BAJAJ FINSERV

28 June 2019

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

Subject: Submission of Notice of the 12th Annual General Meeting and Annual Report for the year ended 31 March 2019 under Regulation 34

Dear Sir/Madam,

This is further to our letter dated 16 May 2019, wherein the Company had informed that the Annual General Meeting of the Company is scheduled to be held on 25 July 2019.

In terms of the requirements of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed Notice of the ensuing 12th Annual General Meeting of the Company along with the Annual Report and other documents including Business Responsibility Report for the year ended 31 March 2019.

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

Thanking you,
Yours faithfully,
For Bajaj Finserv Limited

Sonal R Tiwari

Sonal R Tiwari
Company Secretary

Encl as above

BAJAJ FINSERV LIMITED PUNE-411035.

BAJAJ FINSERV LIMITED
CIN:L65923PN2007PLC130075

Registered Office:
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035
Email Id: investors@bajajfinserv.in
www.bajajfinserv.in
Tel. No.: (020) 6610 7458
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AGM NOTICE

Notice is hereby given that the Twelfth Annual General Meeting ('AGM') of the shareholders of Bajaj Finserv Ltd. will be held on Thursday, 25 July 2019 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 and consolidated financial statements of the Company for the financial year ended 31 March 2019, together with the Directors' and Auditors' Reports thereon.

2. To declare a dividend.

3. To appoint a director in place of Madhurkumar Ramkrishnaji Bajaj (DIN 00014593), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. Ratification of remuneration to Cost Auditor for the financial year 2019-20

   To consider, and if thought fit, to pass 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 ratification of remuneration of ₹ 60,000 (Rupees sixty thousand only) plus taxes, out-of-pocket, travelling and living expenses payable to Dhananjay V Joshi & Associates, Cost Accountants (firm registration no.000030) appointed by the Board of Directors as Cost Auditor of the Company for the financial year 2019-20.'

5. Appointment of Anami N Roy as an independent director of the Company for a first term of five consecutive years with effect from 1 January 2019

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

   'RESOLVED that pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') the Rules made thereunder read with Schedule IV to the Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Anami N Roy (DIN 01361110) who was appointed by the Board of Directors, as recommended by the Nomination and Remuneration Committee, as an additional director under section 161(1) of the Act, and who vacates his office at this AGM and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner, be and is hereby appointed as an independent director of the Company for a first term of five consecutive years effective from 1 January 2019 up to 31 December 2023.

   'RESOLVED FURTHER that pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the Rules made thereunder, Anami N Roy be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.'

6. Appointment of Manish Santoshkumar Kejriwal as a non-executive and non-independent director of the Company

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

'RESOLVED that pursuant to provisions of section 152 and any other applicable provisions of Companies Act, 2013 (hereinafter referred to as the 'Act') the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Manish Santoshkumar Kejriwal (DIN 00040055) who was appointed by the Board of Directors, as recommended by the Nomination and Remuneration Committee, as an additional director of the Company with effect from 1 January 2019 under section 161(1) of the Act, and who holds office up to the date of the ensuing AGM, and is eligible for appointment, and in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013, has been received in the prescribed manner, be and is hereby appointed as a non-executive and non-independent director, liable to retire by rotation.

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

7. Re-appointment of Nanoo Gobindram Pamnani as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2019

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

'RESOLVED that pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') the Rules made thereunder read with Schedule IV to the Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as 'SEBI Listing Regulations, 2015') (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Nanoo Gobindram Pamnani (DIN 00053673), born on 26 February 1945, who was appointed as an independent director of the Company for a term of five years up to 31 March 2019 and is eligible for being re-appointed as an independent director and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner and considering the report of his performance evaluation for the year 2018-19, be and is hereby re-appointed as an independent director on the Board of the Company for a second term of five consecutive years, effective from 1 April 2019 up to 31 March 2024.

'RESOLVED FURTHER that pursuant to regulation 17(1A) of SEBI Listing Regulations, 2015, approval be and is hereby given for continuation of Nanoo Gobindram Pamnani, as an independent director of the Company, beyond 26 February 2020, on account of his attaining the age of 75 years on the said date.

'AND RESOLVED FURTHER that pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the Rules made thereunder, Nanoo Gobindram Pamnani be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.'

8. Re-appointment of Balaji Rao Jagannathrao Doveton as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2019

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

'RESOLVED that pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act') the Rules made thereunder read with Schedule IV to the Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as 'SEBI Listing Regulations, 2015') (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Balaji Rao Jagannathrao Doveton (DIN 00025254), born on 15 December 1939, who was appointed as an independent director of the Company for a term of five years up to 31 March 2019 and is eligible for being re-appointed as an independent director and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner and considering the report of his performance evaluation for the year 2018-19, be and is hereby re-appointed as an independent director on the Board of the Company for a second term of five consecutive years, effective from 1 April 2019 up to 31 March 2024.

'RESOLVED FURTHER that pursuant to regulation 17(1A) of SEBI Listing Regulations, 2015, approval be and is hereby given for continuation of Balaji Rao Jagannathrao Doveton beyond 1 April 2019, as an independent director of the Company, on account of his having already attained the age of 75 years as on the said date.

'AND RESOLVED FURTHER that pursuant to the provisions of sections 149, 197 and other applicable provisions of the Act and the Rules made thereunder, Balaji Rao Jagannathrao Doveton be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.'

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 COMMENCEMENT OF THE MEETING.

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

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

4. Brief details of the directors, who are seeking appointment/re-appointment, are annexed hereto as per requirements of regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as 'SEBI Listing Regulations, 2015') and the Act.

5. The Board of Directors has recommended dividend of ₹ 2.50 per equity share (50%) of the face value of ₹ 5 each for the year 2018-19 for the approval of members at the AGM.

6. Pursuant to section 91 of the Act and regulation 42 of SEBI Listing Regulations, 2015, the register of members and the share transfer books of the Company will remain closed from Saturday, 13 July 2019 to Thursday, 25 July 2019 (both days inclusive) for the purpose of payment of dividend.

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

   (a) to all those members holding shares in physical form as per register of members available with Karvy Fintech Pvt. Ltd. (hereinafter referred to as 'Karvy') as on closing hours on Friday, 12 July 2019; and

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

8. As per SEBI Listing Regulations, 2015 and SEBI circular dated 20 April 2018, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, dividend, if declared, will be paid through electronic mode, where the bank account details of the members required for this purpose are available. Where dividend payments are made through electronic mode, intimations regarding such remittance will be sent separately to the members. In cases, where the dividend cannot be paid through electronic mode, the same will be paid by account payee/non 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, 12 July 2019, updated particulars of their bank account, to Karvy along with a photocopy of a 'cancelled' cheque of the bank account and self-attested copy of their PAN card. Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and make sure that such changes are recorded by them correctly on or before Friday, 12 July 2019. 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. Format for updation of PAN/Bank/Contact details can be requisitioned from the Company/Karvy and is also available for download from the Company's website www.bajajfinserv.in

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

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

22. 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 AGM.

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

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

25. Route map for directions to the venue of the meeting as enclosed in this notice is also available on www.bajajfinserv.in/miscellaneous-route-map.pdf

26. In case a person has become a member of the Company after 14 June 2019 but on or before the cut-off date for e-voting, i.e., Friday, 19 July 2019, such person may obtain the User ID and Password from Karvy by email request to mohsin.mohd@karvy.com

27. **Voting through electronic means**

    In terms of the provisions of section 108 of the Act read with rule 20 of the Companies (Management and Administration) Rules, 2014, (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of SEBI Listing Regulations, 2015, the Company is providing facility of 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 Friday, 19 July 2019 (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by Karvy or to vote at the AGM. Any person who is not a member as on the cut-off date should consider this Notice for information purposes only.

The instructions for remote e-voting are as follows:

A. For members who receive Notice of AGM through email:

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

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

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

iv. After entering the appropriate details click on LOGIN.

v. You will reach the Password change menu, wherein you are required to mandatorily change your password. The new password shall comprise of minimum eight 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.

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

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

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

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

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

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT AT THE AGM PURSUANT TO THE ACT AND SEBI LISTING REGULATIONS, 2015

Item No. 3 of the Notice

Madhurkumar Ramkrishnaji Bajaj (DIN 00014593)

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

Information about the appointee

Brief Resume

Madhurkumar Ramkrishnaji Bajaj, 66, is an alumnus of Doon School, Dehradun. After obtaining his B.Com Degree from Sydenham College, Bombay, in 1973, he did his MBA at the International Institute of Management Development (IMD), Lausanne, Switzerland, in 1979.

He is the recipient of the 'Vikas Rattan' Award from the International Friendship Society of India, for enriching human life and outstanding achievements. He has more than 29 years of experience in a number of sectors including in the auto, consumer durables and financial services.

He is the Past President of SIAM, the apex association of Indian automobile manufacturers, and also the Past President of Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA), the apex Industries Association of Pune.

He has been Confederation of Indian Industry (CII) Western Region Chairman, and is currently a National Council Member of the CII. He was first appointed as director on the Board of the Company on 10 May 2007.

Major Directorships

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Electricals Ltd.
Bajaj Finance Ltd.
Bajaj Holdings & Investment Ltd.
Maharashtra Scooters Ltd.

***Committee memberships and Chairmanships:** Nil

Shareholding in the Company as on 31 March 2019: He holds 1,088,393 equity shares (includes shareholding held in other capacity) of ₹ 5 each in the Company.

Nature of expertise in specific functional areas: Management & Strategy, Global Business Leadership, Human Resources & Industrial Relations, Infrastructure & Real Estate, Economics and Statistics, etc.

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

He was first appointed to the Board with effect from 10 May 2007 and his last drawn remuneration during the financial year 2018-19 was ₹ 600,000. More details about the remuneration are available in the Annual Report. He is not related to any of the Key Managerial Personnel 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.

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

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

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

Statement under section 102 of the Act and SEBI Listing Regulations, 2015

Item No. 4 of the Notice

The Board of Directors, at its meeting held on 16 May 2019, 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 2019-20 on a remuneration of ₹ 60,000 (Rupees sixty thousand only) plus taxes, out-of-pocket, travelling 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 or a firm of cost accountants, as Cost Auditor on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders. The Board has given the necessary approvals with due recommendation from the Audit Committee. The resolution contained in item no. 4 of the Notice, accordingly, seeks members' approval/ratification for the remuneration of Cost Auditor of the Company for the financial year 2019-20.

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

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

Item No. 5 of the Notice

Anami N Roy (DIN 01361110)

Anami N Roy, 69, was appointed by the Board of Directors of the Company at its meeting held on 23 October 2018, on the recommendation of Nomination and Remuneration Committee, as an additional director in the capacity of non-executive independent director with effect from 1 January 2019. He holds office until the ensuing AGM under section 161(1) of the Companies Act, 2013.

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

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

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

The terms and conditions of his appointment shall be open for inspection at the registered office of the Company by any member during normal business hours and the same shall also be available at the Company's website.

Brief Resume

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

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

Known popularly as the People's Commissioner, he set up many citizen-friendly schemes and systems to resolve and fulfil people's problems and expectations.

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

Post retirement, he is engaged in the social/non-profit sector and runs a not-for-profit company, Vandana Foundation, for supporting people at the bottom of the pyramid.

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

Major Directorships

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Finance Ltd.
Bajaj Holdings & Investment Ltd.
Glaxosmithkline Pharmaceuticals Ltd.
Mayar Health Resorts Ltd.

***Committee Membership:**

Mayar Health Resorts Ltd.

***Committee Chairmanship:** Nil

Shareholding in the Company as on 31 March 2019: Nil

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

He was first appointed to the Board with effect from 1 January 2019 and his last drawn remuneration during the financial year 2018-19 was ₹ 200,000. More details about the remuneration are available in the Annual Report. He will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company, as per the Remuneration Policy 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 is not related to any of the key managerial personnel of the Company.

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

Brief Resume

Manish Santoshkumar Kejriwal is the Managing Partner of Kedaara Capital, a private equity investment fund focused on India. The firm's investors include endowments, private and public pension funds, sovereign wealth funds and global family offices. The firm enjoys a strategic partnership with Clayton, Dubilier and Rice.

In early 2004, Manish founded the India office of Temasek Holdings Pte. Ltd., where he headed all its investments and other activities till September 2011. He was a Senior Managing Director and also held multiple responsibilities in Temasek Singapore.

Prior to Temasek, Manish was a Partner at McKinsey and Company, Inc. and was part of their New York, Cleveland and Mumbai offices. Prior to McKinsey, Manish had worked at the World Bank in Washington D.C. and with Goldman Sachs (Principal Investment/ Corporate Finance) in HK.

He received an AB from Dartmouth College where he graduated Magna Cum Laude with a Major in Economics and Engineering Sciences and where he received the Dean's Plate. He holds an MBA from Harvard University, where he graduated with high distinction as a Baker Scholar.

He is an active member of the Young Presidents' Organization (YPO) and was named a Young Global Leader (YGL) by the World Economic Forum. He was profiled as one of the '25 hottest young executives in India' by Business Today. He has authored various articles on PE in India and has been profiled in various newspapers and periodicals. He is a sought-after speaker at numerous conferences in India, Asia and North America. Manish also serves as a member of the Alternative Investments Policy Advisory Committee, constituted by the SEBI.

Major Directorships

Bajaj Finserv Ltd.
Bajaj Holdings & Investment Ltd.
Bharti Airtel Ltd.
Parksons Packaging Ltd.

***Committee memberships**

Bharti Airtel Ltd.
Bajaj Holdings & Investment Ltd.
Bajaj Finserv Ltd.
Parksons Packaging Ltd.

***Committee Chairmanship:** Nil

Shareholding in the Company as on 31 March 2019: He holds 122 equity shares of ₹ 5 each in the Company.

Nature of expertise in specific functional areas: Management & Strategy, Global Business Leadership, Finance & Taxation, Banking, Investment & Treasury and Forex Management, Insurance, Mutual Fund & Financial Services, Audit & Risk Management, etc.

He was first appointed to the Board with effect from 1 January 2019 and his last drawn remuneration during the financial year 2018-19 was ₹ 200,000. More details about the remuneration are available in the Annual Report. He will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company, as per the Remuneration Policy 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 is not related to any of the key managerial personnel of the Company

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

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

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

Item No. 7 to 9 of the Notice

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

Since the first term of these independent directors was due for expiry, based on the recommendation of the Nomination and Remuneration Committee, considering the skills, experience, knowledge they possess and the report of performance evaluation of these independent directors for the financial year 2018-19, the Board at its meeting held on 12 March 2019 recommended for the approval of the members, the re-appointment of Nanoo Gobindram Pamnani and Balaji Rao Jagannathrao Doveton for a second term of consecutive five years with effect from 1 April 2019 up to 31 March 2024 and of Dr. Gita Piramal with effect from 16 July 2019 up to 15 July 2024 in terms of section 149 read with Schedule IV to the Act, SEBI Listing Regulations, 2015 or any amendment thereto or modification thereof.

In accordance with section 149(10) and (11) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Directors' Report. Nanoo Gobindram Pamnani, Balaji Rao Jagannathrao Doveton and Dr. Gita Piramal fulfil the requirements of an independent director as laid down under section 149(6) of the Companies Act, 2013 and regulation 16 of SEBI Listing Regulations, 2015.

In respect of the appointments of the aforesaid directors, notices in writing in the prescribed manner as required by section 160 of the Companies Act, 2013 and Rules made thereunder, has been received by the Company, regarding candidature of each of these directors for the office of director.

The independent directors have accorded their consent to act as directors and have also 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) and regulation 16 of SEBI Listing Regulations, 2015 and are not disqualified from being appointed as a director in terms of section 164 of the Act.

The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the Company by any member during normal business hours and the same shall also be available at the Company's website.

The Board is of the opinion that these directors possess requisite skills, experience and knowledge relevant to the Company's business and it would be of immense benefit to the Company to continue to have their association with the Company as independent directors.

According to section 152 of the Companies Act, 2013, read with Schedule IV to the Companies Act, 2013, in the opinion of the Board, the proposed re-appointments fulfil the conditions specified in the Act and the Rules made thereunder as also the applicable provisions of SEBI Listing Regulations, 2015 and is independent of the management of the Company.

Pursuant to regulation 17(1A) of SEBI Listing Regulations, 2015, as amended on 9 May 2018, with effect from 1 April 2019, consent of the shareholders by way of Special Resolution is required for continuation of directorship of the non-executive directors of the Company who have attained the age of 75 years. Accordingly, considering the significant benefits reaped by the Company from their experience, expertise and mature advice to the business of the Company during their tenure as independent directors, the Board recommends re-appointment for a second term of consecutive five years effective from 1 April 2019 up to 31 March 2024 of Balaji Rao Jagannathrao Doveton on account of his having already attained the age of 75 years as on 1 April 2019 and for continuation of Nanoo Gobindram Pamnani beyond 26 February 2020, on account of his attaining the age of 75 years on 26 February 2020.

Brief resume of independent directors are as follows:

1. Nanoo Gobindram Pamnani (DIN 00053673)

Nanoo Gobindram Pamnani, 74, is B A (Hons) from Bombay University (stood first in the University in Economic Major) and B Sc (Economics) from London School of Economics (Majored in Economics and Econometrics). He is on the Board of many leading companies. In his career spanning over 40 years, he held many key positions and handled a range of senior assignments both in India and abroad, which include the following:

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

His directorships/committee positions are as follows:

Major Directorships

Bajaj Finserv Ltd.
Bajaj Auto Ltd.
Bajaj Finance Ltd.
Bajaj Holdings & Investment Ltd.
Bajaj Housing Finance Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Bajaj Allianz General Insurance Company Ltd.

***Committee memberships**

Bajaj Finserv Ltd.
Bajaj Finance Ltd.
Bajaj Holdings & Investment Ltd.
Bajaj Housing Finance Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Bajaj Allianz General Insurance Company Ltd.

***Committee Chairmanships**

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Finance Ltd.

Shareholding in the Company as on 31 March 2019: Nil

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

He was first appointed to the Board with effect from 30 January 2008 and his last drawn remuneration during the financial year 2018-19 was ₹ 1,800,000 and an additional commission of ₹ 2,000,000. More details about the remuneration are available in the Annual Report. He will also be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company, as per the Remuneration Policy of the Company.

