Commission	0.13	(0.13)	0.17	(0.17)
Madhur Bajaj	Sitting fees	0.07	-	0.07	-
	Commission	0.10	(0.10)	0.11	(0.11)
Rajiv Bajaj	Sitting fees	0.06	-	0.06	-
	Commission	0.09	(0.09)	0.08	(0.08)
Niraj Bajaj	Nil	-	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Sanjiv Bajaj (Managing Director) (Also Key management personnel)	Remuneration	1.54	-	1.46	-
	Sitting fees	0.09	-	0.09	-
	Commission	3.42	(3.42)	3.24	(3.24)
D Key Management Personnel and their Relatives:					
Tapan Singhel (MD and CEO - BAGICL)	Remuneration	4.99	-	4.01	-
Anuj Agarwal (MD and CEO - BALICL)	Remuneration	4.25	-	2.49	-
Rajeev Jain (CEO - BFL)	Remuneration	8.45	(4.37)	6.33	(3.03)
	ESOPs exercised	-	-	7.10	-
	Medical reimbursement	-	-	0.22	-
Nanoo Parmnani (Vice Chairman - BFL)	Commission	-	-	-	-
	Sitting fees and expenses	0.06	-	0.01	-
Sanjay Asher (Director-BALICL)	Sitting fees	0.03	-	0.04	-
Manu Tandon (Director-BALICL)	Sitting fees	0.01	-	0.03	-
Suraj Mehta (Director-BALICL)	Sitting fees	0.03	-	0.03	-
Late S H Khan (Director-BALICL)	Sitting fees	-	-	0.04	-
Lila Poonawala (Director-BALICL)	Sitting fees	0.07	-	0.04	-
E Enterprises over which anyone in (c) and (d) exercises significant influence:					
Bajaj Auto Ltd.	Sale of windpower	21.51	-	18.23	-
	Business support services received	21.43	-	12.30	(0.02)
	Business support services rendered	0.65	-	0.82	-
	Interest subsidy	8.33	-	15.46	0.08
	Insurance premium received by BAGICL/BALICL	15.62	-	13.71	-
	Insurance claims paid by BAGICL/BALICL	3.14	-	19.04	-
	Security deposit paid	-	0.21	-	0.21
	Unallocated premium	-	(3.53)	-	(6.65)
	Investments held	-	35.07	-	30.07
Bajaj Electricals Ltd.	Purchases	0.20	-	1.19	(0.01)
	Insurance claims paid	0.52	-	4.46	-
	Insurance premia received	5.67	-	4.78	-
	Unallocated premium	-	(0.05)	-	(0.12)
Bajaj Auto Holdings Ltd.	Purchase of shares by BAH (209,005 shares of ₹ 5 each)	-	(0.10)	-	(0.10)
	Dividend paid	-	-	0.07	-
	Non convertible debentures issued	-	-	-	(5.00)
	Non convertible debentures redeemed	5.00	-	-	-
	Interest on non convertible debentures issued	0.48	-	(0.48)	-

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

34 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	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Hind Musafir Agency Ltd.	Services received	37.58	(2.25)	31.81	(0.78)
	Insurance premium received	0.02	-	0.02	-
	Insurance claims paid	-	-	0.01	-
	Other expenses paid/payable	-	-	0.02	0.01
Mukand Ltd.	Sale of windpower	36.74	0.63	28.21	1.99
	Insurance premium received	3.61	-	3.85	-
	Insurance Claims paid	2.13	-	6.98	-
	Unallocated premium	-	(0.01)	-	(0.01)
	Rent and other expenses paid	0.06	-	0.06	-
	Security deposit paid	-	4.00	-	4.00
	Interest received	3.63	-	5.14	-
	Loan given	25.00	33.97	-	30.93
Mukand Engineers Ltd.	Principal repayment received	21.96	-	15.76	-
	Insurance premium received	0.35	-	0.26	-
	Insurance claims paid	0.11	-	0.12	-
Hercules Hoists Ltd.	Unallocated premium	-	(0.01)	-	(0.13)
	Fixed deposits accepted	-	(1.67)	8.37	(8.37)
	Fixed deposits repaid	6.70	-	13.50	-
	Interest paid on fixed deposits	0.97	-	1.72	-
Maharashtra Scooters Ltd.	Interest accrued on fixed deposits	0.70	(0.23)	0.50	(0.50)
	Business support services rendered	0.10	0.03	0.08	0.02
	Non-convertible debentures issued	-	(80.00)	-	(80.00)
	Interest on non-convertible debentures issued	7.20	-	7.25	-
	Contribution to equity of BFL (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(1.90)
Indian School of Business	Contribution to equity of BFS (3,725,740 shares of ₹ 5 each)	-	(1.86)	-	(1.86)
	Reimbursement of expenses paid	-	-	0.30	-
Jamnalal Sons Pvt. Ltd.	Security deposit	-	0.09	0.09	0.09
	Rent and other expenses	0.22	-	0.08	-

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.

35 Deferred taxes

(₹ In Crore)

As at 31 March

Particulars	As at 31 March	
	2017	2016
Liabilities	53.34	45.13
Assets	477.24	377.83
Net	(423.90)	(332.70)

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

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

(₹ In Crore)

Particulars	Net assets (i.e. total assets minus total liabilities)		Share in profit or (loss)	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
1. Parent:				
Bajaj Finserv Ltd.	17.47%	2,766.02	3.10%	70.02
2. Subsidiaries (Indian):				
Bajaj Allianz General Insurance Company Ltd.	22.33%	3,534.63	32.18%	727.84
Bajaj Allianz Life Insurance Company Ltd.	53.54%	8,475.57	36.97%	836.26
Bajaj Finance Ltd.	61.05%	9,663.10	81.18%	1,836.38
Bajaj Financial Holdings Ltd.	0.02%	2.48	-	-
(Less): Minority interests in all subsidiaries	(45.49%)	(7,200.83)	(52.51%)	(1,187.79)
(Less): Inter-company eliminations	(8.97%)	(1,420.26)	(0.95%)	(21.60)
3. Joint ventures (as per proportionate consolidation method) (Indian):				
Bajaj Allianz Financial Distributors Ltd.	0.06%	9.26	0.03%	0.81
(Less): Inter-company eliminations	(0.01%)	(1.20)	-	-
Total	100.00%	15,828.77	100.00%	2,261.92

37 From 2015-16, the parent company, Bajaj Finserv Ltd. has been classified as a 'Core Investment Company' (CIC) and hence is no more registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934. Consequently, the requirement of creating a Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 and other prudential norms for Non Banking Finance Companies are not applicable to the parent company.

38 Previous year figures

Previous year figures have been regrouped wherever necessary to make them comparable with those of the current year.

39 Miscellaneous

₹ 1 crore is equal to ₹ 10 million.

In terms of our report of even date

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Salient features of the financial statements of subsidiaries for the year ended 31 March 2017

Form AOC-1:

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

Part A: Subsidiaries

(₹ In Crore)

Particulars	Bajaj Allianz General Insurance Co. Ltd.	Bajaj Allianz Life Insurance Co. Ltd.	Bajaj Finance Ltd. (Consolidated)	Bajaj Financial Holdings Ltd.
a The date since when subsidiary was acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	7 February 2014
b Reporting period for the subsidiary	1 April 2016 to 31 March 2017	1 April 2016 to 31 March 2017	1 April 2016 to 31 March 2017	1 April 2016 to 31 March 2017
c Paid-up share capital	110.23	150.71	109.37	2.50
d Reserves and surplus	3,424.40	8,324.87	9,490.89	(0.02)
e Total assets	3,534.63	49,399.81	63,724.63	2.48
f Total liabilities	3,534.63	49,399.81	63,724.63	2.48
g Investments	10,272.75	7,396.07	4,069.51	2.40
h Turnover	5,972.93	8,489.89	10,006.53	-
i Profit before tax	1,078.12	945.37	2,817.41	-
j Provision for tax	350.28	109.11	981.03	-
k Profit after tax	727.84	836.26	1,836.38	-
l Proposed dividend	-	-	180%	-
m % of shareholding	74.00%	74.00%	57.80%	100.00%

Name of subsidiary sold during the year: Nil

Part B: Joint venture

(₹ In Crore)

Particulars	Bajaj Allianz Financial Distributors Ltd. (Consolidated)*
a Date on which the associate or joint venture was associated or acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)
b Latest audited Balance Sheet date	31 March 2017
c Shares of joint venture held by the Company on the year end	
- Number	1,200,000
- Amount of investment in joint venture	1.20
- Extent of holding %	50.00%
d Description of how there is significant influence	By way of shareholding
e Reason why associate/joint venture is not consolidated	N.A.
f Net worth attributable to shareholding as per latest audited Balance Sheet	9.26
g Profit/(loss) for the year	
- Considered in consolidation	1.65
- Not considered in consolidation	-

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

On behalf of the Board of Directors
Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Pune: 17 May 2017



Standalone Financial Statements

Independent Auditors' Report on the Standalone Financial Statements

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

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

Management's responsibility for the standalone financial statements

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

Auditors' responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 2017, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at 31 March 2017 on its financial position in its standalone financial statements (Refer note 21).
 - ii. The Company has long-term contracts as at 31 March 2017.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2017.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and same is in accordance with the books of account maintained by the Company (Refer note 15).

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Bajaj Finserv Limited on the standalone financial statements for the year ended 31 March 2017

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

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

Management's responsibility for internal financial controls

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

Auditors' responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
 - (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
 - (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure A to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting

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

Opinion

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

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

Annexure B to Independent Auditors' Report

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

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - b. The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - c. The title deeds of immovable properties, as disclosed in Note 10 on Fixed assets to the financial statements, are held in the name of the Company.
2. The Company is in the business of wind power generation and investment, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
4. The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185. In our opinion, and according to the information and explanation given to us, the Company has complied with the provision of section 186 of the Companies Act, 2013 in respect of the investments made by it.
5. The Company has not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
6. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax 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, service tax, duty of customs and duty of excise, value added tax as at 31 March 2017 which have not been deposited on account of a dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Income tax	Additional demand on the basis of assessment order received.	45.18	AY 2009-10, AY 2011-12, AY 2012-13, AY 2013-14	CIT(A)
Sales tax	Additional demand on the basis of assessment order received.	0.49	2008-09	DCST
Sales tax	Additional demand on the basis of assessment order received.	0.32	2009-10	JCST
Sales tax	Additional demand on the basis of assessment order received.	0.01	2011-12	Tribunal
Service tax	Additional demand on the basis of assessment order received.	0.13	2011-12 to 2013-14	Commissioner(A)

Annexure B to Independent Auditors' Report (Contd.)

8. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the Balance Sheet date, the provisions of clause 3(viii) of the Order are not applicable to the Company.
9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
16. The Company was registered as Non Deposit Accepting Non Banking Finance Company. During the year 2015-16, vide order dated 23 October 2015, the Company has been recognised as Core Investment Company (CIC) by the Reserve Bank of India (RBI) and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of the clause 3(xvi) of the Order is not applicable to the Company.

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

Balance Sheet

Particulars	Note No.	As at 31 March	
		2017	2016
(₹ In Crore)			
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	79.57	79.57
Reserves and surplus	4	2,686.45	2,616.41
		2,766.02	2,695.98
Non-current liabilities			
Deferred tax liabilities (net)	5	9.49	10.74
Other long-term liabilities	6	1.87	1.87
Long-term provisions	7	7.64	6.74
		19.00	19.35
Current liabilities			
Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1.54	2.63
Other current liabilities	9	8.32	7.69
Short-term provisions	7	19.25	21.62
		29.11	31.94
Total		2,814.13	2,747.27
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	73.95	75.15
Capital work-in-progress		1.19	0.97
		75.14	76.12
Non-current investments	11	2,483.82	2,102.88
Long-term loans and advances	12	34.86	32.20
Other non-current assets	14	-	1.87
		2,593.82	2,213.07
Current assets			
Current investments	11	182.25	276.00
Trade receivables	13	0.63	8.19
Cash and bank balances	15	1.55	225.25
Short-term loans and advances	12	1.17	0.84
Other current assets	14	34.71	23.92
		220.31	534.20
Total		2,814.13	2,747.27
Summary of significant accounting policies followed by the Company	2		

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

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Statement of Profit and Loss

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2017	2016
Revenue from operations	16	153.90	242.32
Other income	17	11.10	9.13
Total revenue		165.00	251.45
Expenses			
Employee benefits expense	18	20.35	17.05
Depreciation and amortisation		1.46	1.38
Other expenses	19	39.19	38.21
Total expenses		61.00	56.64
Profit before tax		104.00	194.81
Tax expense			
Current tax		35.23	32.30
Deferred tax		(1.25)	(0.62)
Total tax expense		33.98	31.68
Profit for the year		70.02	163.13
Basic and diluted Earnings per share (in ₹)	20	4.4	10.3
(Nominal value per share ₹ 5)			
Summary of significant accounting policies followed by the Company	2		

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

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Cash Flow Statement

(₹ In Crore)

Particulars	For the year ended 31 March	
	2017	2016
I. Operating activities		
Profit before tax	104.00	194.81
Adjustments:		
Add:		
i) Depreciation and amortisation	1.46	1.38
ii) Loss on sale of assets	-	0.26
	1.46	1.64
Less:		
i) Profit on sale of investments, net	3.90	9.94
ii) Surplus on sale of assets	0.12	-
iii) Amortisation of premium/discount on acquisition of debt securities	12.17	37.31
	16.19	47.25
	89.27	149.20
Change in assets and liabilities		
i) Trade receivables	7.56	(4.45)
ii) Loans and advances and other assets	(11.97)	(14.46)
iii) Other bank balances	0.71	(0.72)
iv) Liabilities and provisions	1.63	2.34
	(2.07)	(17.29)
(Purchase)/sale of money market mutual funds, etc., net*	(7.67)	0.63
Net cash from operating activities before income-tax	79.53	132.54
Income-tax refund/paid for earlier years (net)	0.46	(3.09)
Income-tax paid	(38.48)	(33.16)
Net cash from operating activities	41.51	96.29
Carried forward	41.51	96.29

Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2017	2016
Brought forward	41.51	96.29
II. Investing activities		
i) Capital expenditure	(0.63)	(1.94)
ii) Sales proceeds of assets	0.27	0.05
iii) Investment in subsidiary*	(306.08)	(102.03)
iv) Sale of current and long-term investments*	395.08	747.41
v) Purchase of current and long-term investments*	(352.45)	(464.05)
Net cash from investing activities	(263.81)	179.44
III. Financing activities		
i) Dividend paid	(0.71)	(54.98)
ii) Rights issue proceeds (net of expenses)	0.02	0.41
Net cash from financing activities	(0.69)	(54.57)
Net change in cash and cash equivalents	(222.99)	221.16
Cash and cash equivalents as at 1 April 2016 [Opening balance]	224.29	3.13
Cash and cash equivalents as at 31 March 2017 [Closing balance]	1.30	224.29

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

In terms of our report of even date

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Notes to financial statements for the year ended 31 March 2017

- 1 The Company is primarily engaged in the business of promoting financial services such as finance, insurance, wealth management etc. through its investments in subsidiaries and joint ventures. The Company is also engaged in the business of generating power through wind turbines, a renewable source of energy.