He is not related to any of the key managerial personnel 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.

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

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

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

2. Balaji Rao Jagannathrao Doveton (DIN 00025254)

Balaji Rao Jagannathrao Doveton, 79, holds a B.E. Degree in Mechanical Engineering from the University of Madras and is an Associate Member of Indian Institution of Industrial Engineering (AMIIIE). He attended the advanced management programme at the European Institute of Business Administration (INSEAD) at Fountainbleu, France in 1990.

He pursued his career as an Industrial Engineer for about eight years before joining erstwhile ICICI Ltd. (since merged with ICICI Bank Ltd.) in 1970. After holding wide ranging responsibilities in different locations, he reached the position of Deputy Managing Director. He subsequently took over as the Vice Chairman and Managing Director of SCICI Ltd., in August 1996. With the merger of SCICI Ltd. with ICICI Ltd., he moved to Infrastructure Development Finance Co. Ltd. (IDFC), as its first Managing Director, where he served till his superannuation in January 2000. He has served as the non-executive Chairman of 3M India Ltd. between 2008 and 2014. He is on the Boards of many leading companies.

His directorships/committee positions are as follows:

Major Directorships

Bajaj Finserv Ltd.
Bajaj Auto Ltd.
Bajaj Finance Ltd.
Bajaj Holdings & Investment Ltd.
CMI FPE Ltd.

***Committee memberships**

Bajaj Finserv Ltd.
Bajaj Auto Ltd.

***Committee Chairmanships**

Bajaj Auto Ltd.
Bajaj Holdings & Investment Ltd.
CMI FPE Ltd.

Shareholding in the Company as on 31 March 2019: Nil

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

He was first appointed to the Board with effect from 30 January 2008 and his last drawn remuneration during the financial year 2018-19 was ₹ 1,500,000. More details about the remuneration are available in the Annual Report. He will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company, as per the Remuneration Policy of the Company.

He is not related to any of the key managerial personnel 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.

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

The Board commends this special resolution set out in item No. 8 of the Notice for approval by shareholders.

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

3. Dr. Gita Piramal (DIN 01080602)

Dr. Gita Piramal, 64, is currently engaged in academic research at the University of Oxford. An entrepreneur and businesswoman, author and journalist, she has a PhD in business history from Bombay University. For two decades, she contributed to several Piramal family companies in India in various positions. She launched a publishing company and a real estate company. In 2012, she retired and gave up Board responsibilities and management roles.

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

Major Directorships

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

***Committee memberships**

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

***Committee Chairmanship**

Bajaj Finserv Ltd.

Shareholding in the Company as on 31 March 2019: Nil

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

She was first appointed to the Board with effect from 27 March 2014 and her last drawn remuneration during the financial year 2018-19 was ₹ 1,600,000. More details about the remuneration are available in the Annual Report. She will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company, as per the Remuneration Policy of the Company.

She is not related to any of the key managerial personnel of the Company.

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

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

The Board commends this special resolution set out in item No. 9 of the Notice for approval by shareholders.

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

Item No. 10 of the Notice

SEBI vide its circular dated 9 May 2018 has amended SEBI Listing Regulations, 2015 and has now mandated all listed companies vide regulation 17(1A) of the said Regulations to obtain shareholders' approval through special resolution for appointment/continuation of directorship of a non-executive director who has attained the age of 75 years with effect from 1 April 2019.

Since Rahulkumar Kamalnayan Bajaj, (DIN 00014529), non-executive director and Chairman of the Company has already attained the age of 75 years as on 1 April 2019, consent of the members by way of Special Resolution is sought by the Company in compliance with regulation 17(1A) of SEBI Listing Regulations, 2015, for continuance as non-executive director of the Company beyond the age of 75 years with effect from 1 April 2019 up to 16 May 2019.

Considering the significant benefits reaped by the Company from his experience, expertise and mature advice to the business of the Company during his tenure as the Chairman and considering that Rahulkumar Kamalnayan Bajaj, vide his letter dated 15 February 2019, has tendered his resignation as the non-executive Chairman of the Company to be effective from 16 May 2019 after the Board meeting, the Nomination and Remuneration committee and Board recommends his continuation as a director for the period from 1 April 2019 up to 16 May 2019.

Rahulkumar Kamalnayan Bajaj is a non-executive director and Chairman of the Company having vast and rich experience and extensive knowledge in management, business and industry environment. He has been an invaluable asset to the Company. The Company is driven by his vision and under his esteemed guidance, the Company has attained high and consistent growth over the years since inception.

Brief Resume

Rahulkumar Kamalnayan Bajaj (DIN 00014529)

Rahulkumar Kamalnayan Bajaj, 80, 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 prominent companies. He was elected to the Upper House of Parliament (Rajya Sabha 2006-2010).

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

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

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

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

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

Major Directorships

Bajaj Auto Ltd.
Bajaj Finserv Ltd.
Bajaj Holdings & Investment Ltd.
Bajaj Finance Ltd.
Bajaj Allianz General Insurance Company Ltd.
Bajaj Allianz Life Insurance Company Ltd.

***Committee memberships and Chairmanship:** Nil

Shareholding in the Company as on 31 March 2019: He holds 1,662,685 equity shares (includes shareholding held in other capacity) of ₹ 5 each in the Company.

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

He was first appointed to the Board with effect from 30 April 2007, i.e., incorporation date and his last drawn remuneration during the financial year 2018-19 was ₹ 900,000. More details about the remuneration are available in the Annual Report. He will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company, as per the Remuneration Policy of the Company during the period from 1 April 2019 up to 16 May 2019. Rahulkumar Kamalnayan Bajaj is not disqualified from being re-appointed as a director in terms of section 164 of the Act.

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 is not related to any of the directors or key managerial personnel of the Company, except Rajivnayan Rahulkumar Bajaj, Sanjivnayan Rahulkumar Bajaj and Manish Santoshkumar Kejriwal.

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

The Board commends this special resolution set out in item No. 10 of the Notice for approval by shareholders.

Item No. 11 of the Notice

In accordance with recently amended regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1 April 2019, any payment of remuneration to the Executive Director of the Company being promoters or members of the promoter group in excess of ₹ 5 crore or 2.5% of the net profits will require the approval of members of the Company by way of special resolution.

Further, pursuant to an amendment to section 197 of the Companies Act, 2013, with effect from 12 September 2018, read with Schedule V thereto, remuneration payable to the Managing Director or Whole-time Director or Manager can exceed the maximum overall ceiling limits prescribed therein with the approval of shareholders in a general meeting by a special resolution.

The remuneration of Sanjivnayan Rahulkumar Bajaj, Managing Director & CEO was approved by the members of the Company by special resolution at its Tenth AGM held on 19 July 2017 in terms of provisions of section 197 of the Companies Act, 2013, read with Schedule V thereof within the limits prescribed under the said provisions.

In view of the aforesaid amendments, as an enabling provision, it is proposed to obtain approval by way of special resolution from the shareholders of the Company at the ensuing AGM for remuneration payable to Sanjivnayan Rahulkumar Bajaj which may exceed 5% of net profits during the remainder of his current term up to 31 March 2022, subject to the limit on commission set out below.

The scale of salary, the perquisites and such other items as approved by the shareholders by way of special resolution at the 10th AGM held on 19 July 2017 are proposed to be kept unchanged. He will continue to be ineligible for any stock options. The same is in accordance with the Remuneration Policy of the Company.

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

His current basic salary with effect from 1 April 2019 is ₹ 2,141,600 p.m., which is within the scale of ₹ 900,000 to 3,500,000 approved by the shareholders on 19 July 2017, and is approved by the Nomination and Remuneration Committee and Board of Directors at their meetings held on 16 May 2019.

Limit on Commission

Commission is payable after the annual accounts are approved by the Board and adopted by the shareholders for each financial year, subject to such ceilings as may be fixed by the Board of Directors from time to time. The commission payable to Sanjivnayan Rahulkumar Bajaj will be based on the evaluation by the Nomination and Remuneration Committee of the performance of the Company which includes, inter alia, consolidated revenue, consolidated profits and new initiatives. It is proposed that such amount of Commission shall not exceed three times the annual basic salary, which is also as approved by the Board at its meeting held on 17 May 2017, pursuant to powers given by shareholders.

Rationale

In recommending the remuneration set out above for approval of shareholders, the Board of Directors and the Nomination and Remuneration Committee have taken into account the profile of Sanjivnayan Rahulkumar Bajaj, his contribution to the performance of the finance and insurance businesses, salary of other senior managerial personnel across the Company and its subsidiaries and the remuneration drawn by him as Managing Director & CEO from Bajaj Holdings and Investment Ltd., which has close linkage with the business of the Company. His remuneration is commensurate with remuneration paid to counterparts in comparable companies in the financial services as well as other industries with conglomerate structures. Bajaj Finserv, being a Core Investment Company, derives its value from the performance of its various businesses, which is reflected in its consolidated results.

Track record

Since he took over as Managing Director of Bajaj Finserv in February 2008, under his stewardship, Bajaj Finserv, Bajaj Finance, Bajaj Allianz Life and Bajaj Allianz General insurance companies have progressed into being amongst the fastest growing, most profitable and highly respected financial services businesses in India. The performance of the two listed companies during his tenure so far is summarised below:

₹ In Crore

	Bajaj Finance Ltd.			Bajaj Finserv Ltd. (consolidated)		
Particulars	**2018-19**	**2008-09**	**CAGR %**	**2018-19**	**2008-09**	**CAGR %**
Total revenue	18,502	599	41	42,807	9,872	16
Profit after tax	3,995	34	61	3,220	77	45
Market capitalisation (as on 31 March 2018 and 31 March 2009)	174,827	251	92	111,959	2,430	47

CAGR= Compounded annual growth rate. Bajaj Finserv's consolidated results include the results of the two insurance companies and Bajaj Finance Ltd.

During the financial year 2018-19 too, both Bajaj Finance and Bajaj Finserv continued their stellar performance, beating past records of growth and profit. During this financial year:

- Bajaj Finserv consolidated total income: ₹ 42,807 crore, up 30%
- Bajaj Finserv consolidated profit after tax: ₹ 3,220 crore up 22%
- Bajaj Finserv market capitalisation at year end: ₹ 111,959 crore, up 36%
- Bajaj Finance consolidated total income: ₹ 18,502 crore, up 45%
- Bajaj Finance consolidated profit after tax: ₹ 3,995 crore, up 60%
- Bajaj Finance market capitalisation at year end: ₹174,827 crore, up 71%

On 2 April 2018, Bajaj Finserv and on 29 September 2017, Bajaj Finance were included in the Nifty 50 index of the top 50 companies in India and on 24 December 2018, Bajaj Finance was also included in the BSE Sensex Index of the top 30 companies, whereas Bajaj Finserv was included in BSE Sensex 50 Index from the same date. It is a rare achievement that both the Company and its subsidiary have become part of the bellwether stock indices.

Sanjivnayan Rahulkumar Bajaj plays an active role in running the Company and overseeing its subsidiaries. He provides visionary, long-term strategic direction to the various group companies in order to deliver sustained profitable growth for its stakeholders, drives key strategic initiatives to future proof the group business from disruptions in business models, customer shifts, technology and evolving competition. He actively engages with and supports key stakeholders, regulatory bodies and industry forums in policy formulation with a balanced perspective. He conducts structured reviews of each business, monitoring progress on key planned initiatives, engaging with the CEOs of the individual businesses of the group on strategy in identifying projects of strategic importance to each business and the group. Succession planning for key managerial personnel, setting governance standards and driving group HR, digital and other initiatives are key elements of his contribution.

Sanjivnayan Rahulkumar Bajaj has won many awards including the prestigious ET Entrepreneur of the Year 2018 award by the Economic Times Group. He was also elected as Chairman of the Confederation of Indian Industry, Western region for FY2019-20.

Brief Resume

Sanjivnayan Rahulkumar Bajaj (DIN 00014615)

Sanjivnayan Rahulkumar Bajaj, 49, 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 & CEO of Bajaj Finserv 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. He is responsible for the performance of the Company on a consolidated level across its businesses.

- Since 15 October 2013, he is the Vice Chairman of Bajaj Finance Ltd.

- He is the Chairman of Bajaj Allianz Life Insurance Company and Bajaj Allianz General Insurance Company with effect from 1 April 2013. He was a Non-Executive Director of these two companies from their inception in 2001 up to 31 March 2013.

- He is the Managing Director & CEO of Bajaj Holdings & Investment Ltd. with effect from 1 April 2012 (earlier its non-executive director). His role includes building the strategy and team, and guiding this investment company, which has almost ₹ 80,000 crore in cash and investments (at market value) including 33.43% stake in Bajaj Auto and 39.16% in Bajaj Finserv as on 31 March 2019.

- He is the former Executive Director of Bajaj Auto Ltd. (until 31 March 2012), having headed the Finance & Control, Legal & International Business functions of Bajaj Auto over different periods from 1994 until 2012. Currently, he is non-executive director.

- Memberships:

  - International Advisory Board (IAB), Allianz SE

  - International Technology Advisory Panel (ITAP) of Monetary Authority of Singapore (MAS)

- Awards:
  - All India Management Association (AIMA) Managing India Awards - Entrepreneur of the Year Award 2019
  - Economic Times - ET Business Leader of the Year Award 2018
  - Asian Centre's Leadership, Corporate Governance, Sustainability and CSR Awards - Transformational Leader Award (Large Cap Category) 2017
  -

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

The Board of Directors commends this special resolution set out in item No. 11 of the Notice for approval by shareholders.

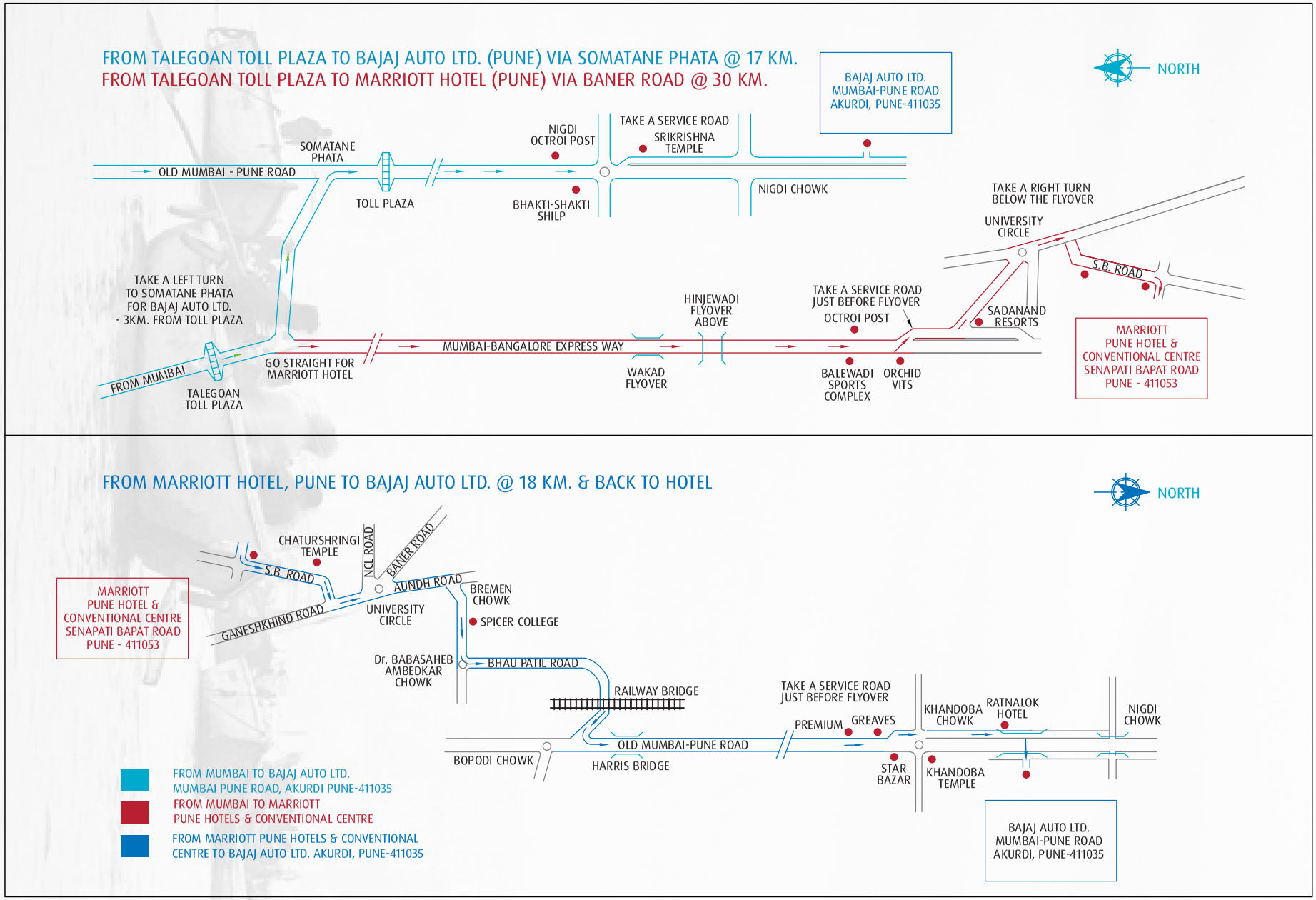
By order of the Board of Directors
For Bajaj Finserv Ltd.

Sonal R Tiwari

Sonal R Tiwari
Company Secretary

Pune: 16 May 2019

ROUTE MAP TO VENUE OF THE MEETING



BAJAJ FINSERV LIMITED
(CIN: L65923PN2007PLC130075)

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

PROXY FORM

Form No. MGT-11

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWELFTH Annual General Meeting of the Company, to be held on Thursday, 25 July 2019 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 2019 and the Directors' and Auditors' Reports thereon		
2	Declaration of dividend of ₹ 2.50 per equity share (50%) of face value of ₹ 5 each, for the year ended 31 March 2019		
3.	Re-appointment of Madhurkumar Ramkrishnaji Bajaj, who retires by rotation		
	Special Business		
4.	Ratification of remuneration to Cost Auditor for the year 2019-20		
5.	Appointment of Anami N Roy as an independent director		
6.	Appointment of Manish Santoshkumar Kejriwal as Non-executive Non-independent Director		
7.	Re-appointment of Nanoo Gobindram Pamnani as an independent director		
8.	Re-appointment of Balaji Rao Jagannathrao Doveton as an independent director		
9.	Re-appointment of Dr. Gita Piramal as an independent director		
10.	Continuation of Rahulkumar Kamalnayan Bajaj as a Non-executive and Non- independent director of the Company from 1 April 2019		
11.	Approval relating to payment of remuneration to Sanjivnayan Rahulkumar Bajaj, Managing Director & CEO of the Company		

Signed this _____ day of _____ 2019

Affix revenue stamp

Signature of shareholder

Signature of proxy holder(s)

Notes:

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

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

ATTENDANCE SLIP

BAJAJ FINSERV

12th Annual Report 2018-19

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 TWELFTH Annual General Meeting of the Company on **Thursday, 25 July 2019 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.

BAJAJ FINSERV LIMITED

12th ANNUAL REPORT 2018-19

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Management

Sanjiv Bajaj
Managing Director & CEO

Ranjit Gupta
President (Insurance)

Kevin D'sa
President (Business Development)
(up to 31 March 2019)

V Rajagopalan
President (Legal & Taxation)

Anish Amin
President (Group Assurance, Risk and M & A)
(w.e.f. 4 February 2019)

Devang Mody
President (Special Projects)
(w.e.f. 3 January 2019)

Ganesh Mohan
Group Head-Strategy

Deepak Reddy
Group Head-Human Resources

Ajay Sathe
Group Head-Customer Experience & CSR

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.

Rakesh Bhatt
CEO, Bajaj Finserv Direct Ltd.

CFO

S Sreenivasan

Company Secretary

Sonal R Tiwari

Auditors

S R B C & CO LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Cost Auditor

Dhananjay V Joshi & Associates
Cost Accountants

Bankers

Citibank N A

HDFC Bank

Registered under the Companies Act, 1956

Registered Office

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

CIN: L65923PN2007PLC130075

Corporate Office

Bajaj Finserv House
Viman Nagar, Pune-411 014.

LEADING THE WAY

Seating (Left to Right): **V Rajagopalan, Sanjiv Bajaj, Nanoo Pamnani, Ranjit Gupta**

Standing (Left to Right): **Ajay Sathe, Ganesh Mohan, Rakesh Bhatt, S Sreenivasan, Atul Jain, Tapan Singhel, Rajeev Jain, Tarun Chugh, Deepak Reddy, Devang Mody, Anish Amin**

CHAIRMAN'S LETTER

Dear Shareholder,

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

In brief, how did the three operating entities perform in FY2019?

Lending: Bajaj Finance Ltd. (BFL)

BFL has continued to deliver outstanding results. Here is a summary:

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

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

BAGIC is one of India's leading composite general insurers offering all types of general insurance including motor, health, crop insurance, marine, and various forms of corporate insurance. In an extremely competitive and dynamic market, it has built a strong retail franchise and retained a leading position among private insurers. BAGIC's results for FY2019 were as follows:

- Some 20 million policies were issued, versus 13 million in FY2018.
- Gross written premium (GWP) increased by 17% to ₹ 11,097 crore.
- Net earned premium for FY2019 grew by 15.7% to ₹ 7,010 crore.
- The combined ratio was 96.7%. A combined ratio below 100% indicates that a company is making profits from insurance operations — and is considered as a sign of soundness of any general insurer.
- PAT decreased by 15.3% to ₹ 780 crore in FY2019, mainly on account of losses from the catastrophic Kerala floods, impairment on investments in a large systemically important NBFC, and additional investments to increase growth in retail channels.
- The solvency margin was 255% — well above the normal regulatory requirement of 150%.
- Return on average equity was 16.2%. This was 6.8 percentage points lower than the previous year, and entirely on account of lower PAT in FY2019.

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

BALIC was able to drive a balanced and sustainable product mix, with a view of de-risking its business from volatile market movements and, in the process, showed impressive growth during the year. The key results for FY2019 were:

- Rated individual new business premium increased by 24.7% to ₹ 1,742 crore.
- New business premium grew by 14.7% to ₹ 4,923 crore.
- Renewal premium grew by 19.7% to ₹ 3,934 crore.
- GWP rose by 16.9% in FY2019 to ₹ 8,857 crore.
- Profit after tax was ₹ 502 crore.
- AUM grew by 8.9% to ₹ 56,620 crore as on 31 March 2019.
- BALIC had a solvency ratio of 804% as on 31 March 2019 — well in excess of the regulatory minimum of 150%.

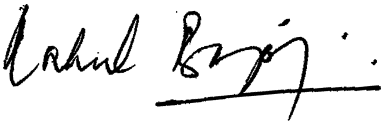
All the three businesses have operated well. Therefore, congratulations are in order for the performance in FY2019. And here's to even better performance in FY2020.

Having completed 80 years of age and having been Chairman from the inception of the Company, I believe, the time has come for me to hand over the baton to someone more appropriate. I have thus decided to step down as Chairman. I believe, Mr. Nanoo Pamnani, who is already the Vice Chairman of your Company, will make an excellent Chairman.

I sincerely thank you for the unstinted support that you have always extended to me and I am sure you will continue to provide the same for the new Chairman as well.

Wishing you and your Company all the best in the years ahead.

Yours sincerely,



Rahul Bajaj
Chairman

16 May 2019

MANAGEMENT DISCUSSION AND ANALYSIS

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

More specifically, the areas of business are as follows:

Lending

BFS participates in the financing business through Bajaj Finance Ltd. (BFL), a company listed on The Stock Exchange, Mumbai (the BSE) and the National Stock Exchange (NSE). On 24 December 2018, BFL was included in the benchmark BSE Sensex index of the top 30 stocks in India.

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

The shareholding of Bajaj Finserv in BFL was 54.99% as at the end of the reporting year.

Protection and Savings

These are done through (i) Bajaj Allianz General Insurance Company Ltd. (BAGIC) for general insurance including health insurance; and (ii) Bajaj Allianz Life Insurance Company Ltd. (BALIC) for life insurance and retirement plans. BAGIC and BALIC are both unlisted joint ventures with Allianz SE, one of the world's leading composite insurers.

As on 31 March 2019, Bajaj Finserv held 74% of the equity capital in both BAGIC and BALIC, with the balance being held by Allianz.

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

During the year, the Company set up a wholly-owned subsidiary called Bajaj Finserv Direct Ltd. (BFSD), by changing the name of an existing non-operative subsidiary, Bajaj Financial Holdings Ltd. Over time, this entity is expected to offer the complete range of financial products for retail consumers through a best-in-class digital platform.

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

Bajaj Finserv and BFL adopted the Indian Accounting Standards (Ind AS) from 1 April 2018. Hence, the standalone and consolidated results of BFS for FY2019 are compliant with Ind AS. The financials for FY2018 have been restated to be Ind AS compliant and are, therefore, comparable.

The standalone financial statements of the two insurance companies, BAGIC and BALIC, are prepared under applicable regulations of the Insurance Regulatory and Development Authority of India (IRDAI). Thus, the financials in the sections on BAGIC and BALIC in this chapter are as per Indian GAAP and IRDAI regulations. However, for purposes of the consolidated accounts of BFS, they have provided Ind AS compliant figures.

Macroeconomic Overview

At the beginning of FY2019 there was an expectation of higher growth as the economy seemed to have overcome the teething troubles of the Goods and Service Tax (GST). However, a rise in the current account deficit (CAD), concerns relating to rising non-performing assets (NPAs), decline in liquidity, tighter bank credit to industry, and relatively lacklustre sectoral performance contributed to uncertainties around whether India would actually post higher GDP growth.

The second advance estimates of national income for financial year 2018-19 (FY2019) released by the Central Statistics Office (CSO) on 28 February 2019 suggest that growth has slowed down. The CSO estimates real GDP growth in FY2019 at 7% versus 7.2% in FY2018. Quarterly growth also reduced — from 8% in Q1 FY2019 to 7% in Q2 and then to 6.6% in Q3.

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

Table 1: Growth in real GDP and GVA, India

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

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

Thanks to a widening trade deficit, the current account deficit (CAD) rose to 2.6% of GDP during April-December 2018 — up from 1.8% a year ago. There was a net outflow of US$ 17.5 billion of foreign currency reserves in April-December 2018, versus a net inflow of US$ 30.3 billion over the same period a year earlier.

The good news was inflation. In January 2019, the consumer price index (CPI) inflation reached a 19-month low of 1.9%. It picked up marginally in February to 2.6%, thanks to a low base and an uptick in prices of some food categories. Even so, the RBI has projected headline inflation to remain soft in the near term: 2.4% in Q4 FY2019, 2.9% to 3% in H1 FY2020, and 3.5% to 3.8% in H2 FY2020. It has, however, acknowledged the monsoon risk from El Niño conditions and highlighted uncertainties in oil price movement.

That the RBI does not see inflation as a material risk has been underscored by the majority of the members of the RBI's Monetary Policy Committee (MPC) — which recommended two successive cuts of 25 bps each in the policy rates and maintained a neutral monetary stance.

Gross NPAs of scheduled commercial banks declined from 11.5% in March 2018 to 10.8% in September 2018, thus creating hopes of an orderly resolution in reasonably quick time. However, these were belied when the Supreme Court intervened on 2 April 2019 and set aside the RBI's circular of 12 February 2018 which had asked banks to replace several existing restructuring schemes by a uniform process under the Indian Bankruptcy Code. This decision has created considerable ambiguity regarding bad loans and NPA resolutions. The RBI has issued a statement that it will take necessary steps, including issuing a revised circular for expeditious and effective resolution of stressed assets. Until such a circular is issued, the classification of NPAs and provisioning requirements would be left to individual banks — which may accentuate an already deep malaise.

Systemic liquidity swung between surplus and deficit during FY2019, with the RBI having to intervene to smoothen liquidity flows. This liquidity stress was compounded thanks to major debt defaults by a large systemically important NBFC. That led to the virtual drying up of money markets; and access to funds for borrowers such as NBFCs and HFCs were deeply impacted. While H2 FY2019 has been an extremely challenging period for both NBFCs and HFCs, these disruptions have not yet completely settled.

Banking credit continued to post double-digit growth, registering 14.1% increase on-year as of 15 March 2019. Unfortunately, this growth was not broad-based. Bank credit to industry grew anaemically, while the service sector and the retail segment saw fairly strong growth.

We at BFS believe that FY2020 may be a challenging year. Our reasons are as follows:

a) recent increases in international crude prices;
b) some high frequency indicators — such as growth in manufacturing and capital goods, the Index of Industrial Production, auto sales — suggesting moderation in activity, amidst a slowing global economy;
c) the possibility of El Niño and its risk to food prices; and
d) budgetary and political announcements such as basic minimum income support for the poor, if implemented across-the-board, could add to the fiscal deficit and inflation.

Lending

Bajaj Finance Ltd. (BFL)

BFL is a deposit taking Non-Banking Financial Company (NBFC-D) registered with the RBI and is engaged in the business of lending. It has a diversified lending portfolio across retail, small and medium enterprises (SMEs) and commercial customers with presence in both urban and rural India. BFL accepts public and corporate deposits and extends a variety of partnerships and service offerings to its customers.

It has two fully owned subsidiaries: (i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing') which is registered with National Housing Bank as a Housing Finance Company (HFC), and (ii) Bajaj Financial Securities Ltd. (BFSL). BHFL started its operations in FY2018; BFSL is yet to get into business.

Industry update

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

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

	As on 31 March 2018		As on 30 September 2018	
Particulars	**NBFCs**	**SCBs**	**NBFCs**	**SCBs**
Growth in Advances (%)	19.2	10.4	16.3	13.1
Gross Non-Performing Assets (%)	5.8	11.6	6.1	10.8
Net Non-Performing Assets (%)	3.8	6.1	3.1	5.3
Return on Assets (ROA) (%)	1.7	-0.2	1.8	-0.004
Return on Equity (ROE) (%)	7.5	-1.9	4.4	-0.04

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

Business update

BFL enjoyed yet another strong year of performance aided by a diversified product mix, robust volume growth, prudent operating costs and effective risk management. With assets under management (AUM) of ₹ 98,671 crore (on standalone basis) and ₹ 115,888 crore (on consolidated basis), BFL is one of the leading diversified NBFCs in the country today. Highlights of its performance are given below.

Bajaj Finance: Performance Highlights FY2019

- Assets under management, standalone: up 25% to ₹ 98,671 crore.
- Assets under management, consolidated: up 41% to ₹ 115,888 crore.
- Total income, consolidated: up 45% to ₹ 18,502 crore.
- Impairment of financial assets, consolidated: ₹ 1,501 crore. BFL's consolidated net NPA at 0.63% was among the lowest in the NBFC industry.
- Profit before tax, consolidated: up 61% to ₹ 6,179 crore.
- Profit after tax, consolidated: up 60% to ₹ 3,995 crore.
- Capital adequacy on a standalone basis as on 31 March 2019 was 20.66%, which is well above the RBI norms. Tier I adequacy was 16.27%

BFL focuses on six broad categories: (i) consumer lending (ii) SME lending (iii) commercial lending (iv) rural lending (v) deposits (vi) partnerships and services. It is present in 1,830 locations across the country, including 903 locations in rural/smaller towns and villages.

Bajaj Finance prudently managed its asset liability management (ALM) with a strategy of raising long-term debt and maintaining a judicious mix of borrowings between banks, money markets and deposits. It continued to closely monitor liquidity in the market, with the Asset-Liability Committee (ALCO) running a liquidity management desk to reduce this risk by maintaining an optimal liquidity buffer. This enabled BFL to deftly overcome the severe liquidity crisis and volatile interest rates in Q3 FY2019 triggered by a debt repayment default of a large systemically important NBFC. In such a difficult milieu, the increase in cost of funds for FY2019 versus FY2018 was only 5 bps. As on 31 March 2019, BFL's consolidated borrowings stood at ₹ 101,588 crore.

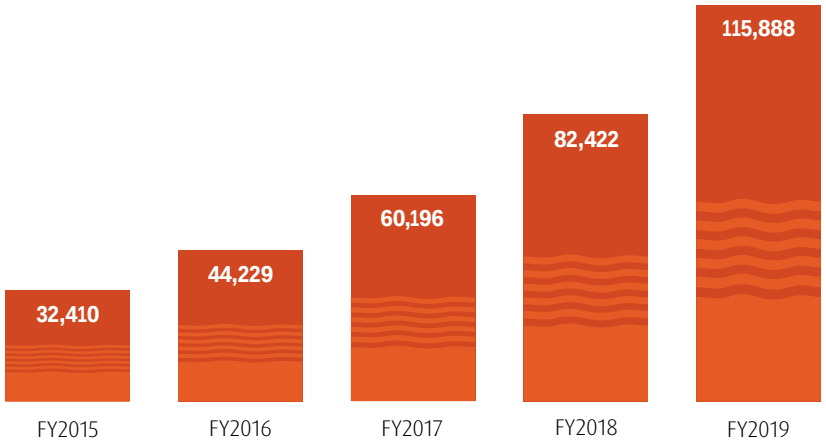
Table 3 gives a break-up of BFL's AUM as on 31 March 2019.
Chart A depicts the growth in AUM over the last five years.

Table 3: BFL's consolidated assets under management

(₹ In Crore)

	Consolidated		
Assets under management	**FY2019**	**FY2018**	**% Change**
Consumer B2B-Auto Finance Business	9,726	6,290	55%
Consumer B2B-Sales Finance	12,261	9,252	33%
Consumer B2C Businesses	23,002	15,402	49%
SME Business	15,759	11,434	38%
Rural B2B-Sales Finance Businesses	2,142	1,281	67%
Rural B2C Businesses	7,101	4,177	70%
Commercial Lending Business	5,668	4,152	37%
Loans Against Securities	6,359	6,790	(6%)
Mortgages	33,870	23,644	43%
Total	**115,888**	**82,422**	**41%**

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



FY2019 AUM is as per Ind AS, FY2018 AUM has been recast as per Ind AS while FY2015 to FY2017 numbers are as per Indian GAAP

Consumer lending

BFL continued as the dominant consumer durables and digital products lender in India in FY2019.

- It financed 12.7 million purchases against 9.9 million in the previous year, a growth of 29%.
- Its unique Existing Member Identification (EMI) card, with over 18.5 million cards in operation, enabled customers to avail instant finance after the first purchase. It financed 11.5 million purchases in FY2019 through the EMI card versus 6.75 million in FY2018, a growth of 70%.
- It was the largest financier of Bajaj motorcycles and three-wheelers in FY2019, with gross deployments at ₹ 8,271 crore — a growth of 55% over FY2018.
- The lifestyle finance business concluded some 481,000 transactions, representing a growth of 52% from FY2018.
- To further its health care financing business, BFL introduced a 'Health Care EMI Card'.
- BFL also expanded its online travel segment, executed over 2.1 million transactions in FY2019 versus 0.7 million in FY2018.
- Personal loans cross-sell and salaried personal loans AUMs grew by 56% and 36% respectively.

SME lending

- Business loans AUM grew by 21% in FY2019.
- Professional loans deployment grew 73% in FY2019, enabled by a 'Direct to Customer' initiative, analytics-based eligibility and robust risk assessment model. Professional loans portfolio contributed to 34% of unsecured SME lending.
- BFL launched two new products in the SME lending business in FY2019: used car financing and secured enterprise loans.
  Secured lending comprises loan against property, home loans, lease rental discounting and developer financing. Since February 2018, incremental business of secured lending has been done through Bajaj Housing Finance Ltd. (BHFL).

Rural lending

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

From Consumer Finance to SME loans and Commercial Lending to Deposits

Over 40 smart financial products to suit your varied needs

34 Million+
Customers

1800+
Locations across india

BBB-/Stable
S&P Global Rating

BAJAJ FINANCE LIMITED

Asset Liability Management (ALM)

BFL standalone had a total borrowing of ₹ 86,352 crore as on 31 March 2019. Its Asset-Liability Committee (ALCO), set up in line with guidelines issued by the RBI, monitors asset-liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. The Company continued to raise longer tenor borrowings in FY2019 as well. It has maintained a significantly positive ALM position across all buckets.