The Company has been recognised as a Core Investment Company (CIC) by the Reserve Bank of India (RBI) in terms of the regulations governing Non-Banking Financial Companies and is not required to be registered thereunder.

2 Summary of significant accounting policies followed by the Company

Basis of preparation

These financial statements have been prepared in accordance with the 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 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. Consequently, 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], other relevant provisions of the Companies Act, 2013 and the RBI guidelines/regulations to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013.

1) System of accounting

- i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial statements are prepared under the historical cost convention. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- iii) Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

2) Revenue recognition

a) Income

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

- (1) Income from debentures and bonds is accrued over the maturity of the security, net of amortisation of premium/discount, thereby recognising the implicit yield to maturity, with reference to the coupon dates, where applicable. However, income is accrued only where interest is serviced regularly and is not in arrears, as per the guidelines framed by the Management.
- (2) Dividend is accrued in the year in which it is declared whereby a right to receive is established.
- (3) Profit/loss on sale of investments is recognised on the contract date.

b) Wind-farm income

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

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

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

3) Other income

The Company recognises other income on accrual basis. However, where the ultimate collection of the same lacks reasonable certainty, income recognition is postponed to the extent of uncertainty.

4) Fixed assets and depreciation

A. Tangible assets

- i) Tangible assets except land are carried at cost of acquisition, construction or at manufacturing cost, as the case may be, less accumulated depreciation and amortisation. Land is carried at cost of acquisition. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by the Management. Subsequent costs related to an item of the asset are recognised in the carrying amount of the item if the recognition criteria are met.
- ii) Land and buildings acquired/constructed, not intended to be used in the operations of the Company are categorised as investment property under Investments and not as Fixed assets.

B. Depreciation and amortisation

- (a) Leasehold land
Premium on leasehold land is amortised over the period of lease.
- (b) On other tangible assets
 - i. a. Depreciation is provided on a pro rata basis on the straight line method over the useful lives of the assets.
 - b. Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, the component is depreciated over its shorter life.
 - c. Useful life of assets are determined by the Management by internal technical assessments.
 - ii. Assets which are depreciated over useful life/residual value different than those indicated by Schedule II are as under:

Asset class having residual value at ₹ 1

Computers

Furniture

Office equipment

Electric fittings

- iii. Depreciation on additions is being provided on pro rata basis from the month of such additions.
- iv. Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.

C. Impairment of assets

An assessment is done at each Balance Sheet date as to whether there are any indications that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/Cash Generating Unit (CGU) is made. Where the carrying value of the asset/CGU exceeds the recoverable amount, the carrying value is written down to the recoverable amount.

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

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

5) Investments

- a) Current investments representing debt securities with a maturity less than 1 year and those intended to be held for a period less than 1 year from the date on which the investment is made are stated at cost adjusted for amortisation and diminution with reference to realisable value, as necessary.
- b) Debt securities, other than current, are carried at cost, less amortisation of premium/discount, as the case may be, and provision for diminution, if any, as considered necessary. Debt securities maturing within 12 months from the close of the year (current maturities) are reclassified as current investments.
- c) Investments other than debt securities (Eg. equity, mutual funds etc.) are valued at cost of acquisition, less provision for diminution as considered necessary where they are intended to be held for a long-term, else current investments are valued at lower of cost or realisable value.
- d) Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments.
- e) The Management has laid out guidelines for the purpose of assessing likely impairments in investments and for making provisions based on given criteria. Appropriate provisions are accordingly made, which in the opinion of the Management are considered adequate.

6) Employee benefits

a) Privilege leave entitlements

Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment the liability is recognised on the basis of an independent actuarial valuation.

b) Gratuity

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

c) Superannuation

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

d) Defined provident fund contribution is made to Government Provident Fund Authority.

e) Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.

f) Long-term incentive plan

The Company's liability towards long-term incentive plan being defined benefit plan is accounted for on the basis of an independent actuarial valuation.

7) Taxation

- a) Provision for tax is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income-tax Act, 1961 and the Income Computation and Disclosure Standards prescribed therein. Excess/short provisions and interest thereon are recognised only on completion of assessment or where adjustments made by the Assessing Officer are disputed, on receiving the 'Order Giving Effect' to the tax determined by the CIT (Appeals) and thereafter on final settlement of further disputes.

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

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

- b) MAT is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income-tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal tax during the specified period.
- c) Deferred tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax liabilities are expected to crystallise with reasonable certainty. However, in case of deferred tax assets (representing unabsorbed depreciation or carried forward losses) are recognised, if and only if there is virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. Deferred tax is recognised on adjustments to revenue reserves to the extent the adjustments are allowable as deductions in determination of taxable income and they would reverse out in future periods.

8) Provisions and contingent liabilities

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

9) Operating leases

As a lessee

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

As a lessor

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

10) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of 3 months or less.

11) Earnings per share

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

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

3 Share capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Authorised:		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
Issued, subscribed and fully paid-up shares:		
159,131,780 (159,131,453) equity shares of ₹ 5 each	79.57	79.57
	79.57	79.57

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

	As at 31 March 2017		As at 31 March 2016	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	159,131,453	79.57	159,125,184	79.56
Equity shares earlier held in abeyance, issued during the year [See note 3 e.]	327		6,269	0.01
Outstanding at the end of the year	159,131,780	79.57	159,131,453	79.57

b. Further, of the above

Euro Equity issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares issued in earlier years has been disbanded during the year 2016-17, hence there are no outstanding GDRs at the close of the year.

c. Terms/rights/restrictions attached to equity shares

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

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

	As at 31 March 2017		As at 31 March 2016	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,110,824	9.50%	15,110,824	9.50%

e. Shares reserved for issue at a subsequent date

20,081 (20,408) equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter.