Bajaj Housing Finance Ltd. (BHFL)

BHFL started its operations in FY2018 and all the incremental mortgage business is now done through BHFL. It mainly offers the following products to its customers: (i) Home loans (ii) Loan against property and lease rental discounting (iii) Developer financing. It also has a dedicated vertical offering home loans and loan against property to rural individual and MSME customers.

BHFL closed FY2019 with an AUM of ₹ 17,562 crore.

Protection and Savings

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

BAGIC is one of India's leading composite general insurers offering all types of general insurance including motor, health, crop insurance, marine, 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 — supported by strong underwriting, multi-channel distribution and prudent financial management. In a market where competition is chasing market share, BAGIC has differentiated itself by focusing on building a profitable and diversified portfolio.

Industry update

FY2019 was a challenging year for the general insurance industry for several reasons, some of which were:

a) Intensified price competition in the motor segment, which is the largest in the market.
b) Reinsurance terms for crop insurance hardened with lower commissions and more stringent conditions.
c) Unprecedented floods that swamped much of Kerala.
d) Debt default by a large systemically important NBFC.

Despite this challenging backdrop, the industry posted a reasonable growth of 12.8% for FY2019. This was largely driven by significant growth in motor, health and crop insurance. BAGIC did very well, posting an industry beating growth rate of 17.1%.

The growth rates in gross direct premium in India (excluding reinsurance accepted) of the industry and of BAGIC, including crop insurance, are shown in Table 5.

Table 5: Gross direct premium in India – the general insurance industry*

(₹ In Crore)

Particulars	Gross premium	
	FY2019	FY2018
Bajaj Allianz	**11,059**	**9,445**
Private Sector	81,597	65,430
Public Sector	68,720	67,794
Industry	150,317	133,224
Standalone Health Insurers (SAHI)	11,362	8,314
Industry including SAHI	161,679	141,538
Growth rates		
Bajaj Allianz	**17.1%**	**23.7%**
Private Sector	24.7%	21.6%
Public Sector	1.4%	12.6%
Industry	12.8%	16.8%
Standalone Health Insurers (SAHI)	36.7%	41.7%
Industry including SAHI	14.2%	17.4%

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

Excluding crop insurance, which is mainly a tender-driven business in which your Company participates selectively, your Company grew by 26.1% compared to the industry growth of 11.5%.

Consequent to various judicial pronouncements, the regulatory framework for the motor insurance segment underwent a major change during FY2019. From 1 September 2018, the IRDAI made it mandatory to issue three-year motor third party insurance policies for new cars and five-year motor third party insurance policy for two-wheelers, along with the option of package policy or bundled covers. Since a great deal of churn in motor insurance happens after the first year, this development is expected to radically change market dynamics in FY2020.

Business update

BAGIC has a strong focus on growing its retail business. This includes motor insurance, health insurance for individuals, other personal insurances, insurance for commercial entities like shops, SMEs, etc. These businesses are supported by a strong book of medium and large corporate insurances. BAGIC also participates in annual tender-driven businesses like crop insurance and government health schemes.

The Company continued to balance growth with profitability. It did so by (a) robust and prudent underwriting practices (b) generation of cash flows through strong retention of premium and judicious investments of the proceeds (c) focus on high quality customer service.

Widespread catastrophic floods in Kerala in August 2018 resulted in huge losses to the extent of ₹ 126 crore. After reinsurance and reinstatement of reinsurance treaties, the profit and loss account was negatively impacted by ₹ 50 crore. In addition, BAGIC had an exposure to commercial paper issued by a large systemically important NBFC, which defaulted on its obligations. As a measure of abundant caution, the Company took an impairment loss for the entire amount during the year.

Notwithstanding these unexpected losses, BAGIC continues to be among the more profitable general insurers vis-à-vis peers in the public and private sectors of comparable size. At 96.7% in FY2019, it is expected to have one of the lowest combined ratios in the industry, reflecting a sound balance between growth and profitability.

Motor and retail health insurance are the major focus areas, with 49% of gross premium coming from these lines. BAGIC's online sales channel, which offers 24x7 ease of buying, grew by 33.1% during FY2019. This channel is ideally suited for off-the-shelf retail products like motor and health.

BAGIC continued to expand its network of independent bancassurance partners including private banks, public sector banks, regional banks, small finance banks and cooperative banks.
The Company has the strongest network of bancassurance partners among all insurers; and this channel is expected to provide strong momentum for growth and profits in the coming years.

During FY2019, BAGIC tied up with 33 new corporate agents including large banks like Central Bank of India and Citi Bank; new age financial intermediaries such as Aditya Birla Idea Payments Bank, and Jana Small Finance Bank. The year also marked BAGIC's entry into the e-commerce space by partnering with Flipkart through an exclusive corporate agency.

Bajaj Allianz General Insurance: Performance Highlights FY2019

- Gross written premium (GWP) rose by 17% for FY2019 to ₹ 11,097 crore. Excluding crop insurance, GWP grew by 25.9% to close at ₹ 9,635 crore.
- BAGIC's market share in the industry, including standalone insurers, increased to 6.84% in FY2019 versus 6.67% a year earlier.
- Net earned premium for FY2019 grew by 15.7% to ₹ 7,010 crore.
- The combined ratio was 96.7%. A combined ratio below 100% indicates that a company is making profits from insurance operations, and is considered as a sign of soundness of any general insurer.
- Profit after tax decreased by 15.3% to ₹ 780 crore in FY2019. This was mainly on account of catastrophic losses from the Kerala floods, impairment provisions for investments in a large systemically important NBFC and additional investments to support growth in retail channels.
- Some 20 million policies were issued in the year, versus 13 million in FY2018.
- 2,683,374 claims were reported in the year, versus 1,205,421 in FY2018.

Financial performance

BAGIC's financial performance for FY2019 is summarised in Table 6.
Chart B plots BAGIC's PAT over the last five years.

Table 6: BAGIC's financials

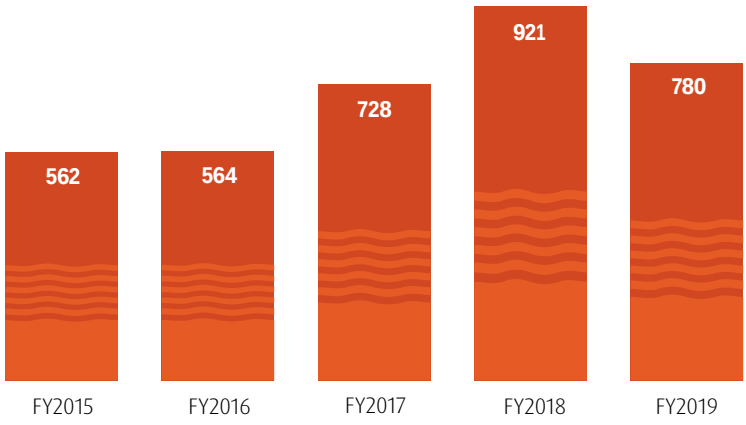
(₹ In Crore)

Particulars	FY2019	FY2018	% Change
Gross written premium (GWP)	**11,097**	**9,487**	**17.0%**
Net earned premium	7,010	6,059	15.7%
Underwriting result	18	293	-94.0%
Profit before tax	1,152	1,353	-14.9%
Profit after tax	**780**	**921**	**-15.3%**
Claims ratio	68.6%	66.7%	
Combined ratio*	96.7%	92.3%	
Return on average equity	16.2%	23.0%	

Note: Without the natural catastrophe in Kerala, BAGIC's combined ratio for FY2019 would have been 96%.

*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 B: BAGIC's profit after tax (₹ In Crore)



Capital and solvency

- Paid up capital, including share premium, stood at ₹ 277 crore as at 31 March 2019. No fresh capital was infused in FY2019.
- BAGIC completed 11 consecutive years since the last capital infusion and continues to be one of the most efficient users of capital in the private sector — as measured by the ratio of gross written premiums to share capital and by gross written premiums to shareholders' equity.
- Shareholders' equity of BAGIC was ₹ 5,164 crore as on 31 March 2019, versus ₹ 4,466 crore a year earlier.
- As on 31 March 2019, BAGIC's solvency margin was at 255%, which is well above the normal regulatory requirement of 150%.

Bajaj Allianz General Insurance Company Ltd; Bajaj Allianz House, Airport Road,Yerwada, Pune - 411006 | For more details on risk factors and Terms and Conditions, please read the sales brochure before concluding a sale. CIN – U66010PN2000PLC015329 Reg No. 113, UIN: IRDAN113P0003V01201718 & UIN: BAJHLIA19077V011819 | BJAZ-O-1478/4-Jun-19

Investments

- BAGIC's cash and investments as on 31 March 2019 were ₹ 17,237 crore, versus ₹ 14,823 crore in the previous year. Cash flow generation continued to be strong.

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

Industry update

The past few years have been very encouraging for the life insurance industry in India. On a rated individual new business premium basis, the industry grew at a CAGR of 14.1% over the last five years. However, FY2019 was challenging, thanks to several uncertainties in the external environment, such as:

- Uncertainties caused by the impending general elections, which meant that investors adopted a 'wait and watch' attitude. This slowdown was more visible in H2 FY2019.
- Volatile interest rates, causing investors to wait lest they lock in investments at lower yields.
- The default by a large systemically important NBFC, which resulted in a widening of credit spreads.

Under these circumstances, the industry recorded a lower growth of 9% in individual rated premium in FY2019. Within the industry, the private sector growth was higher at 12.5%. The growth rates of premium in India for the industry and of BALIC are shown in Table 7.

Table 7: Premium in India — the life insurance industry

(₹ In Crore)

Particulars	Individual rated new business		New business (NB)	
	FY2019	FY2018	FY2019	FY2018
BALIC	**1,742**	**1,397**	**4,923**	**4,291**
Private sector	40,125	35,668	72,481	59,313
LIC	29,058	27,802	142,192	134,552
Industry	69,183	63,470	214,673	193,865
Growth rates				
BALIC	**24.7%**	**38.3%**	**14.7%**	**28.5%**
Private sector	12.5%	24.3%	22.2%	17.1%
LIC	4.5%	13.4%	5.7%	8.2%
Industry	9.0%	19.3%	10.7%	10.7%
Market share				
Private industry	58.0%	56.2%	33.8%	30.6%
LIC	42.0%	43.8%	66.2%	69.4%

Note: Individual rated new business = (100% of first year premium and 10% of single premium excluding group products).
Source: Life Council statistics.

Group premium contributes to more than half the business for the industry. These accounted for 54.5% of the overall new business premium in FY2019 for the industry as a whole, compared to 52.5% in FY2018. Of the total growth experienced by the industry, individual new business grew by 6.1% and group new business by 15% in FY2019.

Business update

- In terms of rated individual new business premium, BALIC registered a solid growth of 24.7%, which was significantly higher than the industry growth rate of 9%.

- BALIC's average ticket size of retail regular premium policies grew by 24% in FY2019 to over ₹ 56,000 versus ₹ 45,000 in FY2018.

- In FY2019, BALIC was able to drive a balanced and sustainable product mix, with a view to de-risk its business from volatile market movements. As a result, the proportion of Unit-Linked Insurance Plans (ULIPs) — which are volatile in the product mix — was brought down from 72% in FY2018 to 60% in FY2019.

- BALIC continued its journey of transformation, which included (i) growing agency with a focus on profitability (ii) product innovations to stay ahead of the market (iii) investing in new channels of distribution such as online, proprietary and seeking new bank tie ups (iv) focus on quality of distribution and hence business quality (v) customer/geographic segmentation, and (vi) superior technology and adoption. Almost all the channels, including the properietary channels, recorded excellent growth in FY2019 and improved on almost all quality parameters.

Bajaj Allianz Life Insurance: Performance Highlights FY2019

- Rated individual new business premium increased by 24.7% in FY2019 to ₹ 1,742 crore.
- New business premium grew by 14.7% to ₹ 4,923 crore.
- Renewal premium grew by 19.7% to ₹ 3,934 crore. Consequently, gross written premium (GWP) grew by 16.9% in FY2019 to ₹ 8,857 crore.
- Profit after tax for FY2019 was ₹ 502 crore.
- 13th month persistency saw an improvement to 79% in FY2019, from 77.2% in FY2018.
- 25th month persistency saw an improvement to 67.6% in FY2019, from 58.2% in FY2018.
- Customer grievances saw a significant decline by 33% in FY2019 over FY2018 to an all time low of 72 grievances per 10,000 new policies issued.

Financial performance

BALIC's financial performance in FY2019 is summarised in Table 8.

Table 8: BALIC's financials

(₹ In Crore)

Particulars	FY2019	FY2018	% Change
Gross written premium (GWP)	**8,857**	**7,578**	**16.9%**
New business premium	4,923	4,291	14.7%
-Individual rated new business premium	1,742	1,397	24.7%
-Group protection new business premium	1,450	975	48.7%
Renewal premium	3,934	3,287	19.7%
Policyholders' surplus	104	192	-45.8%
Shareholders' profit after tax	**502**	**716**	**-29.9%**

Investments

As on 31 March 2019, BALIC's AUM was ₹ 56,620 crore — up by 8.9% from ₹ 51,970 crore on 31 March 2018. Table 9 gives the data.

Table 9: BALIC's assets under management

(₹ In Crore)

Particulars	FY2019	FY2018
Shareholders' funds	9,099	8,490
Policyholders' linked funds	23,061	21,389
Policyholders' non linked funds	24,460	22,091
Total AUM	**56,620**	**51,970**

BALIC's unit-linked funds performed well, with many generating returns that beat the benchmark. Traditional funds were 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

- Total capital infused by shareholders in BALIC was ₹ 1,211 crore as on 31 March 2019. No fresh capital was infused in FY2019.
- Including accumulated profit of ₹ 8,340 crore as on 31 March 2019, the shareholders' net worth was ₹ 9,654 crore. For the previous year, accumulated profits were ₹ 7,965 crore, and shareholders' net worth was ₹ 9,218 crore.
- BALIC is soundly capitalised with a solvency ratio of 804% as on 31 March 2019, which is well in excess of the minimum regulatory requirement of 150%.

Aap bas Life Goals plan karo aur SAMJHO HO GAYA.

LIFE GOALS. **DONE.**

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Bajaj Allianz Life Insurance Co. Ltd.

The significant ratios as applicable are given below:

Table 11: Significant ratios of Bajaj Finserv-standalone

Particulars	FY2019	FY2018
Current ratio	3.4	3.0
Operating profit margin %	72.7%	66.3%
Net profit margin %	68.5%	56.1%
Return on net worth %	10.2%	5.0%

Return on net worth has changed significantly due to increase in profit.

Consolidated financials

The consolidated results are given in Table 12. These include the results of subsidiaries and joint venture and are prepared in accordance with the Ind AS.

Table 12: Consolidated financials of Bajaj Finserv

(₹ In Crore)

Segment revenue			Segment results-profit/(loss) from each segment		
Particulars	**FY2019**	**FY2018**	**Particulars**	**FY2019**	**FY2018**
Insurance	24,226	20,133	Insurance	2,027	2,181
Wind farm	71	72	Wind farm	20	29
Retail finance	18,502	12,757	Retail finance	6,265	3,917
Investments and others	460	180	Investments and others	-157	-28
	43,259	**33,142**		**8,155**	**6,099**
Less: inter-segment	653	279	Tax expense	2,781	1,923
			Non-controlling interests	2,155	1,526
Total	**42,606**	**32,863**	**Total**	**3,219**	**2,650**

BAGIC and BALIC had declared dividend of 100% and 70% respectively for FY2018, the first such declaration since incorporation. BFS received these dividends, of ₹ 82 crore and ₹ 78 crore, respectively, in FY2019.

Both the insurance companies have declared dividend of 100% (BAGIC) and 70% (BALIC) for FY2019, same as last year.

Awards and Recognition

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

BFS

Sanjiv Bajaj, Managing Director & CEO, received the following awards:

- Entrepreneur of the Year India 2018 by ET Awards, the most prestigious business awards in India.
- Entrepreneur of the Year India 2018 by AIMA.
- Financial Express Best Banks Award: Banker of the Year 2019.
- Asia Centre's Leadership, Corporate Governance, Sustainability and CSR Awards: Transformation Leader Award (Large Cap Category) in 2018.
- Sanjiv Bajaj was elected as Chairman of Western Region of CII.

BFL

- Transformational Leader Award (Large Cap Category) 2018 at the 5th Asia Business Responsibility Summit in partnership with International Institute of Governance and Leadership, Netherlands: to Sanjiv Bajaj, Vice Chairman, BFL, September 2018.
- NBFC Wealth Creator of the Year by Money Control to BFL, December 2018.
- Best CEO – Private Sector to Rajeev Jain at the Forbes India Leadership Awards 2018.
- Outstanding Company of the Year at CNBC Indian Business Leader Awards, February 2019.
- Ranked 9th among Top 25 Best Large Workplaces in Asia, 2019, by Great Places to Work, April 2019.

BAGIC

- Tapan Singhel, MD and CEO, honoured as 'Personality of the Year' at the Indian Insurance Summit and Awards 2019 and the 'CEO of the Year' at 3rd Annual Insurance India Summit and Awards. He also featured as the top voices in LinkedIn Top Voices 2018 List for India.
- Digital Insurer of the Year Award at 22nd Asia Insurance Industry Awards 2018 and Innovation and Emerging Technology Award for Motor OTS at Asia Insurance Technology Awards, 2018.
- The Iconic Brand of India 2018 – by Economic Times 2018.

BALIC

- Set a new Guinness World Record for 'Most people holding the abdominal plank position' together for one minute. The new world record was set as 2,353 people held the abdominal plank together at Pune's AFMC Ground.
- Silver Award under the Best User-Generated Content Marketing at the IAMAI 9th India Digital Awards, 2019.
- Best ULIP of the Year, Business Today-Money Today Financial Awards, 2019.
- Ranked among the Top-75 Most Valuable Indian Brands in 2018 as per WPP and Kantar Millward Brown's report and among the Top 10 Riser Brands in 2018.
- Customer Service Excellence Award for Best Use of Technology under the Enterprise category at NASSCOM BPM Strategy Summit, 2018.

Cautionary statement

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

CORPORATE GOVERNANCE

In accordance with the provisions of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policies and practices of Bajaj Finserv Ltd. ('the Company' or 'BFS' or 'Bajaj Finserv') for the year 2018-19.

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

Kotak Committee on Corporate Governance

With the aim of improving standards of Corporate Governance of listed companies in India, SEBI had formed a Committee on corporate governance on 2 June 2017 under the Chairmanship of Uday Kotak. Based on the report of the Kotak Committee on Corporate Governance, SEBI on 9 May 2018 amended SEBI Listing Regulations, 2015, some of which became applicable from 1 October 2018 and many from 1 April 2019. Your Company is in compliance with these provisions.

Philosophy

The commitment of the Bajaj Group to the highest standards of good corporate governance practices predates SEBI and the provisions of 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

According to regulation 17(1)(b) of 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 on 31 March 2019, the Board of the Company consisted of ten directors, of whom one was executive (Managing Director & CEO), five were non-executive independent (including one woman director) and four were non-executive and non-independent. The Board has no institutional nominee director. The Company has a non-executive promoter Chairman. As Table 1 shows, this provision is met at Bajaj Finserv.

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

Number of meetings of the Board

During the year 2018-19, the Board of Directors met six times, viz., 17 May 2018, 19 July 2018, 17 September 2018, 23 October 2018, 29 January 2019 and 12 March 2019. The gap between any two meetings has been less than one hundred and twenty days.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for 2018-19

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, father-in-law of Manish Kejriwal	5/6	No
Nanoo Pamnani	Vice Chairman (non-executive, independent)	-	6/6	Yes
Sanjiv Bajaj	Managing Director & CEO, executive	Son of Rahul Bajaj and brother of Rajiv Bajaj	6/6	Yes
Madhur Bajaj	Non-executive	-	6/6	Yes
Rajiv Bajaj	Non-executive	Son of Rahul Bajaj and brother of Sanjiv Bajaj	5/6	Yes
D J Balaji Rao	Non-executive, independent	-	6/6	Yes
Dr. Gita Piramal	Non-executive, independent	-	6/6	Yes
Dr. Naushad Forbes	Non-executive, independent	-	6/6	Yes
Anami N Roy*	Non-executive, independent	-	2/2	NA
Manish Kejriwal**	Non-executive	Son-in-law of Rahul Bajaj	2/2	NA

*Anami N Roy was appointed as an additional director in the category of non-executive, independent director w.e.f. 1 January 2019.
**Manish Kejriwal was appointed as an additional director in the category of non-executive non-independent director w.e.f. 1 January 2019.

Opinion of the Board

The Board hereby confirms that, in its opinion, the independent directors on the Board fulfil the conditions specified in SEBI Listing Regulations, 2015 and Companies Act, 2013 and are independent of the Management.

Non-executive directors' compensation

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

In terms of the said approvals, non-executive directors of the Company are being paid, in addition to the sitting fee of ₹ 50,000 per meeting for every meeting of the Board and its Committees, commission at the rate of ₹ 50,000 per meeting of the Board and its Committees attended by them during the year 2018-19, as a member, subject to overall ceiling of one percent of net profits.

With effect from 1 April 2019, the sitting fee payable has been enhanced to ₹ 100,000 per meeting and the commission to ₹ 150,000 per meeting by the Board at its meeting held on 12 March 2019.

In consideration of the extra services rendered by Nanoo Pamnani, at the request of the Management, during the year 2018-19, Nanoo Pamnani will be paid ₹ 20 lakh (nil for 2017-18) as an additional commission for the year 2018-19 as approved by the Board at its meeting held on 12 March 2019.

During the year, the Company has adopted the Bajaj Finserv Employee Stock Option Scheme 2018 (BFS ESOS) for the benefit of the permanent employees and/or directors of the Company and/or its holding (if any, in future) and subsidiary company (ies) but excluding independent directors and any employee who is a promoter or belongs to the promoter group.

The Company has not granted stock options to 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 SEBI Listing Regulations, 2015. As stated elsewhere, the independent directors of the Company at their meeting held on 12 March 2019 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

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

Orderly succession to Board and Senior Management

The Board is periodically updated on the orderly succession to the Board and Senior Management. It has satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.

Directorships and memberships of Board Committees

Table 2: Number of directorships/committee positions of directors as on 31 March 2019

Name of director	Directorships			Committee positions in listed and unlisted public limited companies	
	In equity listed companies	In unlisted public limited companies	In private limited companies	As Member (including as Chairman)	As Chairman
Rahul Bajaj	4	2	7	–	–
Nanoo Pamnani	4	3	–	10	3
Sanjiv Bajaj	5	5	7	7	–
Madhur Bajaj	6	–	3	–	–
Rajiv Bajaj	4	–	2	–	–
D J Balaji Rao	6	–	–	7	3
Dr. Gita Piramal	4	–	2	6	1
Dr. Naushad Forbes	4	–	8	3	–
Anami N Roy	3	1	3	1	–
Manish Kejriwal	3	1	1	5	–

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

None of the directors holds office as a director, including as 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 a holding or subsidiary company of a public company are included and those in dormant companies are excluded.

As per the declarations received, none of the directors serves as an independent director in more than seven equity listed companies. Further, the Managing Director & CEO in the Company does not serve as an independent director in more than three equity listed companies.

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

Directorships in equity listed companies

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

Name of director	Name of equity listed entities	Category of Director
Rahul Bajaj	a) Bajaj Auto Ltd.	Chairman, executive
	b) Bajaj Finserv Ltd.	Chairman, non-executive (up to 16 May 2019)
	c) Bajaj Finance Ltd.	Chairman, non-executive
	d) Bajaj Holdings & Investment Ltd.	Chairman, non-executive (up to 17 May 2019)
Nanoo Pamnani	a) Bajaj Finserv Ltd.	Vice Chairman, non-executive, independent
	b) Bajaj Finance Ltd.	
	c) Bajaj Auto Ltd.	Non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	
Sanjiv Bajaj	a) Bajaj Auto Ltd.	Non-executive
	b) Bajaj Finance Ltd.	Vice Chairman, non-executive
	c) Bajaj Finserv Ltd.	Managing Director & CEO, executive
	d) Bajaj Holdings & Investment Ltd.	
	e) Maharashtra Scooters Ltd.	Non-executive, nominee
Madhur Bajaj	a) Bajaj Auto Ltd.	Vice Chairman, non-executive
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Finance Ltd.	
	d) Bajaj Holdings & Investment Ltd.	
	e) Bajaj Electricals Ltd.	
	f) Maharashtra Scooters Ltd.	Chairman, non-executive, nominee
Rajiv Bajaj	a) Bajaj Auto Ltd.	Managing Director & CEO, executive
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Finance Ltd.	
	d) Bajaj Holdings & Investment Ltd.	
D J Balaji Rao	a) Ashok Leyland Ltd.	Non-executive, independent
	b) Bajaj Auto Ltd.	
	c) Bajaj Finserv Ltd.	
	d) Bajaj Finance Ltd.	
	e) Bajaj Holdings & Investment Ltd.	
	f) CMI FPE Ltd.	
Dr. Gita Piramal	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	
	c) Bajaj Finance Ltd.	
	d) Bajaj Holdings & Investment Ltd.	
Dr. Naushad Forbes	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	
	c) Bajaj Holdings & Investment Ltd.	
	d) Zodiac Clothing Company Ltd.	

In view of the amendments to section 178(2) of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 12 March 2018 had approved the evaluation of the performance of the Board, its Committees, the Chairperson and Individual Directors to be carried out by the Board only and would not be duplicated by the Nomination and Remuneration Committee which will only review its implementation and compliance.

Pursuant to the provisions of Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees, Chairperson and individual directors.

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

- With a view to evaluating the performance of the Board, its Committees, Chairperson and Individual Directors for the year 2018-19, the Company circulated amongst all the directors, the updated proforma of rating sheets, based on revised criteria as approved by the Board of Directors at its meeting held on 14 March 2017.

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

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

- The said report of performance evaluation was noted and discussed by the Board at its meeting held on 12 March 2019, while the Nomination and Remuneration Committee at its meeting held on the same day reviewed the implementation and compliance of the Board evaluation process followed by the Company.

- As per the report of performance evaluation, the Board determined, inter alia, whether to continue the term of appointment of the independent directors.

- During the year under review, the term of appointment of Nanoo Pamnani and D J Balaji Rao, independent directors, ended on 31 March 2019 and that of Dr. Gita Piramal, independent director of the Company, would be ending on 15 July 2019. Based on the report of performance evaluation, as recommended by the Nomination and Remuneration Committee, their re-appointments were considered and approved by the Board subject to approval of the shareholders at the ensuing AGM.

Details on the evaluation of the Board, non-independent Directors and Chairperson of the Company as carried out by the independent directors at their meeting held on 12 March 2019 have been furnished in a separate para elsewhere in this Report.

Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a Remuneration Policy providing (a) criteria for determining qualifications, positive attributes and independence of directors, and (b) a policy on remuneration for directors, key managerial personnel and other employees. The Policy is directed towards a compensation philosophy and structure that will reward and retain talent and provides for a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Disclosures

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

Core Skills/Expertise/Competencies

As stipulated under Schedule V to SEBI Listing Regulations, 2015, core skills/expertise/competencies as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors as follows:

Table 4: List of Core Skills/Expertise/Competencies

Sr. No.	Core Skills/Expertise/Competencies
1.	Management and Strategy
2	Global Business Leadership, Economics and Statistics
3	Information Technology, Engineering, Systems and Computers
4.	Human Resources and Industrial Relations
5.	Infrastructure and Real Estate
6.	Finance, Taxation and Law
7.	Banking, Investment, Treasury and Forex Management
8.	Insurance, Mutual Fund and Financial Services
9.	Audit and Risk Management
10.	Commercial, Purchase, Sales, Marketing, International Business and Supply Chain
11.	Manufacturing, Operations, Automobile Engineering, Project Management and R&D
12.	Regulatory, Government and Security matters
13.	Academics, Education and Authorship
14.	CSR, Sustainability and NGO matters
15.	Corporate Governance and Ethics

Audit Committee

Constitution and composition

The Company had set up its Audit Committee on 30 January 2008 under erstwhile Companies Act, 1956 and clause 49 of erstwhile Listing Agreement.

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

During 2018-19, in line with the provisions of SEBI Listing Regulations, 2015 and SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the terms of reference of the Committee were revised by the Board at its meeting held on 12 March 2019. The revised terms of reference are placed on www.bajajfinserv.in/miscellaneous-terms-of-reference-for-audit-committee

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

Meetings and attendance

During 2018-19, the Audit Committee met four times, viz., 17 May 2018, 19 July 2018, 23 October 2018 and 29 January 2019. The meetings were scheduled well in advance. The gap between any two meetings has been less than one hundred and twenty days.

In addition to the members of the Audit Committee, these meetings were attended by the heads of finance, internal audit functions, Cost Auditor and Statutory Auditors of the Company and those executives who were considered necessary for providing inputs to the Committee.

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

Table 5: Composition of the Audit Committee and attendance record of members for 2018-19

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

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

Nanoo Pamnani, Chairman of the Audit Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2018.

Nomination and Remuneration Committee

Table 6: Composition of the Nomination and Remuneration Committee and attendance record of members for 2018-19

Name of director	Category	No. of Meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	5/5
Rahul Bajaj	Non-executive	4/5
D J Balaji Rao	Non-executive, independent	5/5
Dr. Gita Piramal	Non-executive, independent	5/5

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

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

i) Recommendation of revision in remuneration of Sanjiv Bajaj, Managing Director & CEO w.e.f. 1 April 2018;

ii) Approval of fresh Employee Stock Option Scheme;

iii) Review of changes in remuneration to senior managerial personnel w.e.f. 1 April 2018;

iv) Noting of delegation of administration of BFS ESOS to Bajaj Finserv ESOP Trust;

v) Approval of grant of stock options under BFS ESOS;

vi) Recommendation of appointment of Anami N Roy as an additional director and as an independent director w.e.f. 1 January 2019;

vii) Recommendation of appointment of Manish Kejriwal as an additional director and as a non-executive non-independent director w.e.f. 1 January 2019;

viii) Approval of second tranche of grant of stock options;

ix) Review of the implementation and compliance of effective performance evaluation;

x) Recommendation for revision in sitting fee and commission payable to non-executive directors w.e.f. 1 April 2019;

xi) Noting of resignation by Rahul Bajaj as Chairman of the Company effective from 16 May 2019 after the Board meeting;

xii) Recommendation of re-appointment of Nanoo Pamnani as an independent director for a second term of five years w.e.f. 1 April 2019 and as Chairman of the Company w.e.f. 17 May 2019;

xiii) Recommendation of re-appointment of D J Balaji Rao as an independent director for a second term of five years w.e.f. 1 April 2019;

xiv) Recommendation of re-appointment of Dr. Gita Piramal as an independent director for a second term of five years w.e.f. 16 July 2019;

xv) Recommendation of approval for payment of additional commission to Nanoo Pamnani; and

xvi) Recommendation of appointment of Rahul Bajaj as Chairman Emeritus of the Company effective from 16 May 2019 after the Board meeting.

Nanoo Pamnani, Chairman of the Nomination and Remuneration Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2018.

Risk Management Committee

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

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

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

During 2018-19, in line with the provisions of SEBI Listing Regulations, 2015, as amended, the terms of reference of the Committee were revised by the Board at its meeting held on 12 March 2019. The revised terms of reference are placed on https://www.bajajfinserv.in/terms-of-reference-for-risk-management-committee

During the year under review, the Committee met twice, on 17 September 2018 and 12 March 2019.

Table 7: Composition of the Risk Management Committee and attendance record of members for 2018-19

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

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

At these meetings, risk aspects of the Company and that of its insurance subsidiaries, viz., Bajaj Allianz General Insurance Company Ltd. and Bajaj Allianz Life Insurance Company Ltd. and the consumer finance subsidiary, Bajaj Finance Ltd., covering, inter alia, liquidity risk, cyber risk, technology risk and human resources risk, etc. 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 minimization procedures. These are periodically reviewed to ensure that the Management identifies and controls risk through a properly defined framework.

During the year under review, the Company did not trade in or have any exposure in commodities market.

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 Companies Act, 2013 and regulation 20 of SEBI Listing Regulations, 2015, the Board renamed the Committee as 'Stakeholders Relationship Committee' and revised the terms of reference.

During 2018-19, in line with the provisions of SEBI Listing Regulations, 2015, as amended, the terms of reference of the Committee were revised by the Board at its meeting held on 12 March 2019. The revised terms of reference are placed on https://www.bajajfinserv.in/miscellaneous-terms-of-reference-for-stakeholders-relationship-committee

During the year under review, the Committee met on 29 January 2019.

Table 8: Composition of the Stakeholders Relationship Committee and attendance record of members for 2018-19

Name of director	Category	Attendance at the meeting held on 29 January 2019
Dr. Gita Piramal	Chairperson, non-executive, independent	Yes
Nanoo Pamnani	Non-executive and independent	Yes
Sanjiv Bajaj	Managing Director & CEO, executive	Yes

Sonal R Tiwari, Company Secretary and the Compliance Officer, acted as the Secretary to this Committee. The Secretarial Auditor was also present.

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

Dr. Gita Piramal, Chairperson of the Stakeholders Relationship Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2018.

Table 9: Investors' complaints attended and resolved during 2018-19

Investors' complaints	Attended/resolved during 2018-19
Pending at the beginning of the year	Nil
Received during the year	12
Disposed of during the year	12
Remaining unresolved at the end of the year	Nil

Remuneration of directors

Pecuniary relationships with non-executive directors

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

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

Criteria of making payments to non-executive directors

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

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

Non-executive directors

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

Managing Director and Chief Executive Officer (CEO)

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

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

Pursuant to section 197(14) of Companies Act, 2013, Sanjiv Bajaj, Managing Director & CEO of the Company, who is also the non-executive, Vice Chairman of Bajaj Finance Ltd. (BFL) has been paid sitting fees of ₹ 8.50 lakh and is being given commission of ₹ 17 lakh from subsidiary, BFL for the year 2018-19, in the same manner as is done for the other non-executive directors of BFL.

Details of remuneration to directors

During the year, the Company has adopted BFS ESOS for the benefit of the permanent employees and/or directors of the Company and/or its holding (if any, in future) and subsidiary company (ies) but excluding independent directors and any employee who is a promoter or belongs to the promoter group.

The Company has not granted stock options to any of its 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 2018-19, the Company did not advance any loans to any of the non-executive directors and/or Managing Director & CEO. Details of remuneration paid/payable to directors during 2018-19 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 2019 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 SEBI Listing Regulations, 2015, the Senior Management has made disclosures to the Board stating that there were no material financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

Compliances regarding insider trading

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

Accordingly, the Board at its meeting held on 23 March 2015, had 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.

During the year under review, SEBI has amended SEBI (Prohibition of Insider Trading) Regulations, 2015. To comply with the said amendment effective from 1 April 2019, the Board of Directors, inter alia, at its meeting held on 12 March 2019, approved the following:

a) Revised Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons.

b) Revised Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

c) Institutional Mechanism for Prevention of Insider Trading.

d) Revised Whistle Blower Policy of the Company.

Further, the Board at its meeting held on 16 May 2019 approved the Policy on leak of Unpublished Price Sensitive Information.

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

The Company duly complies with the above.

Details of capital market non-compliance, if any

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

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 SEBI Listing Regulations, 2015.

Report on corporate governance

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on corporate governance for the year 2018-19.