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

3 Share capital (Contd.)

f. Utilisation of funds raised on issue of equity shares

(₹ In Crore)

Particulars	As at 31 March	
	2017	2016
Amount receivable from rights issue - as per letter of offer	940.44	940.44
Less: Amount not received on shares kept in abeyance	1.30	1.32
Amount received from rights issue - (A)	939.14	939.12
Deployment of rights issue proceeds		
(a) Investment in Bajaj Finance Ltd. - subscription and on conversion of warrants	271.33	165.99
(b) Investment in Bajaj Finance Ltd. - subscription to rights issue	478.67	478.67
(c) Share issue expenses	3.16	3.16
(d) General corporate purposes	185.98	185.96
Total deployment of rights issue proceeds - (B)	939.14	833.78
Balance amount to be utilised (A - B)	-	105.34
Interim utilisation of balance rights issue proceeds		
Investment in money market instruments and mutual funds	-	105.34

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

4 Reserves and surplus

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Securities premium account		
Balance as at the beginning of the year	928.87	928.47
Add: Received during the year	0.02	0.40
Closing balance	928.89	928.87
Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	-	120.10
Less: Transfer to surplus in Statement of Profit and Loss [See note 31]	-	120.10
Closing balance	-	-
General reserve		
Balance as at the beginning of the year	1,197.14	1,180.83
Add: Transferred from surplus in Statement of Profit and Loss	-	16.31
Closing balance	1,197.14	1,197.14
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	490.40	251.33
Add: Transfer from Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 [See note 31]	-	120.10
Profit for the year	70.02	163.13
Less: Appropriations		
Transfer to General reserve	-	16.31
Interim dividend, including tax thereon	-	27.85
Total appropriations	-	44.16
Balance in Statement of Profit and Loss	560.42	490.40
	2,686.45	2,616.41

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

5 Deferred tax liabilities (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Deferred tax liabilities		
On account of timing difference in		
Depreciation	10.31	10.03
Amortisation of discount on acquisition of debt securities	0.66	2.09
Gross deferred tax liabilities	10.97	12.12
Deferred tax assets		
On account of timing difference in		
Provision for privilege leave etc.	0.27	0.24
Amortisation of premium/discount on acquisition of debt securities	-	0.04
Adjustments on account of gratuity provisions	1.21	1.10
Gross deferred tax assets	1.48	1.38
	9.49	10.74

6 Other long-term liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Security deposits	1.87	1.87
	1.87	1.87

7 Provisions

Particulars	(₹ In Crore)			
	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Provision for employee benefits [See note 26]				
Provision for gratuity	3.48	3.17	-	-
Provision for compensated absences	-	-	0.79	0.70
Provision for long-term incentive plan	4.16	3.57	1.05	0.66
	7.64	6.74	1.84	1.36
Other provisions				
Provision for tax (net of tax paid in advance)	-	-	17.41	20.26
	7.64	6.74	19.25	21.62

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

8 Trade payables

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Total outstanding dues of micro enterprises and small enterprises *	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1.54	2.63
	1.54	2.63

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

9 Other current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Unclaimed dividend	0.25	0.96
Directors' remuneration and commission payable	3.64	3.51
Employee benefits payable	4.22	3.00
Taxes payable	0.09	0.10
Other payables	0.12	0.12
	8.32	7.69

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

10 Fixed assets (tangible assets)

Current year

(₹ In Crore)

Particulars	Gross block (a)			Depreciation			Net block	
	As at 1 April 16	Additions	Deductions/ adjustments	As at 31 March 17	As at 1 April 16	For the year (a)	As at 31 March 17	As at 31 March 17
Land freehold (c)	18.95	-	-	18.95	-	-	-	18.95
Land leasehold	8.19	-	-	8.19	-	-	-	8.19
Buildings (b)	36.71	-	-	36.71	7.44	0.55	7.99	28.72
Computers	1.12	0.04	-	1.16	1.05	0.06	1.11	0.05
Electric fittings	0.47	-	-	0.47	0.22	0.06	0.28	0.19
Furniture	1.61	0.03	-	1.64	0.85	0.20	1.05	0.59
Office equipment	1.87	0.14	-	2.01	1.56	0.06	1.62	0.39
Vehicles	4.19	0.20	0.82	3.57	1.03	0.67	0.89	2.68
Wind energy generators	283.72	-	-	283.72	269.53	-	269.53	14.19
Total	356.83	0.41	0.82	356.42	281.68	0.67	282.47	73.95

(a) Refer note 2 clause 4) A. and B. of summary of significant accounting policies.

(b) Includes office premises given on lease ₹ 8.25 crore, depreciation for the year ₹ 0.13 crore (previous year ₹ 0.13 crore), accumulated depreciation ₹ 2.36 crore (previous year ₹ 2.23 crore), net block ₹ 5.89 crore (previous year ₹ 6.02 crore).

(c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore and cost of shares therein ₹ 2,000.

Previous year

(₹ In Crore)

Particulars	Gross block (a)			Depreciation			Net block	
	As at 1 April 15	Additions	Deductions/ adjustments	As at 31 March 16	As at 1 April 15	For the year (a)	As at 31 March 16	As at 31 March 16
Land freehold (c)	18.95	-	-	18.95	-	-	-	18.95
Land leasehold (d)	-	-	(8.19)	8.19	-	-	-	8.19
Buildings (b) (d)	46.19	-	9.48	36.71	8.13	1.23	7.44	29.27
Computers	1.08	0.04	-	1.12	0.99	0.06	1.05	0.07
Electric fittings	0.47	-	-	0.47	0.15	0.07	0.22	0.25
Furniture	1.56	0.05	-	1.61	0.66	0.19	0.85	0.76
Office equipment	1.72	0.16	0.01	1.87	1.47	0.09	1.56	0.31
Vehicles	3.15	1.48	0.44	4.19	0.80	0.43	1.03	3.16
Wind energy generators	283.72	-	-	283.72	269.53	-	269.53	14.19
Total	356.84	1.73	1.74	356.83	281.73	1.43	281.68	75.15

(a) Refer note 2 clause 4) A. and B. of summary of significant accounting policies.

(b) Includes office premises given on lease ₹ 8.25 crore, depreciation for the year ₹ 0.13 crore (previous year ₹ 0.13 crore), accumulated depreciation ₹ 2.23 crore (previous year ₹ 2.10 crore), net block ₹ 6.02 crore (previous year ₹ 6.15 crore).

(c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore and cost of shares therein ₹ 2,000.

(d) Building was demolished during the year. Accordingly, cost of leasehold land earlier included in Buildings has been reclassified.

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

11 Investments

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
(A) Long-term investments:				
In Fully Paid Equity Shares:				
Trade:				
In Subsidiary Company:				
Quoted:				
317,816,130 (30,856,613) Shares of ₹ 2 each in Bajaj Finance Ltd. [Bonus issue 1:1 and Face Value Split (Sub-division) from ₹ 10 each to ₹ 2 each]	1,910.73	1,502.62	-	-
Unquoted:				
111,524,660 Shares of ₹ 10 each in Bajaj Allianz Life Insurance Co. Ltd. (joint venture)	111.52	111.52	-	-
81,568,165 Shares of ₹ 10 each in Bajaj Allianz General Insurance Co. Ltd. (joint venture)	81.57	81.57	-	-
2,500,000 Shares of ₹ 10 each in Bajaj Financial Holdings Ltd.	2.50	2.50	-	-
	195.59	195.59	-	-
In Joint Venture:				
Unquoted:				
1,200,000 Shares of ₹ 10 each in Bajaj Allianz Financial Distributors Ltd.	1.20	1.20	-	-
In Warrants:				
Unquoted:				
- (925,000) Preferential Convertible Warrants of ₹ 4,412 each in Bajaj Finance Ltd. (25% paid up for ₹ 1,103 each)	-	102.03	-	-
In Bonds and Debentures:				
Fully paid:				
Others:				
Quoted:				
250 9% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.00	25.00	-	-
750 (-) Zero Percent Bajaj Finance Ltd. of ₹ 1,000,000 each	-	-	82.93	-
1,000 (-) 8.48% Bajaj Finance Ltd. of ₹ 1,000,000 each	100.01	-	-	-
500 9.58% Bajaj Finance Ltd. of ₹ 1,000,000 each	50.89	50.89	-	-
250 9.66% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.51	25.51	-	-
500 8.8896% Bajaj Finance Ltd. of ₹ 1,000,000 each	50.00	50.00	-	-
Carried over	251.41	151.40	82.93	-
Carried over	2,107.52	1,801.44	-	-