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

Statutory Auditors

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

		Amount in ₹	
Sr. No.	**Particulars**	**Statutory Audit Fee**	**Other Services**
1.	Bajaj Finserv Ltd.	2,200,000	400,000
2.	Bajaj Allianz Life Insurance Company Ltd.	9,500,000	6,348,910
3.	Bajaj Allianz General Insurance Company Ltd.	7,600,000	1,584,913
4.	Bajaj Finance Ltd.	5,275,000	4,150,000
5.	Bajaj Housing Finance Ltd. (100% subsidiary of Bajaj Finance Ltd.)	200,000	755,000
6.	Bajaj Financial Securities Ltd. (100% subsidiary of Bajaj Finance Ltd. w.e.f. 10 August 2018)	50,000	-
7.	Bajaj Finserv Direct Ltd. (100% subsidiary of Bajaj Finserv Ltd.)	100,000	100,000

GENERAL SHAREHOLDER INFORMATION

Date of dividend payment

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

(a) to all those members holding shares in physical form as per register of members available with Karvy as on closing hours on **Friday, 12 July 2019**; and

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

Payment of dividend

As per SEBI Listing Regulations, 2015 and SEBI circular dated 20 April 2018, companies shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the shareholders. Accordingly, dividend, if declared, will be paid through electronic mode, where the bank account details of the members are available. Where dividend is paid through electronic mode, intimation regarding such remittance would be sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same will be paid by account payee/non-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.

Pursuant to the aforesaid circular, the Company had written to shareholders holding shares in physical form requesting them to furnish details regarding their PAN and also their bank details for payment of dividend through electronic mode. Those shareholders who are yet to respond to the Company's request in this regard are once again requested to take action in the matter at the earliest.

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 Karvy along with a photocopy of a cancelled cheque of the bank account and self-attested copy of PAN card. Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and ensure that such changes are recorded by them correctly on or before Friday, 12 July 2019. 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/shares

As per section 124(5) of Companies Act, 2013, 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 the Investor Education and Protection Fund (Fund) set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the years 2007-08 and 2008-09 was transferred by the Company to the said Fund in September 2015 and 2016 respectively.

The Ministry of Corporate Affairs (MCA) notified the commencement date as 7 September 2016 for section 124 and a few sub-sections of section 125 of Companies Act, 2013 and also notified the new Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016'), outlining the detailed procedure for implementation regarding the Fund and the Authority under the Companies Act, 2013. Accordingly, the unpaid/unclaimed dividend for the years 2009-10 and 2010-11 was transferred to the Fund in September 2017 and November 2018 respectively.

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 15 October 2018 for the year ended 31 March 2018. The details of unpaid and unclaimed dividends for the years 2010-11 to 2016-17 have been uploaded on the Company's website www.bajajfinserv.in

Unpaid/unclaimed dividend for the year 2011-12 shall become due for transfer to the said Fund in August 2019. Members are requested to verify their records and send their claim, if any, for the year 2011-12, before the amount becomes due for transfer to the Fund. Communication is being sent to the members who have not yet claimed dividend for the year 2011-12, requesting them to claim the same as well as unpaid dividend, if any, for the subsequent years.

Transfer of shares to IEPF

As informed in the previous year, under section 124(6) of Companies Act, 2013, as 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 within a period of thirty days of such shares becoming due to be transferred to the Fund.

Accordingly, in due compliance of the provisions of rule 6(3) of IEPF Rules, 2016, the Company sends individual letters through Speed Post to such shareholders, in respect of whom dividend for consecutive seven years has remained unpaid. Further, public notice is also released in newspapers to this effect.

During the year under review, the Company transferred 12,701 equity shares of the face value of ₹ 5 each in respect of 74 shareholders to the Demat Account of the IEPF Authority held with NSDL and filed necessary e-form IEPF-4 with MCA on 13 November 2018. Details of such shareholders, whose shares are transferred to IEPF and their unpaid dividends for the subsequent years are available to the concerned shareholders on the Company's website www.bajajfinserv.in

As provided under these Rules, the shareholders 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 system

Share transfers received by Karvy/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 2018-19 was 59,059 versus 4,994,433 during 2017-18. The details thereof were placed before the Board of Directors on a quarterly basis.

As per SEBI norms, efforts are underway to update PAN and Bank account details of concerned shareholders and communications have been sent by the Company to eligible shareholders in this regard. Members are requested to update these details with Karvy/Company at the earliest.

During 2018-19, SEBI amended regulation 40 of SEBI listing Regulations, 2015, prohibiting transfer of securities (except transmission or transposition of shares) in physical form from 1 April 2019. Accordingly, the Company has sent letters to members holding shares in physical form advising them to dematerialise their holdings.

Dematerialisation/rematerialisation of shares and liquidity

During 2018-19, 425,684 shares were dematerialised, compared to 145,372 shares during 2017-18. Total number of shares rematerialised during 2018-19 were nil. Shares held in physical and electronic mode as on 31 March 2019 are as given in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2019		Position as on 31 March 2018		Net change during 2018-19	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	9,572,885	6.02	10,006,210	6.29	(433,325)	(0.27)
Demat						
NSDL	145,531,730	91.45	145,071,910	91.16	459,820	0.29
CDSL	4,031,496	2.53	4,056,977	2.55	(25,481)	(0.02)
Sub-total	149,563,226	93.98	149,128,887	93.71	434,339	0.27
Total	**159,136,111**	**100.00**	**159,135,097**	**100.00**	**1,014**	

Stock code

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

Listing on stock exchanges

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

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

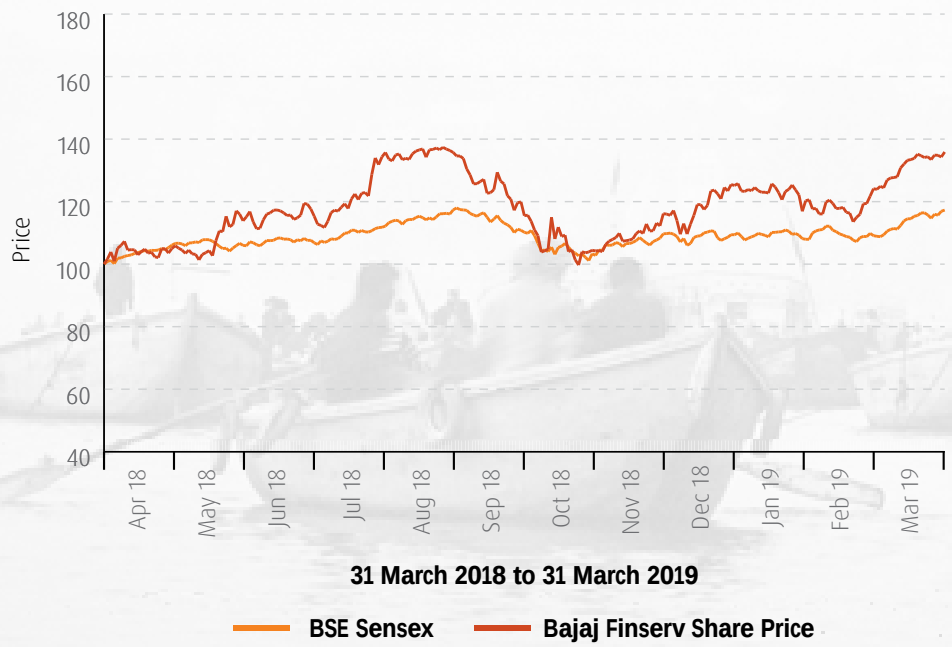
Pursuant to SEBI Listing Regulations, 2015, the Company has entered into a Uniform Listing Agreement with BSE and NSE. For the year 2018-19, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of equity shares of Bajaj Finserv Ltd. during 2018-19 (₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr 18	5,581.00	5,095.25	5,585.95	5,071.15	35,160.36
May 18	6,134.00	5,235.20	6,156.90	5,225.00	35,322.38
Jun 18	6,290.00	5,679.00	6,293.60	5,682.60	35,423.48
Jul 18	7,100.00	5,750.00	7,100.00	5,750.45	37,606.58
Aug 18	7,200.00	6,724.35	7,200.00	6,725.00	38,645.07
Sep 18	6,845.90	5,100.20	6,840.00	5,366.00	36,227.14
Oct 18	6,028.00	4,960.00	6,040.00	4,955.00	34,442.05
Nov 18	6,097.85	5,350.00	6,100.00	5,370.65	36,194.30
Dec 18	6,697.95	5,619.25	6,591.20	5,612.00	36,068.33
Jan 19	6,549.00	5,953.00	6,535.00	5,948.80	36,256.69
Feb 19	6,499.00	5,851.15	6,509.70	5,855.00	35,867.44
Mar 19	7,075.00	6,393.50	7,080.00	6,386.00	38,672.91

Bajaj Finserv Ltd. stock performance Vs BSE Sensex, during 2018-19, indexed to 100 on 31 March 2018



Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2019, while Table 4 gives the data according to size classes.

Table 3: Distribution of shareholding across categories

Categories	31 March 2019		31 March 2018	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	92,886,208	58.37	92,855,208	58.35
Friends and associates of promoters	16,190,309	10.17	16,318,335	10.25
Foreign Institutional Investors/Foreign Portfolio Investors	13,212,387	8.30	12,451,118	7.82
Public Financial Institutions	3,848,053	2.42	4,724,096	2.97
Mutual Funds	5,896,219	3.71	6,014,406	3.78
Nationalised and other banks	131,080	0.08	142,516	0.09
Alternate Investment Fund	456,653	0.29	299,109	0.19
NRIs and OCBs	1,178,494	0.74	1,076,832	0.68
Others	25,336,708	15.92	25,253,477	15.87
Total	**159,136,111**	**100.00**	**159,135,097**	**100.00**

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

Categories	Number of shareholders	% to total shareholders	Number of shares	% to total shares
1 to 500	94,692	95.16	4,147,738	2.61
501 to 1000	1,760	1.77	1,264,029	0.79
1001 to 2000	1,163	1.17	1,665,429	1.05
2001 to 3000	532	0.53	1,315,958	0.83
3001 to 4000	250	0.25	864,875	0.54
4001 to 5000	172	0.17	782,303	0.49
5001 to 10000	379	0.38	2,571,049	1.62
10001 and above	564	0.57	146,524,730	92.08
Total	**99,512**	**100.00**	**159,136,111**	**100.00**

Shareholders' and investors' grievances

The Board of Directors of the Company 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 2019, there were no pending issues to be addressed or resolved.

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning twelve 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 erstwhile Listing Agreement (corresponding to regulation 39(4) of 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 SEBI Listing Regulations, 2015.

The summary of this account for the year 2018-19 is as follows:

Sr. No.	Particulars	No. of shareholders	No. of shares
i.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1 April 2018	15	1,331
ii.	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2018-19	0	0
iii.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2018-19	0	0
iv.	Number of shareholders whose shares were transferred to the IEPF Authority during the year 2018-19	5	975
v.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31 March 2019	10	356

Outstanding convertible instruments/ADRs/GDRs/ Warrants

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

Address for correspondence

Investors and 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 Fintech Pvt. Ltd.
(earlier known as 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.karvyfintech.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 Twelfth Annual Report and audited financial statements for the year ended 31 March 2019.

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 follows:

(₹ In Crore)

Particulars	FY2019	FY2018
Total income	**448.56**	**252.26**
Total expenses	122.57	85.05
Profit before tax	325.99	167.21
Tax expense	18.82	25.59
Profit for the year	**307.17**	**141.62**
Earnings per share (₹)	**19.3**	**8.9**

Closing balances in reserve/other equity

Particulars	FY2019	FY2018
Securities premium account	929.18	929.11
General Reserve	1,197.14	1,197.14
Share based payments reserve	3.04	–
Retained earnings	951.98	673.93
Total	**3,081.34**	**2,800.18**

Note: Detailed movement of above reserves can be seen in 'Statement of Changes in Equity'.

The highlights of the Consolidated Financial Results are as follows:

(₹ In Crore)

Particulars	FY2019	FY2018
Total income	**42,605.57**	**32,862.66**
Total expenses	34,452.19	26,765.24
Profit before tax	8,154.74	6,098.71
Tax expense	2,780.89	1,922.36
Profit after tax	5,373.85	4,176.35
Profit attributable to non-controlling interests	2,154.81	1,526.09
Profit for the year	**3,219.04**	**2,650.26**
Earnings per share (₹)	202.3	166.5

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 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 Companies Act, 2013, stating that they meet the criteria of independence as provided in section 149(6) of the said Act and regulation 16 of SEBI Listing Regulations, 2015.

The Board took on record the declaration and confirmation submitted by the independent directors regarding their meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same as required under regulation 25 of SEBI Listing Regulations, 2015.

Directors' Remuneration Policy and criteria for matters under section 178

The Board, at its meeting held on 12 March 2019, have revised the sitting fees from ₹ 50,000 to ₹ 100,000 and commission from ₹ 50,000 to ₹ 150,000 payable per meeting to all non-executive directors (including independent directors) for meetings of the Board and/or committees thereof attended by them from 1 April 2019 onwards.

The salient features and changes to the Policy on directors' appointment and remuneration forms a part of the 'Corporate Governance Report'. The said policy is placed on the Company's website www.bajajfinserv.in

Particulars of loans, guarantees or investments

Information regarding loans, guarantees and investments covered under section 186 of 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 year under review which attracted the provisions of section 188 of Companies Act, 2013. There being no 'material' RPTs as defined under regulation 23 of SEBI Listing Regulations, 2015, there are no details to be disclosed in form AOC-2 in that regard.

During the year 2018-19, pursuant to section 177 of Companies Act, 2013, and regulation 23 of SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

The revised 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 said Policy was further amended, inter alia, stipulating the threshold limits on 12 March 2019 and the same is placed on the Company's website www.bajajfinserv.in

Material changes and commitments

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

Conservation of energy and technology absorption

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

Particulars regarding conservation of energy are as follows:

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 876 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 11,405 KWh units during the year.

b) Capital investment on energy conservation equipment:

Not applicable, since BFS is a non-manufacturing Company and 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 ₹ 0.85 crore, as against ₹ 0.67 crore during the previous year.

Risk Management Policy

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

Corporate Social Responsibility (CSR)

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

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

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

Subsidiary and Joint Venture

Following are the subsidiary and joint venture companies of the Company as at 31 March 2019

Name of the company	% Shareholding	Status
Bajaj Allianz Life Insurance Company Ltd.	74%	Subsidiary
Bajaj Allianz General Insurance Company Ltd.	74%	Subsidiary
Bajaj Finance Ltd.	54.99%	Subsidiary
Bajaj Housing Finance Ltd. (100% subsidiary of Bajaj Finance Ltd.)	-	Subsidiary
Bajaj Financial Securities Ltd. (100% subsidiary of Bajaj Finance Ltd. w.e.f. 10 August 2018)	-	Subsidiary
Bajaj Finserv Direct Ltd. (100% subsidiary of Bajaj Finserv 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

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

Directors and Key Managerial Personnel-Changes

A. Change in Directorate

i. Cessation as non-executive Chairman

Rahul Bajaj, (DIN 00014529), vide his letter dated 15 February 2019, has tendered resignation as the non-executive Chairman of the Company to be effective from 16 May 2019 after the Board meeting.

The Board places on record its sincere appreciation for the invaluable advice and guidance provided by Rahul Bajaj as the non-executive Chairman of the Company since its inception.

ii. Appointment/re-appointment of directors

(a) The Board at its meeting held on 23 October 2018, pursuant to the recommendation of Nomination and Remuneration Committee appointed the following as additional directors:

- Anami N Roy (DIN 01361110) as an Independent Director for a first term of five consecutive years with effect from 1 January 2019.
- Manish Kejriwal (DIN 00040055) as non-executive and non-independent director with effect from 1 January 2019.

(b) Further, the Board at its meeting held on 12 March 2019, after taking into account the report of their performance evaluation and the recommendation of the Nomination and Remuneration Committee, re-appointed the following Independent Directors for a second term of five consecutive years:

Name of Independent Director	Tenure of Second Term
Nanoo Pamnani (DIN 00053673)*	Five years from 1 April 2019
D J Balaji Rao (DIN 00025254)**	Five years from 1 April 2019
Dr. Gita Piramal (DIN 01080602)	Five years from 16 July 2019

* Consent of the members by way of Special Resolution is sought by the Company in compliance with regulation 17(1A) of SEBI Listing Regulations, 2015, for continuance of Nanoo Pamnani as an independent director of the Company beyond 26 February 2020, on account of his attaining the age of 75 years on 26 February 2020.

** Consent of the Members by way of Special Resolution is sought by the Company in compliance with regulation 17(1A) of SEBI Listing Regulations, 2015, for continuance of D J Balaji Rao beyond 1 April 2019, on account of his having already attained the age of 75 years as on 1 April 2019.

(c) Continuation as Director

As required under regulation 17(1A) of SEBI Listing Regulations, 2015, consent of the members by way of Special Resolution is sought by the Company in compliance with regulation 17(1A) of SEBI Listing Regulations, 2015, for continuance of Rahul Bajaj, (DIN 00014529) as non-executive director and Chairman of the Company beyond the age of 75 years with effect from 1 April 2019 up to 16 May 2019.

(d) Appointment of Chairman

The Board of Directors at its meeting held on 12 March 2019 appointed Nanoo Pamnani as Chairman of the Company with effect from 17 May 2019.

(e) Appointment as Chairman Emeritus

Rahul Bajaj has made a huge contribution to the spectacular success of the Company and the Group over five decades. Considering his tremendous experience, the interest of the Company to avail his services and benefit from his valuable knowledge and wisdom from time to time in an advisory and mentoring role in future as well, the Board of Directors at its meeting held on 12 March 2019, as recommended by the Nomination and Remuneration Committee, approved the appointment of Rahul Bajaj as Chairman Emeritus of the Company with effect from the conclusion of the Board meeting held on 16 May 2019. While giving his consent to act as such, Rahul Bajaj stated that he would not accept any emoluments (sitting fee and commission) as Chairman Emeritus.

Necessary details regarding their appointment and re-appointment as required under Companies Act, 2013 and SEBI Listing Regulations, 2015 are given in the Notice of AGM. The aforesaid appointments are subject to approval of shareholders at the ensuing AGM.

iii. Retirement by Rotation

The independent directors hold office for a fixed term not exceeding five years from the date of their appointment and are not liable to retire by rotation.

Companies Act, 2013, mandates that at least two-thirds of the total number of directors (excluding independent directors) shall be liable to retire by rotation and one-third of such directors shall retire from office at every AGM. Accordingly, Madhur Bajaj (DIN 00014593), director, being the longest in the office amongst the four directors liable to retire by rotation, retires from the Board by rotation this year and, being eligible, has offered his candidature for re-appointment.

Prescribed details of Madhur Bajaj, director, who is seeking re-appointment are given in the Notice of AGM.