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

11 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Brought over	2,107.52	1,801.44	-	-
In Bonds and Debentures: (Contd.)				
Fully paid: (Contd.)				
Others: (Contd.)				
Quoted: (Contd.)				
Brought over	251.41	151.40	82.93	-
250 (-) 8.85% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.31	-	-	-
750 8.95% Bajaj Finance Ltd. of ₹ 1,000,000 each	75.01	75.01	-	-
250 9.40% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.40	25.40	-	-
	377.13	251.81	82.93	-
Less: Amortisation of premium/(discount) on acquisition	0.83	0.37	(6.20)	-
	376.30	251.44	89.13	-
In Fixed Deposits:				
Unquoted:				
8.71% Bajaj Finance Ltd.	-	50.00	50.00	-
Total (A)	2,483.82	2,102.88	139.13	-
(B) Current investments:				
In Certificate of Deposit:				
Unquoted:				
- (10,000) Certificate of Deposit of ₹ 100,000 each of Axis Bank - 26-10-2016	-	-	-	92.97
Less: Amortisation of premium/(discount) on acquisition	-	-	-	(2.88)
	-	-	-	95.85
In Commercial Paper:				
Unquoted:				
500 (-) Commercial Paper of ₹ 500,000 each of Bajaj Finance Ltd. - 21-07-2017	-	-	24.37	-
- (1,500) Commercial Paper of ₹ 500,000 each of Housing Development Finance Corporation Ltd. - 10-08-2016	-	-	-	70.67
	-	-	24.37	70.67
Less: Amortisation of premium/(discount) on acquisition	-	-	(0.10)	(2.23)
	-	-	24.47	72.90
Carried over	-	-	24.47	168.75

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

11 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Brought over	-	-	24.47	168.75
In Mutual Fund Units:				
Quoted:				
829,039.59 (346,238) ICICI Prudential Money Market Fund-Direct Growth	-	-	18.65	7.25
In Fixed Deposits:				
Unquoted:				
8.71% Bajaj Finance Ltd.	-	-	-	100.00
Total (B)	-	-	43.12	276.00
Total (A+B)	2,483.82	2,102.88	182.25	276.00
Aggregate provision for diminution in value of investments	-	-	-	-

Particulars	(₹ In Crore)			
	Book value		Market value	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Quoted	2,394.81	1,761.31	37,712.63	21,625.01
Unquoted	271.26	617.57		
Total	2,666.07	2,378.88		

Notes to Investments

- 1 Quoted investments for which quotations are not available, if any, have been included in market value at the face value/paid-up value, whichever is lower, except in case of Debentures and Bonds, where the Net Present Value at current yield to maturity have been considered. Mutual funds (open ended) though not listed are quoted on National Stock Exchange (NSE) at transactable NAVs with fund houses through the exchange and hence categorised as quoted.
- 2 Investments made by the Company other than those with a maturity of less than one year, are intended to be held for long-term, hence diminutions in the value of quoted investments are considered to be of a temporary nature. No provision has been determined during the year ended 31 March 2017.
- 3 Refer note 2 clause 5 for accounting policy and valuation principles for investments.

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

12 Loans and advances

(Unsecured, good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Capital advances	2.49	0.06	-	-
Security deposits	4.34	4.35	-	-
Loan and advances to related parties [See note 28]	-	-	0.45	0.19
Other loans and advances				
VAT refund receivable	2.15	1.85	-	-
Advance income-tax (net of provision for tax)	10.17	10.23	-	-
MAT credit entitlement	15.70	15.70	-	-
Others	0.01	0.01	0.72	0.65
	28.03	27.79	0.72	0.65
	34.86	32.20	1.17	0.84

13 Trade receivables

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Others, good	-	-	0.63	8.19
	-	-	0.63	8.19

14 Other assets

(Unsecured, good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Credit receivable for windpower generated	-	-	2.13	3.43
REC sale proceeds/REC receivable	-	-	1.60	0.02
Interest receivable on investments	-	1.87	30.98	20.47
	-	1.87	34.71	23.92

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

15 Cash and bank balances

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2017	2016	2017	2016
Cash and cash equivalents				
Balances with banks				
In current accounts	-	-	1.30	2.37
Cash equivalents				
Certificate of Deposits with maturity of less than 3 months from date of acquisition	-	-	-	221.92
	-	-	1.30	224.29
Other bank balances				
Unclaimed dividend accounts	-	-	0.25	0.96
	-	-	1.55	225.25

Details of Specified Bank Notes (SBNs) held and transacted during the period 08.11.2016 to 30.12.2016

(₹)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

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

16 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Wind-farm activity		
Income from power generation	57.16	50.22
Income from Renewable Energy Certificates (REC)	13.16	8.15
	<u>70.32</u>	<u>58.37</u>
Investment activity		
Interest		
Interest income on		
Fixed deposits	9.51	5.62
Long-term investments	32.14	20.00
Current investments	4.26	-
Amortisation of (premium)/discount on acquisition of debt securities on		
Long-term investments	5.74	(0.33)
Current investments	6.43	37.64
	<u>58.08</u>	<u>62.93</u>
Other financial services		
Dividend income on Investment in subsidiaries	21.60	111.08
Profit on sale of investments, net #	3.90	9.94
	<u>83.58</u>	<u>183.95</u>
	<u>153.90</u>	<u>242.32</u>

Including on current investments ₹ 3.90 crore (previous year ₹ 3.75 crore)

17 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Interest - others	0.13	-
Rent	1.87	1.87
Business support service	8.68	7.09
Miscellaneous receipts	0.08	0.06
Surplus on sale of assets	0.12	-
Provision no longer required	0.22	0.11
	<u>11.10</u>	<u>9.13</u>

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

18 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Salaries, wages and bonus to employees	14.23	11.28
Remuneration to whole-time director	4.32	4.08
Contribution to provident and other funds	1.61	1.52
Staff welfare expenses	0.19	0.17
	20.35	17.05

19 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Rent	0.06	0.06
Repairs to buildings	1.07	1.71
Repairs to machinery - windmill	8.48	8.26
Repairs to others	0.05	0.19
Energy generation expenses	17.53	12.82
REC registration, issuance and brokerage charges	0.37	0.24
Rates and taxes	0.71	0.61
Insurance	0.39	0.40
Payment to auditor	0.29	0.29
Directors' fees and travelling expenses	0.47	0.54
Commission to non-executive directors	0.30	0.37
Travelling (including foreign travel) expenses	0.24	0.13
Business support service expenses	0.93	0.91
Expenditure towards Corporate Social Responsibility (CSR) activities	1.67	1.62
Legal and professional charges	2.26	5.84
Miscellaneous expenses	4.37	4.22
	39.19	38.21

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

19 Other expenses (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Payment to auditor		
As auditor:		
Audit fee	0.08	0.07
Tax audit fee	0.02	0.02
Limited review	0.08	0.07
Other services (certification fees and other matters)	0.07	0.09
Reimbursement of expenses [₹ 43,406 (Previous year ₹ 19,394)]		
Service tax, on above	0.04	0.04
	0.29	0.29

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Expenditure towards Corporate Social Responsibility (CSR) activities		
a) Gross amount required to be spent by the Company during the year	1.66	1.60
b) Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	1.67	1.62
	1.67	1.62

20 Earnings Per Share (EPS)

Particulars	For the year ended 31 March	
	2017	2016
	Profit for the year (₹ In Crore)	70.02
Weighted average number of shares outstanding during the year (Nos)	159,131,633	159,127,993
Earnings per share (Basic and Diluted) ₹	4.4	10.3
Face value per share ₹	5.0	5.0

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

21 Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
a Claims against the Company not acknowledged as debts	9.46	8.64
b Income Tax matters under dispute		
Appeal by Company	29.18	29.18
c Value Added Tax (VAT) and service tax matters under dispute	3.09	3.09

22 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Capital commitments, net of capital advances	4.42	3.97
Amount payable on warrants conversion of Bajaj Finance Ltd.	-	306.08

23 Proposed dividend

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
On equity shares of ₹ 5 each		
Amount of dividend proposed (₹ In Crore)	27.85	-
Dividend per equity share ₹	1.75	-
Dividend %	35%	-

The Company had declared and paid an interim dividend of ₹ 1.75 per equity share (35%) and the said amount was treated as final dividend for the year ended 31 March 2016. The final dividend for the year ended 31 March 2017 is also ₹ 1.75 per equity share (35%).

24 Expenditure in foreign currency (accrual basis)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2017	2016
Travelling expenses	0.02	0.04
Other matters	0.60	0.57
Purchase of capital asset	-	0.01
	0.62	0.62

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

25 Details of windpower generation and turnover

Particulars	For the year ended 31 March	
	2017	2016
Credit for units brought forward from previous year		
In units (In Lakh)	50	129
In value (₹ In Crore)	3.43	5.85
Generated, during the year		
In units (In Lakh)	867	772
Sold, during the year		
In units (In Lakh)	879	851
In value (₹ In Crore)	58.46	52.64
Credits receivable		
In units (In Lakh)	38	50
In value (₹ In Crore)	2.13	3.43

26 Employee benefits

Liability for employee benefits has been determined on the basis of an independent actuarial valuation, in conformity with the principles set out in the Accounting Standard 15 (Revised) the details of which are as hereunder.

Funded scheme

Particulars	(₹ In Crore)	
	Gratuity	
	As at 31 March	
	2017	2016
Amount to be recognised in Balance Sheet		
Present value of funded obligations	5.96	5.52
Fair value of plan assets	(2.48)	(2.35)
Net liability	3.48	3.17
Amounts in Balance Sheet		
Liability	3.48	3.17
Assets	-	-
Net liability	3.48	3.17
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	0.24	0.26
Interest on defined benefit obligation	0.37	0.35
Expected return on plan assets	(0.11)	(0.11)
Net actuarial losses/(gains) recognised in year	0.22	0.21
Total, included in 'Employee benefits expense'	0.72	0.71
Actual return on plan assets	0.30	0.18

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

26 Employee benefits (Contd.)

Funded scheme (Contd.)

Particulars	Gratuity	
	As at 31 March	
	2017	2016
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	5.52	5.12
Current service cost	0.24	0.26
Interest cost	0.37	0.35
Actuarial losses/(gains)	0.41	0.28
Liabilities assumed on acquisition/(settled on divestiture)	-	(0.49)
Benefits paid	(0.58)	-
Closing defined benefit obligation	5.96	5.52
Change in fair value of assets		
Opening fair value of plan assets	2.35	2.22
Expected return on plan assets	0.11	0.11
Actuarial gains/(losses)	0.19	0.07
Contributions by employer	0.41	0.44
Assets acquired on acquisition/(distributed on divestiture)	-	(0.49)
Benefits paid	(0.58)	-
Closing fair value of plan assets	2.48	2.35
Expected employer's contribution next year	0.50	0.50

(₹ In Crore)

Particulars	As at 31 March		
	2017	2017	2016
Assets information			
Insurer managed funds	2.48	100.00%	100.00%

Particulars	Year ended 31 March				
	2013	2014	2015	2016	2017
Experience adjustments					
Defined benefit obligation	2.75	3.84	5.12	5.52	5.96
Plan assets	1.31	1.72	2.22	2.35	2.48
Surplus/(deficit)	(1.44)	(2.12)	(2.90)	(3.17)	(3.48)
Exp. adj. on plan liabilities	-	0.51	0.20	0.30	0.13
Exp. adj. on plan assets	0.04	0.06	0.11	0.07	0.18

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

26 Employee benefits (Contd.)

Funded scheme (Contd.)

Particulars	As at 31 March	
	2017	2016
Principal actuarial assumptions (Expressed as weighted averages)		
Discount rate (p.a.)	7.35%	7.95%
Expected rate of return on assets (p.a.)	7.50%	7.50%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%
The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.		

Unfunded schemes

Particulars	As at 31 March 2017		As at 31 March 2016	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
	(₹ In Crore)			
Present value of unfunded obligations	0.79	5.21	0.70	4.23
Expense recognised in the Statement of Profit and Loss	0.28	1.67	0.27	1.15
Discount rate (p.a.)	7.35%	7.35%	7.95%	7.95%
Salary escalation rate (p.a.) - senior staff	10.00%		10.00%	
Salary escalation rate (p.a.) - junior staff	10.00%		10.00%	

Amount recognised in the Statement of Profit and Loss

Particulars	As at 31 March	
	2017	2016
Defined contribution plans:		
Provident fund paid to Government authorities	0.55	0.47
Superannuation paid to Trust	0.32	0.32
Pension fund paid to Government authorities	0.02	0.02
Others (₹ 16,785 - previous year ₹ 15,053)		
Defined benefit plans:		
Gratuity	0.72	0.71
Others (₹ 86,729 - previous year ₹ 30,457)	1.61	1.52

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

27 Segment information

Segment information based on consolidated financial statements is given in note 33 to consolidated financial statements.

The Company has disclosed the business segments as primary reporting segment on the basis that risks and returns are primarily determined by the nature of products and services. Consequently, geographical segment has been considered as a secondary segment.

The business segments have been identified on the basis of the nature of products and services, the risks and returns and internal performance reporting systems.

The business segments comprise the following:

- i. Insurance
- ii. Windmill
- iii. Retail financing
- iv. Investments and others