B. Change in KMP

There was no change in Key Managerial Personnel during the year under review.

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.

Internal audit

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

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. 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.

Maintenance of cost records

Provisions relating to maintenance of cost records as specified by the Central Government under section 148 of Companies Act, 2013, are applicable to the Company and the same have been complied with for the financial year 2018-19.

Presentation of financial statements

As per notification no. G.S.R. 365 (E) dated 30 March 2016, issued by Ministry of Corporate Affairs (MCA) in exercise of power conferred to it under section 133 read with section 469 of the Companies Act, 2013, NBFCs having net worth of rupees five hundred crore or more are required to comply with the Indian Accounting Standards (Ind AS) in preparation of their financial statements and quarterly financial results for the accounting periods beginning on or after 1 April 2018 with effective transition date of 1 April 2017.

Further, MCA, in exercise of its power under sub-section (1) of section 467 of the Companies Act, 2013, amended Schedule III to Companies Act, 2013. Vide the amendment, a new division, viz. 'Division III' financial statement format was introduced for Non-Banking Financial Companies effective from 11 October 2018.

Accordingly, the financial statements of the Company for the year ended 31 March 2019 and corresponding figures for the year ended 31 March 2018 have been re-casted and prepared as per the revised Schedule III to 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 Ind AS and 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.

Employee stock option scheme

During the year 2018-19, the Company adopted BFS ESOS on 19 July 2018 and since then there has been no change in the BFS ESOS. The BFS ESOS is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ('the SBEB Regulations').

Disclosures pertaining to the ESOP Scheme pursuant to the SBEB Regulations are placed on the Company's website www.bajajfinserv.in/miscellaneous

Grant wise details of options are provided in the notes to the standalone financial statements.

Statutory disclosures

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

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

- Details as required under section 197(12) of Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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 2018-19 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 and has constituted an Internal Complaints Committee. There was no case reported during the year under review under the said Policy.

Corporate governance

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

All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2018-19. A declaration to this effect signed by the Managing Director & CEO of the Company is contained in this Annual Report.

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

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

Business Responsibility Report

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

Since BFS is one of the top 500 listed entities, the Company, as in the previous years, has presented its BRR for the year 2018-19, which is part of this Annual Report. As a green initiative, the BRR has been hosted on the Company's website www.bajajfinserv.in

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

Secretarial standards of ICSI

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

Auditors

Statutory Auditor

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

The Statutory Audit Report for the year 2018-19, being unmodified, does not contain any qualification, reservation or adverse remark or disclaimer by the Statutory Auditors.

Secretarial Auditor

Pursuant to the provisions of section 204 of 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 2018-19 as issued by him in the prescribed form MR-3 is annexed to this Report.

Pursuant to amendments under SEBI Listing Regulations, 2015 and SEBI circular dated 8 February 2019, a certificate on secretarial compliance report as required under regulation 24A is being submitted to stock exchanges as obtained from him for the year 2018-19.

The said Reports do not contain any qualification, reservation or adverse remark or disclaimer 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 2019-20 on a remuneration of ₹ 60,000 plus taxes, out-of-pocket, travelling and living expenses, subject to ratification by the shareholders at the ensuing AGM. Accordingly, a resolution seeking members' ratification for the remuneration payable to the Cost Auditor is included in the Notice convening the AGM.

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Pune: 16 May 2019

CSR at Bajaj Finserv and its subsidiaries

FINSERV ACTIVATE

Introduction

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

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

Our focus areas

Healthcare

Number of lives impacted: 1,30,000

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

Protection

Number of lives impacted: 7,000 children

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

Employability

Number of lives impacted: 2,000 graduates

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

Education

Number of lives impacted: 7,500 children

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

Annual Report on CSR activities

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

Introduction

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

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

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

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

Guiding Principles

The Bajaj Group believes that social investments should:

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

CSR Policy

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

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

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

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

2. The Composition of the CSR Committee

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

Rahul Bajaj, Chairman
Nanoo Pamnani, Member
Sanjiv Bajaj, Member

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

3. Average net profit of the Company for last three financial years prior to 2018-19: ₹ 74.56 crore.

4. Prescribed CSR Expenditure (2% of amount as in Item No. 3): ₹ 1.49 crore.

5. Details of CSR spent during the financial year:

(₹ In Crore)

Particulars	
Total Amount to be spent	1.49
Amount Spent	1.53
Amount Unspent, if any (a-b):	Nil
Manner in which amount spent/committed during the financial year	As provided in Table 1

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

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

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

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

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

Rahul Bajaj
Chairman of CSR Committee

Sanjiv Bajaj
Managing Director & CEO

Pune: 16 May 2019

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2019

(₹ 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 2019
1.	Direct-Employability and Skill Development Initiative, Pune	Employment enhancing vocational skills training for fresh graduates seeking career in banking, finance and insurance sector	Education and Employment enhancing vocational skills	Pune, Maharashtra	2.94	0.78	2.20
2.	Muktangan Mitra, Pune	Treatment of drug addicts	Healthcare	Pune, Maharashtra	0.25	0.11	0.11
3.	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	0.15	0.48
4.	The Education Audiology and Research Society (EAR), Mumbai	Therapy of hearing impaired students	Special education	Mumbai, Maharashtra	0.60	0.20	0.38
5.	Bajaj Finserv Charitable Trust, Pune.	Creating four Bajaj fellows at NARI	Rural Development	Phaltan, Maharashtra	0.25	0.25	0.25
Total (A)						1.49	
Overhead expenses restricted to 5% of total CSR expenditure (B)						0.04	
Grand Total (A+B)						1.53	

Notes: Amounts mentioned above under Serial No. 2 to 5 relate to amounts spent through implementing agencies, while Serial No. 1 relates to amount directly spent by the Company.

Extract of Annual Return (Form MGT-9)

As on the financial year ended 31 March 2019

[Pursuant to section 92(3) of Companies Act, 2013 and rule 12(1) of 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 Fintech 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 Tel No. (040) 6716 1562 Fax No. (040) 2300 1153 Toll Free No. 1800 345 4001 Email: mohsin.mohd@karvy.com Website: www.karvyfintech.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	78
2	Electric power generation	3510	16

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 2019	Applicable section
1	Bajaj Finance Ltd. (BFL)	L65910MH1987PLC042961	Subsidiary	54.99	section 2(87)
2	Bajaj Allianz Life Insurance Company Ltd.	U66010PN2001PLC015959	Subsidiary	74.00	section 2(87)
3	Bajaj Allianz General Insurance Company Ltd.	U66010PN2000PLC015329	Subsidiary	74.00	section 2(87)
4	Bajaj Housing Finance Ltd. [100% shares held by BFL]	U65910PN2008PLC132228	Subsidiary	-	section 2(87)
5	Bajaj Financial Securities Ltd. [100% shares held by BFL w.e.f. 10 August 2018]	U67120PN2010PLC136026	Subsidiary	-	section 2(87)
6	Bajaj Finserv Direct Ltd. (100% shares held by Bajaj Finserv 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 2018				No. of shares held at the end of the year as on 31 March 2019				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1) Indian									
a) Individual/HUF	8,244,370	-	8,244,370	5.18	8,244,370	-	8,244,370	5.18	0.00
b) Central Government	–	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	84,610,838	-	84,610,838	53.17	84,641,838	-	84,641,838	53.19	0.02
e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**92,855,208**	**-**	**92,855,208**	**58.35**	**92,886,208**	**-**	**92,886,208**	**58.37**	**0.02**
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)	**92,855,208**	**-**	**92,855,208**	**58.35**	**92,886,208**	**-**	**92,886,208**	**58.37**	**0.02**
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	6,013,981	425	6,014,406	3.78	5,895,794	425	5,896,219	3.71	(0.07)
b) Banks/Financial Institutions	143,746	9,945	153,691	0.10	142,810	9,945	152,755	0.10	0.00
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2018				No. of shares held at the end of the year as on 31 March 2019				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
f) Insurance Companies	4,712,971	300	4,713,271	2.96	3,826,428	300	3,826,728	2.40	(0.56)
g) Foreign Institutional Investors/Foreign Portfolio Investors	12,449,968	1,150	12,451,118	7.82	13,211,237	1,150	13,212,387	8.30	0.48
h) Alternate Investment Fund	299,109	-	299,109	0.19	456,653	-	456,653	0.29	0.10
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	**23,619,775**	**11,820**	**23,631,595**	**14.85**	**23,532,922**	**11,820**	**23,544,742**	**14.80**	**(0.05)**
2) Non-Institutions									
a) Bodies Corporate									
i) Indian	11,705,338	642,513	12,347,851	7.76	11,950,560	642,438	12,592,998	7.91	0.15
ii) Overseas	-	75	75	0.00	-	75	75	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	1,198,158	1,161,209	13,149,367	8.26	12,029,515	761,609	12,791,124	8.04	(0.23)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6,362,420	8,178,828	14,541,248	9.14	6,292,182	8,146,828	14,439,010	9.07	(0.06)
c) Others									
i) Non-resident Indians	1,064,992	11,765	1,076,757	0.68	1,168,304	10,115	1,178,419	0.74	0.06
ii) Clearing Members	65,219	-	65,219	0.04	176,772	-	176,772	0.11	0.07
iii) Trusts	1,412,635	-	1,412,635	0.89	1,416,520	-	1,416,520	0.89	0.00
iv) NBFCs	20,153	-	20,153	0.01	21,980	-	21,980	0.01	0.00
v) Foreign Bodies - DR	4,727	-	4,727	0.00	3,633	-	3,633	0.00	0.00
vi) Foreign Nationals	119	-	119	0.00	1,186	-	1,186	0.00	0.00
vii) IEPF	30,143	-	30,143	0.02	42,844	-	42,844	0.03	0.01
Sub-total (B)(2)	**32,653,904**	**9,994,390**	**42,648,294**	**26.80**	**33,103,496**	**9,561,065**	**42,664,561**	**26.81**	**0.01**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**56,273,679**	**10,006,210**	**66,279,889**	**41.65**	**56,636,418**	**9,572,885**	**66,209,303**	**41.61**	**(0.01)**
C. Shares held by Custodian for GDRs	-	-	-	-	-	-	-	-	-
D. BFS ESOP TRUST	-	-	-	-	**40,600**	-	**40,600**	**0.03**	**0.03**
Grand Total (A+B+C+D)	**149,128,887**	**10,006,210**	**159,135,097**	**100.00**	**149,563,226**	**9,572,885**	**159,136,111**	**100.00**	**-**

ii) Shareholding of promoters

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 1 April 2018			Shareholding at the end of the year as on 31 March 2019			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Late Anant Bajaj*	30,107	0.02	-	30,107	0.02	-	-
2	Deepa Bajaj	11,675	0.01	-	11,675	0.01	-	-
3	Geetika Bajaj	191,250	0.12	-	191,250	0.12	-	-
4	Kiran Bajaj	1,238,525	0.78	-	1,238,525	0.78	-	-
5	Kriti Bajaj	38,500	0.02	-	38,500	0.02	-	-
6	Kumud Bajaj	359,934	0.23	-	359,934	0.23	-	-
7	Madhur Bajaj	1,088,393	0.68	-	1,088,393	0.68	-	-
8	Minal Bajaj	164,200	0.10	-	164,200	0.10	-	-
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	1,408,115	0.88	-	1,408,115	0.88	-	-
12	Niravnayan Bajaj	205,866	0.13	-	205,866	0.13	-	-
13	Rahulkumar Bajaj	1,662,685	1.04	-	1,662,685	1.04	-	-
14	Rajivnayan Bajaj	3,450	0.00	-	3,450	0.00	-	-
15	Rishabnayan Bajaj	9,400	0.01	-	9,400	0.01	-	-
16	Sanjali Bajaj	10,100	0.01	-	24,615	0.02	-	0.01
17	Sanjivnayan Bajaj	465,024	0.29	-	420,579	0.26	-	(0.03)
18	Shefali Bajaj	11,000	0.01	-	25,715	0.02	-	0.01
19	Shekhar Bajaj	37,276	0.02	-	37,276	0.02	-	-
20	Siddhantnayan Bajaj	8,300	0.01	-	23,515	0.01	-	0.01
21	Suman Jain	578,329	0.36	-	578,329	0.36	-	-
22	Sunaina Kejriwal	235,437	0.15	-	235,437	0.15	-	-
23	Bachhraj and Company Pvt. Ltd.	1,971,478	1.24	-	1,971,478	1.24	-	-
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.	15,239,784	9.58	-	15,270,784	9.60	-	0.02
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	**92,855,208**	**58.35**	**-**	**92,886,208**	**58.37**	**-**	**0.02**

NOTES: 1. *Anant Bajaj, part of the promoter group expired on 10 August 2018. 30,107 shares (0.02%) held by him are in the process of transmission.
2. Includes shares held in other capacities, as applicable.

iii) Change in promoters' shareholding

Sr. No.	Name of promoters	Shareholding at the beginning of the year (1 April 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		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 2018	92,855,208	58.35	-	-
	Date-wise increase/(decrease)				
1	**Jamnalal Sons Pvt. Ltd.**				
	15 March 2019-Market Purchase	31,000	0.02	92,886,208	58.37
2	**Sanjivnayan Bajaj**				
	8 February 2019-Transferred as Gift (Off market transaction)	(44,445)	(0.03)	92,841,763	58.34
3	**Shefali Bajaj**				
	8 February 2019-Received as Gift (Off market transaction)	14,715	0.01	92,856,478	58.35
4	**Sanjali Bajaj**				
	8 February 2019-Received as Gift (Off market transaction)	14,515	0.01	92,870,993	58.36
5	**Siddhantnayan Bajaj**				
	8 February 2019-Received as Gift (Off market transaction)	15,215	0.01	92,886,208	58.37
	At the end of the year 31 March 2019			**92,886,208**	**58.37**

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Jaya Hind Industries Ltd.**				
	At the beginning of the year 1 April 2018	6,019,663	3.78		
	Date-wise increase/(decrease)				
	24-10-2018-Amalgamation	110,049	0.01	6,129,712	3.85
	At the end of the year 31 March 2019			6,129,712	3.85
2	**Maharashtra Scooters Ltd.**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2019	3,725,740	2.34	3,725,740	2.34
3	**Life Insurance Corporation of India**				
	At the beginning of the year 1 April 2018	4,297,985	2.70		
	Date-wise increase/(decrease)				
	31-08-2018-Sale	(132,877)	(0.08)	4,165,108	2.62
	07-09-2018-Sale	(5,802)	(0.00)	4,159,306	2.61
	21-09-2018-Sale	(25,340)	(0.02)	4,133,966	2.60
	19-10-2018-Sale	(2,160)	(0.00)	4,131,806	2.60
	26-10-2018-Sale	(39,981)	(0.03)	4,091,825	2.57
	02-11-2018-Sale	(252,201)	(0.16)	3,839,624	2.41
	09-11-2018-Sale	(161,180)	(0.10)	3,678,444	2.31
	16-11-2018-Sale	(239,002)	(0.15)	3,439,442	2.16
	At the end of the year 31 March 2019			3,439,442	2.16
4	**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 2019	1,829,958	1.15	1,829,958	1.15
5	**ICICI Prudential Focused Bluechip Equity Fund**				
	At the beginning of the year 1 April 2018	2,080,029	1.31		
	Date-wise increase/(decrease)				
	06-04-2018-Purchase	22,860	0.01	2,102,889	1.32
	06-04-2018-Sale	(265,131)	(0.17)	1,837,758	1.15
	13-04-2018-Purchase	7	0.00	1,837,765	1.15

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	13-04-2018-Sale	(3,500)	(0.00)	1,834,265	1.15
	20-04-2018-Sale	(234)	(0.00)	1,834,031	1.15
	27-04-2018-Sale	(21)	(0.00)	1,834,010	1.15
	04-05-2018-Purchase	18	0.00	1,834,028	1.15
	04-05-2018-Sale	(14)	(0.00)	1,834,014	1.15
	11-05-2018-Purchase	116	0.00	1,834,130	1.15
	18-05-2018-Purchase	101	0.00	1,834,231	1.15
	18-05-2018-Sale	(14)	(0.00)	1,834,217	1.15
	25-05-2018-Purchase	19	0.00	1,834,236	1.15
	25-05-2018-Sale	(31)	(0.00)	1,834,205	1.15
	01-06-2018-Purchase	35	0.00	1,834,240	1.15
	01-06-2018-Sale	(34,905)	(0.02)	1,799,335	1.13
	08-06-2018-Purchase	190	0.00	1,799,525	1.13
	08-06-2018-Sale	(25,778)	(0.02)	1,773,747	1.11
	15-06-2018-Purchase	108	0.00	1,773,855	1.11
	15-06-2018-Sale	(14,250)	(0.01)	1,759,605	1.11
	22-06-2018-Purchase	302	0.00	1,759,907	1.11
	22-06-2018-Sale	(8)	(0.00)	1,759,899	1.11
	29-06-2018-Purchase	42	0.00	1,759,941	1.11
	06-07-2018-Sale	(244)	(0.00)	1,759,697	1.11
	13-07-2018-Purchase	28	0.00	1,759,725	1.11
	13-07-2018-Sale	(25,597)	(0.02)	1,734,128	1.09
	20-07-2018-Purchase	31	0.00	1,734,159	1.09
	20-07-2018-Sale	(5,606)	(0.00)	1,728,553	1.09
	27-07-2018-Purchase	28	0.00	1,728,581	1.09
	27-07-2018-Sale	(108,927)	(0.07)	1,619,654	1.02
	03-08-2018-Purchase	676	0.00	1,620,330	1.02
	03-08-2018-Sale	(14,489)	(0.01)	1,605,841	1.01
	10-08-2018-Purchase	27	0.00	1,605,868	1.01
	10-08-2018-Sale	(20,229)	(0.01)	1,585,639	1.00
	17-08-2018-Purchase	27	0.00	1,585,666	1.00
	17-08-2018-Sale	(64,799)	(0.04)	1,520,867	0.96
	24-08-2018-Purchase	35,771	0.02	1,556,638	0.98
	24-08-2018-Sale	(7,832)	(0.00)	1,548,806	0.97
	31-08-2018-Purchase	56	0.00	1,548,862	0.97
	31-08-2018-Sale	(12,233)	(0.01)	1,536,629	0.97