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

28 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	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
Bajaj Allianz General Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (81,568,165 shares of ₹ 10 each)	-	81.57	-	81.57
	Rent received	1.87	-	1.87	-
	Deposit received	-	(1.87)	-	(1.87)
	Insurance premium paid	0.40	0.38	0.47	-
Bajaj Allianz Life Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (111,524,660 shares of ₹ 10 each)	-	111.52	-	111.52
	Revenue expenses reimbursed	-	0.07	-	0.19
Bajaj Finance Ltd. (57.80% shares held by Bajaj Finserv Ltd.)	Contribution to equity (317,816,130 shares of ₹ 2 each) (Previous year - 30,856,613 shares of ₹ 10 each)	408.11	1,910.73	-	1,502.62
	Subscription/(conversion) to preferential convertible warrants (925,000 warrants of ₹ 4,412 each - 25% paid)	(102.03)	-	102.03	102.03
	Investment/(redemption) in non convertible debentures/ commercial paper	(95.00)	475.00	-	250.00
	Investment/(maturity) in fixed deposits	(100.00)	50.00	150.00	150.00
	Interest received on non convertible debentures	34.12	-	11.82	-
	Interest accrued on fixed deposits	9.50	6.39	5.62	5.62
	Dividend received	21.60	-	111.08	-
	Licence fee received (Current year - ₹ 505, Previous year - ₹ 505)	-	-	-	-
	Business support services received	0.26	-	0.20	-
	Business support services rendered	8.68	-	6.92	-
Bajaj Financial Holdings Ltd. (Fully owned subsidiary)	Contribution to equity (2,500,000 shares of ₹ 10 each)	-	2.50	-	2.50
Bajaj Housing Finance Ltd. (Fellow Subsidiary)	Nil	-	-	-	-
Bajaj Financial Securities Ltd. (Fellow Subsidiary)	Nil	-	-	-	-
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party)	Shares of BFS held by BHIL (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	-	-	21.81	-
	Business support services received	0.07	-	0.06	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	0.53	-	0.39	-
C Individuals controlling voting power/exercising significant influence and their relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.03	-	0.05	-
	Commission	0.03	(0.03)	0.05	(0.05)
Madhur Bajaj	Sitting fees	0.03	-	0.03	-
	Commission	0.03	(0.03)	0.03	(0.03)
Rajiv Bajaj	Sitting fees	0.03	-	0.03	-
	Commission	0.03	(0.03)	0.03	(0.03)
Sanjiv Bajaj (Managing Director) (Also Key management personnel)	Remuneration	1.54	-	1.46	-
	Commission	3.24	(3.24)	3.06	(3.06)
Shekhar Bajaj	Nil	-	-	-	-
Niraj Bajaj	Nil	-	-	-	-

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

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

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
D Key management personnel and their relatives: Included in 'C' above					
E Enterprises over which anyone in (c) and (d) exercises significant influence:					
Bajaj Auto Ltd.	Sale of windpower	21.51	-	18.23	-
	Business support services received	0.48	-	0.53	-
Bajaj Electricals Ltd.	Purchases	-	-	-	-
Bajaj Auto Holdings Ltd.	Shares of BFS held by BAH (209,005 shares of ₹ 5 each)	-	(0.10)	-	(0.10)
	Dividend paid	-	-	0.07	-
Hind Musafir Agency Ltd.	Services received	0.09	-	0.01	-
Mukand Ltd.	Sale of windpower	36.74	0.63	28.21	1.99
	Rent paid	0.06	-	0.06	-
	Security deposit paid	-	4.00	-	4.00
	Interest/(rebate) received	0.13	-	-	-
Maharashtra Scooters Ltd.	Shares of BFS held by MSL (3,725,740 shares of ₹ 5 each)	-	1.86	-	1.86
	Dividend paid	-	-	1.30	-

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard 18 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

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

29 Lease

As a lessor:

The Company has given a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
i) Office premises:		
Gross carrying amount	8.25	8.25
Depreciation for the year	0.13	0.13
Accumulated depreciation	2.36	2.23

ii) The total future minimum lease rentals receivable at the Balance Sheet date is as under:

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Receivable		
Within one year	1.87	1.87
After one year but not more than five years	5.06	6.93
More than five years	-	-
	6.93	8.80

As a lessee:

The Company has taken a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

The total future minimum lease rentals payable at the Balance Sheet date is as under:

Particulars	(₹ In Crore)	
	As at 31 March	
	2017	2016
Payable		
Within one year	0.06	0.06
After one year but not more than five years	0.15	0.21
More than five years	-	-
	0.21	0.27

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

30 Joint ventures

The Company has the following investment in jointly controlled entity:

Name of joint venture	Country of incorporation	Proportion of ownership interest	
		As at 31 March	
		2017	2016
Bajaj Allianz Financial Distributors Ltd. (BAFDL)	India	50%	50%
Bajaj Allianz General Insurance Co. Ltd. (BAGICL)*	India	74%	74%
Bajaj Allianz Life Insurance Co. Ltd. (BALICL)*	India	74%	74%

*Consolidated as subsidiary

The Company's share of each of the assets, liabilities, income and expenses in the joint venture, based on the audited financial statements are as below:

Particulars	31 March 2017			31 March 2016		
	BAFDL*	BAGICL	BALICL	BAFDL*	BAGICL	BALICL
	(₹ In Crore)					
(a) Assets:						
Fixed assets	-	219.45	167.61	-	202.07	162.65
Investments (shareholders' and policyholders')	-	7,601.84	36,048.74	-	6,611.63	32,639.54
Non-current investments	4.32	-	-	3.48	-	-
Deferred tax assets (net)	0.04	47.57	-	0.04	46.89	-
Long-term loans and advances	0.07	-	-	0.08	-	-
Other non-current assets	3.60	-	-	4.52	-	-
Current investments	3.91	-	-	5.75	-	-
Trade receivables	0.38	-	-	0.47	-	-
Cash and bank balances	0.05	411.71	455.07	0.09	204.63	247.69
Short-term loans and advances	0.13	-	-	0.16	-	-
Advances and other assets	-	1,138.78	1,565.88	-	711.28	1,006.44
Other current assets	1.99	-	-	2.27	-	-
(b) Liabilities:						
Other long-term liabilities	-	-	-	-	-	-
Long-term provisions	2.00	-	-	2.20	-	-
Trade payables	0.09	-	-	0.03	-	-
Current liabilities	2.38	4,612.11	1,335.43	5.05	3,788.67	907.75
Short-term provisions	0.76	-	-	1.13	-	-
Provisions	-	2,191.61	346.02	-	1,923.45	322.84
Policyholders' funds	-	-	30,045.97	-	-	27,024.96
Fund for future appropriations	-	-	237.96	-	-	153.46

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

30 Joint ventures (Contd.)

(₹ In Crore)

Particulars	31 March 2017			31 March 2016		
	BAFDL*	BAGICL	BALICL	BAFDL*	BAGICL	BALICL
(c) Income:						
Amounts transferred from the policyholders' account	-	-	273.00	-	-	230.47
Revenue from operations	52.06	806.39	571.89	127.25	581.87	559.33
Other income	0.49	6.17	-	0.27	0.81	-
(d) Expenses:						
Employee benefits expense	48.71	-	-	121.36	-	-
Other expenses	2.61	14.76	145.33	4.84	11.79	62.49
Current and deferred tax	0.42	259.21	80.74	0.65	153.36	76.87
Tax (debits)/credits pertaining to earlier years	-	-	-	0.02	-	-

(e) Share of the Company in the contingent liabilities and commitments has been disclosed in note 30 and 31 to consolidated financial statements.

* Based on consolidated financials.

31 From 2015-16, the Company has been classified as a 'Core Investment Company' (CIC) and hence is no more registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934. Consequently, the requirement of creating a Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 and other prudential norms for Non Banking Finance Companies are not applicable to the Company.

32 The consolidated financial statements of the Company along with its subsidiaries and joint venture are attached to these standalone financial statements. The details of the group regarding the nature of relationship and the basis of consolidation can be referred to in note 1 to the said consolidated financial statements.

33 Previous year figures

Previous year figures have been regrouped wherever necessary to make them comparable with those of the current year.

34 Miscellaneous

- ₹ 1 crore is equal to ₹ 10 million.
- Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

In terms of our report of even date

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

Anish P Amin
Partner
Membership Number: 40451
Pune: 17 May 2017

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee





Bajaj Finserv Limited
Akurdi, Pune - 411 035, India.
www.bajajfinserv.in



Business Responsibility Report

Section A General information about the Company

1	Corporate Identification Number	L65923PN2007PLC130075
2	Name of the Company	Bajaj Finserv Ltd.
3	Registered address	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035
4	Website	www.bajajfinserv.in
5	Email address	investors@bajajfinserv.in
6	Financial year reported	1 April 2016 – 31 March 2017
7	Sector(s) that the Company is engaged in	Financial Services (Investments) and Windmill
8	Three key products/services manufactured/ provided by the Company	1. Investment activity (NIC Code – 6430) 2. Electric power generation (NIC Code – 3510)
9	Total number of locations where business activity is undertaken by the Company	Two locations: Registered office at Akurdi (Pune) and Corporate office at Viman Nagar (Pune)
10	Markets served by the Company	India

Section B Financial details of the Company

1	Paid-up capital	₹ 79.57 crore
2	Total turnover	₹ 165.00 crore
3	Total profit after tax	₹ 70.02 crore
4	Total spending on CSR as percentage of profit after tax	Refer Annual Report on CSR activities
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR activities

Section C Other details

1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%]	No NA

Section D	BR information	
1a	Details of Director(s) responsible for BR	DIN 00014615 Sanjiv Bajaj Managing Director
1b	Details of the BR head	DIN 03206811 Name: S Sreenivasan Designation: CFO Telephone number: (020) 3040 5711 Email ID: s.sreenivasan@bajajfinserv.in
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report
Section E	Principle-wise performance	
1	Principle-wise performance	Included in this report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 500 listed entities based on market capitalisation on the BSE and NSE, are required to submit a 'Business Responsibility Report' (BRR) along with their Annual Report for 2016-17. This Report is required to be in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

Bajaj Finserv Ltd. (BFS), to whom the said requirement became applicable for the first time for the financial year 2015-16, presents its second BRR in line with the NVGs and the BRR requirement of SEBI. This BRR provides information on key initiatives undertaken by the Company, driven by the triple bottom line aspects. The business responsibility performance of the Company is assessed annually by BFS's Board of Directors.

BFS is the holding company for the various financial services businesses under the Bajaj Group of Companies. Through its subsidiaries, viz., Bajaj Finance Ltd. (listed material subsidiary), Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. (unlisted material subsidiaries), BFS serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance, and retirement and savings solutions. BFS also has investments in renewable energy in the form of 138 windmills situated in Maharashtra, with an aggregate installed capacity of 65.2 MW.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

BFS strives to adopt high standards of corporate governance, adhering to all applicable guidelines with transparent disclosures about the Company's performance. As the holding company of financial services businesses under Bajaj Group, BFS considers ethics, transparency and accountability to be its top-most operational priority and these values are ingrained into the daily operations across the organisation. BFS regularly engages with the management teams of subsidiaries to reinforce the group values.

BFS has a Code of Conduct for the Company's Directors and Senior Management, which states that 'Directors and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment'. A declaration of the Directors and Senior Management's affirmation to this Code of Conduct is communicated to all

stakeholders by the Managing Director in the Annual Report. The Company is also signatory to the Model Code of Conduct developed by Confederation of Indian Industry (CII). During the year, the Company adopted two CII Charters, viz., Charters on Fair & Responsible Workplace Guidelines for Contract Labour and Charters on Fair & Responsible Workplace Guidelines for Collaborative Employee Relations.

BFS has established a Whistle Blower Policy, which lays down the process to report any unethical behaviour or violation of the Code of Conduct. Employees can report to the Management any instances of unethical behaviour, or suspected fraud or violation of the Code of Conduct or ethics policy. Adequate measures are in place to ensure safeguards against victimisation for employees who report any unethical behaviour. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases. All whistle blower complaints are investigated and action initiated, where required.

No stakeholder complaints linked to the Code of Conduct adherence were received in the reporting year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Apart from being the holding company of the financial services businesses in the Bajaj Group, BFS, through its direct investment in 138 windmills with an aggregate installed capacity of 65.2 MW, is a positive contributor to green energy and sustainability.

This investment in generation of wind power allows access to clean energy in the grid, thus mitigating environmental pollution, reducing dependency on fossil fuels and also contributing towards positive climate change.

In 2016-17, the windmills generated 867 lakh units of power which was wheeled to third party consumers. The wind-farms, which are maintained under the supervision of BFS engineers and supported by comprehensive maintenance contracts, are certified for management systems, such as ISO 9001, ISO 14001 and OHSAS 18001 for quality, environment and health and safety, respectively.

All Board meetings and most internal review meetings have been made paperless with Directors and other participants accessing relevant material electronically.

Principle 3: Businesses should promote the well-being of all employees

As of 31 March 2017, BFS had a total of 18 employees, which included three women employees. There were no temporary or contractual employees in the reporting year. As a holding company with limited spheres of operations, the Company's staffing is adequate and commensurate with the scale of its business. The Company believes its employees are its greatest operational strength and invests in the growth and development of all its employees and engages with them on a regular basis. Employees are also given opportunities to move across the subsidiaries to get wider exposure.

BFS has policies and procedures in place to prevent any kind of discrimination. BFS has a 'Policy on Prevention of Sexual Harassment at Workplace' in place to ensure the safety and security of its female employees. The Company did not receive any complaint relating to child labor, forced labor, involuntary labor or sexual harassment in 2016-17 and none are pending as of 31 March 2017.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

BFS is an equal opportunity employer. Remuneration practices are based on merit without regard to the person's ethnic background or gender and are periodically updated based on market

benchmarks. The Company practices affirmative action and ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

Principle 5: Businesses should respect and promote human rights

BFS is dedicated to upholding the human rights of all its employees, and it strictly ensures compliance with all applicable laws of the land pertaining to human rights. The Company did not receive any complaint relating to violation of human rights in 2016-17.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

BFS is committed to conducting its business in a manner that protects the natural environment. Given that BFS is a holding company with no direct business operations and small number of employees, the Company does not have any significant direct environmental impacts.

The production of wind energy by BFS far exceeds its electricity consumption and BFS thus is a net contributor to the maintenance of a healthy and green environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

BFS is a member of World Economic Forum (WEF) and CII through which it actively engages in policy advocacy.

The Company is a proactive contributor to discussions and resolutions within the scope of the above mentioned associations. The Company regularly puts forward its views on setting of new industry standards and regulatory developments pertaining to the non-banking finance and insurance sectors. The Company engages in areas such as governance and administration, economic reforms, inclusive development policies, among others through its participation in the above bodies. While making recommendations, BFS attempts to balance the interests of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

The Corporate Social Responsibility (CSR) philosophy of BFS has been formulated under the vision and principles of the Bajaj Group's Founding Father, Late Shri Jamnalal Bajaj, who believed in creating shared value through fair and equitable business functioning. BFS believes that "majority of expenditures under CSR should be converted to 'investments in resource creation' for use over generations."

In 2016-17, under section 135 (Schedule VII) of the Companies Act, 2013, the Company has spent ₹ 1.67 crore, for which project/s were implemented directly or through NGOs and other welfare agencies – with further support from local authorities and business associations, wherever deemed necessary.

For more information, refer to the Annual Report on CSR activities as contained in the Annual Report 2016-17.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

BFS, being a holding company, does not have any direct customers or consumers under the scope of this BRR.