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	07-09-2018-Purchase	15,553	0.01	1,552,182	0.98
	14-09-2018-Purchase	24,564	0.02	1,576,746	0.99
	14-09-2018-Sale	(27,163)	(0.02)	1,549,583	0.97
	21-09-2018-Purchase	380	0.00	1,549,963	0.97
	28-09-2018-Purchase	6	0.00	1,549,969	0.97
	28-09-2018-Sale	(110,593)	(0.07)	1,439,376	0.90
	05-10-2018-Purchase	125,105	0.08	1,564,481	0.98
	05-10-2018-Sale	(117,071)	(0.07)	1,447,410	0.91
	12-10-2018-Purchase	100	0.00	1,447,510	0.91
	12-10-2018-Sale	(7,125)	(0.00)	1,440,385	0.91
	19-10-2018-Purchase	110	0.00	1,440,495	0.91
	19-10-2018-Sale	(2,750)	(0.00)	1,437,745	0.90
	26-10-2018-Purchase	37,115	0.02	1,474,860	0.93
	26-10-2018-Sale	(21)	(0.00)	1,474,839	0.93
	02-11-2018-Purchase	32,386	0.02	1,507,225	0.95
	09-11-2018-Purchase	36	0.00	1,507,261	0.95
	16-11-2018-Purchase	78	0.00	1,507,339	0.95
	16-11-2018-Sale	(3,750)	(0.00)	1,503,589	0.94
	23-11-2018-Purchase	11	0.00	1,503,600	0.94
	30-11-2018-Purchase	66	0.00	1,503,666	0.94
	30-11-2018-Sale	(13,875)	(0.01)	1,489,791	0.94
	07-12-2018-Purchase	42	0.00	1,489,833	0.94
	14-12-2018-Purchase	7,191	0.00	1,497,024	0.94
	14-12-2018-Sale	(7,625)	(0.00)	1,489,399	0.94
	21-12-2018-Purchase	98	0.00	1,489,497	0.94
	21-12-2018-Sale	(10,500)	(0.01)	1,478,997	0.93
	28-12-2018-Purchase	21	0.00	1,479,018	0.93
	28-12-2018-Sale	(755)	(0.00)	1,478,263	0.93
	31-12-2018-Purchase	80	0.00	1,478,343	0.93
	04-01-2019-Purchase	80	0.00	1,478,423	0.93
	11-01-2019-Purchase	53	0.00	1,478,476	0.93
	18-01-2019-Purchase	98	0.00	1,478,574	0.93
	25-01-2019-Purchase	39	0.00	1,478,613	0.93
	01-02-2019-Purchase	67	0.00	1,478,680	0.93
	08-02-2019-Purchase	84	0.00	1,478,764	0.93
	15-02-2019-Purchase	38	0.00	1,478,802	0.93
	15-02-2019-Sale	(147)	(0.00)	1,478,655	0.93
	22-02-2019-Purchase	11,756	0.01	1,490,411	0.94
	22-02-2019-Sale	(294)	(0.00)	1,490,117	0.94
	01-03-2019-Purchase	74	0.00	1,490,191	0.94

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	01-03-2019-Sale	(8,250)	(0.01)	1,481,941	0.93
	08-03-2019-Purchase	28	0.00	1,481,969	0.93
	08-03-2019-Sale	(212)	(0.00)	1,481,757	0.93
	15-03-2019-Purchase	84	0.00	1,481,841	0.93
	15-03-2019-Sale	(24)	(0.00)	1,481,817	0.93
	22-03-2019-Purchase	35	0.00	1,481,852	0.93
	22-03-2019-Sale	(157)	(0.00)	1,481,695	0.93
	29-03-2019-Purchase	166	0.00	1,481,861	0.93
	29-03-2019-Sale	(64)	(0.00)	1,481,797	0.93
	At the end of the year 31 March 2019			1,481,797	0.93
6	**SBI Blue Chip Fund**				
	At the beginning of the year 1 April 2018	701,100	0.44		
	Date-wise increase/(decrease)				
	06-04-2018-Purchase	482,631	0.30	1,183,731	0.74
	06-04-2018-Sale	(1,043)	(0.00)	1,182,688	0.74
	13-04-2018-Purchase	1,247	0.00	1,183,935	0.74
	20-04-2018-Purchase	53,900	0.03	1,237,835	0.78
	27-04-2018-Purchase	84,815	0.05	1,322,650	0.83
	04-05-2018-Purchase	3,520	0.00	1,326,170	0.83
	11-05-2018-Purchase	5,770	0.00	1,331,940	0.84
	18-05-2018-Purchase	4,265	0.00	1,336,205	0.84
	25-05-2018-Purchase	2,413	0.00	1,338,618	0.84
	01-06-2018-Purchase	3,483	0.00	1,342,101	0.84
	08-06-2018-Purchase	3,275	0.00	1,345,376	0.85
	08-06-2018-Sale	(10,000)	(0.01)	1,335,376	0.84
	15-06-2018-Purchase	2,983	0.00	1,338,359	0.84
	22-06-2018-Purchase	3,093	0.00	1,341,452	0.84
	22-06-2018-Sale	(1)	(0.00)	1,341,451	0.84
	29-06-2018-Purchase	392	0.00	1,341,843	0.84
	29-06-2018-Sale	(4,020)	(0.00)	1,337,823	0.84
	06-07-2018-Purchase	3,161	0.00	1,340,984	0.84
	13-07-2018-Purchase	3,465	0.00	1,344,449	0.84
	13-07-2018-Sale	(73)	(0.00)	1,344,376	0.84
	20-07-2018-Purchase	3,197	0.00	1,347,573	0.85
	27-07-2018-Purchase	2,944	0.00	1,350,517	0.85
	27-07-2018-Sale	(77,008)	(0.05)	1,273,509	0.80
	03-08-2018-Purchase	1,584	0.00	1,275,093	0.80
	03-08-2018-Sale	(100)	(0.00)	1,274,993	0.80

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	10-08-2018-Purchase	4,734	0.00	1,279,727	0.80
	17-08-2018-Purchase	1,523	0.00	1,281,250	0.81
	24-08-2018-Purchase	3,979	0.00	1,285,229	0.81
	24-08-2018-Sale	(12,000)	(0.01)	1,273,229	0.80
	31-08-2018-Purchase	6,426	0.00	1,279,655	0.80
	31-08-2018-Sale	(55)	(0.00)	1,279,600	0.80
	07-09-2018-Purchase	6,119	0.00	1,285,719	0.81
	07-09-2018-Sale	(6)	(0.00)	1,285,713	0.81
	14-09-2018-Purchase	5,424	0.00	1,291,137	0.81
	14-09-2018-Sale	(170)	(0.00)	1,290,967	0.81
	21-09-2018-Purchase	4,443	0.00	1,295,410	0.81
	28-09-2018-Purchase	143	0.00	1,295,553	0.81
	28-09-2018-Sale	(2,995)	(0.00)	1,292,558	0.81
	05-10-2018-Purchase	3,604	0.00	1,296,162	0.81
	12-10-2018-Purchase	5,574	0.00	1,301,736	0.82
	19-10-2018-Purchase	2,208	0.00	1,303,944	0.82
	26-10-2018-Purchase	4,546	0.00	1,308,490	0.82
	02-11-2018-Purchase	5,992	0.00	1,314,482	0.83
	02-11-2018-Sale	(1)	(0.00)	1,314,481	0.83
	09-11-2018-Purchase	2,910	0.00	1,317,391	0.83
	16-11-2018-Purchase	4,729	0.00	1,322,120	0.83
	16-11-2018-Sale	(53)	(0.00)	1,322,067	0.83
	23-11-2018-Purchase	2,775	0.00	1,324,842	0.83
	30-11-2018-Purchase	2,287	0.00	1,327,129	0.83
	07-12-2018-Purchase	167	0.00	1,327,296	0.83
	07-12-2018-Sale	(31,882)	(0.02)	1,295,414	0.81
	14-12-2018-Purchase	14,461	0.01	1,309,875	0.82
	14-12-2018-Sale	(4,737)	(0.00)	1,305,138	0.82
	21-12-2018-Purchase	3,685	0.00	1,308,823	0.82
	28-12-2018-Purchase	388	0.00	1,309,211	0.82
	28-12-2018-Sale	(13)	(0.00)	1,309,198	0.82
	31-12-2018-Purchase	1,047	0.00	1,310,245	0.82
	04-01-2019-Purchase	6,789	0.00	1,317,034	0.83
	11-01-2019-Purchase	7,384	0.00	1,324,418	0.83
	11-01-2019-Sale	(25,000)	(0.02)	1,299,418	0.82
	18-01-2019-Purchase	6,287	0.00	1,305,705	0.82
	18-01-2019-Sale	(21)	(0.00)	1,305,684	0.82
	25-01-2019-Purchase	5,067	0.00	1,310,751	0.82
	25-01-2019-Sale	(8)	(0.00)	1,310,743	0.82
	01-02-2019-Purchase	7,002	0.00	1,317,745	0.83

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	01-02-2019-Sale	(61,449)	(0.04)	1,256,296	0.79
	08-02-2019-Purchase	5,976	0.00	1,262,272	0.79
	08-02-2019-Sale	(3,708)	(0.00)	1,258,564	0.79
	15-02-2019-Purchase	3,736	0.00	1,262,300	0.79
	15-02-2019-Sale	(15)	(0.00)	1,262,285	0.79
	22-02-2019-Purchase	60,635	0.04	1,322,920	0.83
	01-03-2019-Purchase	8,539	0.01	1,331,459	0.84
	08-03-2019-Purchase	6,511	0.00	1,337,970	0.84
	08-03-2019-Sale	(275)	(0.00)	1,337,695	0.84
	15-03-2019-Purchase	8,591	0.01	1,346,286	0.85
	22-03-2019-Purchase	5,806	0.00	1,352,092	0.85
	22-03-2019-Sale	(13)	(0.00)	1,352,079	0.85
	29-03-2019-Purchase	1,684	0.00	1,353,763	0.85
	29-03-2019-Sale	(143,149)	(0.09)	1,210,614	0.76
	At the end of the year 31 March 2019			1,210,614	0.76
7	**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 2019	1,092,075	0.69	1,092,075	0.69
8	**AXIS Mutual Fund Trustee Ltd.**				
	At the beginning of the year 1 April 2018	594,022	0.37		
	Date-wise increase/(decrease)				
	06-04-2018-Purchase	103	0.00	594,125	0.37
	06-04-2018-Sale	(41,010)	(0.03)	553,115	0.35
	13-04-2018-Sale	(25,000)	(0.02)	528,115	0.33
	20-04-2018-Sale	(20,000)	(0.01)	508,115	0.32
	27-04-2018-Sale	(33,000)	(0.02)	475,115	0.30
	11-05-2018-Sale	(8)	(0.00)	475,107	0.30
	18-05-2018-Purchase	37,000	0.02	512,107	0.32
	25-05-2018-Purchase	10,382	0.01	522,489	0.33
	15-06-2018-Sale	(1,435)	(0.00)	521,054	0.33
	29-06-2018-Purchase	16,500	0.01	537,554	0.34
	13-07-2018-Purchase	2,100	0.00	539,654	0.34
	20-07-2018-Purchase	23,500	0.01	563,154	0.35
	27-07-2018-Purchase	1,818	0.00	564,972	0.36

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	27-07-2018-Sale	(3,000)	(0.00)	561,972	0.35
	03-08-2018-Purchase	6,000	0.00	567,972	0.36
	10-08-2018-Purchase	32,037	0.02	600,009	0.38
	10-08-2018-Sale	(810)	(0.00)	599,199	0.38
	24-08-2018-Purchase	46,500	0.03	645,699	0.41
	31-08-2018-Purchase	28,335	0.02	674,034	0.42
	07-09-2018-Purchase	67,500	0.04	741,534	0.47
	14-09-2018-Purchase	16,000	0.01	757,534	0.48
	21-09-2018-Purchase	23,000	0.01	780,534	0.49
	28-09-2018-Purchase	22,456	0.01	802,990	0.50
	05-10-2018-Sale	(1)	(0.00)	802,989	0.50
	12-10-2018-Purchase	1	0.00	802,990	0.50
	12-10-2018-Sale	(3,800)	(0.00)	799,190	0.50
	26-10-2018-Sale	(27,200)	(0.02)	771,990	0.49
	2-11-2018-Purchase	55,000	0.03	826,990	0.52
	02-11-2018-Sale	(12,000)	(0.01)	814,990	0.51
	09-11-2018-Purchase	13,750	0.01	828,740	0.52
	09-11-2018-Sale	(40,000)	(0.03)	788,740	0.50
	16-11-2018-Purchase	35,050	0.02	823,790	0.52
	30-11-2018-Purchase	1	0.00	823,791	0.52
	30-11-2018-Sale	(21,845)	(0.01)	801,946	0.50
	07-12-2018-Purchase	16,750	0.01	818,696	0.51
	07-12-2018-Sale	(4,883)	(0.00)	813,813	0.51
	14-12-2018-Purchase	36,443	0.02	850,256	0.53
	14-12-2018-Sale	(1,003)	(0.00)	849,253	0.53
	21-12-2018-Purchase	15,817	0.01	865,070	0.54
	21-12-2018-Sale	(953)	(0.00)	864,117	0.54
	28-12-2018-Purchase	6,085	0.00	870,202	0.55
	11-01-2019-Purchase	12,300	0.01	882,502	0.55
	18-01-2019-Sale	(1)	(0.00)	882,501	0.55
	25-01-2019-Purchase	49,975	0.03	932,476	0.59
	01-02-2019-Purchase	25	0.00	932,501	0.59
	08-02-2019-Purchase	6,875	0.00	939,376	0.59
	15-02-2019-Sale	(3,322)	(0.00)	936,054	0.59
	01-03-2019-Purchase	100,000	0.06	1,036,054	0.65
	08-03-2019-Purchase	30,010	0.02	1,066,064	0.67
	15-03-2019-Sale	(5,625)	(0.00)	1,060,439	0.67
	22-03-2019-Sale	(124)	(0.00)	1,060,315	0.67
	At the end of the year 31 March 2019			1,060,315	0.67

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	**Abhay Firodia**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2019	1,042,184	0.65	1,042,184	0.65
10	**Abu Dhabi Investment Authority-Beacon**				
	At the beginning of the year 1 April 2018	178,026	0.11		
	Date-wise increase/(decrease)				
	06-04-2018-Sale	(1,590)	(0.00)	176,436	0.11
	04-05-2018-Purchase	333	0.00	176,769	0.11
	04-05-2018-Sale	(333)	(0.00)	176,436	0.11
	11-05-2018-Sale	(333)	(0.00)	176,103	0.11
	01-06-2018-Sale	(2,432)	(0.00)	173,671	0.11
	29-06-2018-Purchase	32,320	0.02	205,991	0.13
	06-07-2018-Purchase	40,398	0.03	246,389	0.15
	06-07-2018-Sale	(32,320)	(0.02)	214,069	0.13
	03-08-2018-Sale	(960)	(0.00)	213,109	0.13
	10-08-2018-Purchase	2,647	0.00	215,756	0.14
	10-08-2018-Sale	(2,647)	(0.00)	213,109	0.13
	17-08-2018-Sale	(1,324)	(0.00)	211,785	0.13
	24-08-2018-Sale	(1,323)	(0.00)	210,462	0.13
	26-10-2018-Purchase	26,500	0.02	236,962	0.15
	02-11-2018-Purchase	224,740	0.14	461,702	0.29
	16-11-2018-Purchase	803	0.00	462,505	0.29
	14-12-2018-Purchase	3,619	0.00	466,124	0.29
	14-12-2018-Sale	(3,619)	(0.00)	462,505	0.29
	01-02-2019-Purchase	1,647	0.00	464,152	0.29
	01-03-2019-Purchase	134,592	0.08	598,744	0.38
	01-03-2019-Sale	(2,022)	(0.00)	596,722	0.37
	08-03-2019-Purchase	14,746	0.01	611,468	0.38
	29-03-2019-Purchase	162,246	0.10	773,714	0.49
	At the end of the year 31 March 2019			773,714	0.49

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 2018)		Cumulative shareholding during the year ended (31 March 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Rahulkumar Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2019	1,662,685	1.04	1,662,685	1.04
2	**Sanjivnayan Bajaj**				
	At the beginning of the year 1 April 2018	465,024	0.29		
	08-02-2019 Transferred as gift	(44,445)	(0.03)	420,579	0.26
	At the end of the year 31 March 2019			420,579	0.26
3	**Madhur Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2019	1,088,393	0.68	1,088,393	0.68
4	**Rajivnayan Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2019	3,450	0.00	3,450	0.00
5	**Manish Kejriwal**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2019	122	0.00	122	0.00
6	**S Sreenivasan (CFO)**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2019	1,650	0.00	1,650	0.00
7	**Sonal R Tiwari (Company Secretary)**				
	At the beginning of the year 1 April 2018	0	0.00		
	06-09-2018 Purchase	50	0.00	50	0.00
	At the end of the year 31 March 2019			50	0.00

Notes: Shareholding of other Directors-Nil

V. Indebtedness

As on 31 March 2019, 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 2018-19

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

(in ₹)

Sr. No.	Particulars of remuneration	Sanjiv Bajaj (MD & CEO)	Total amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	19,818,461	19,818,461
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	2,544,600	2,544,600
	(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)	53,100,000	53,100,000
5	Others-Contribution to Provident Fund, etc.	3,760,048	3,760,048
	TOTAL (A)	**79,223,109**	**79,223,109**
	Ceiling as per the Act		**167,300,000**

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

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

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

B. Remuneration to other directors

1. Independent Directors

(In ₹)

Particulars of remuneration	D J Balaji Rao	Nanoo Pamnani	Dr. Gita Piramal	Dr. Naushad Forbes	Anami N Roy	Total
i. Fee for attending Board/ Committee Meetings	750,000	900,000	800,000	500,000	100,000	3,050,000
ii. Commission	750,000	2,900,000	800,000	500,000	100,000	5,050,000
iii. Others	-	-	-	-	-	-
TOTAL (B)(1)	**1,500,000**	**3,800,000**	**1,600,000**	**1,000,000**	**200,000**	**8,100,000**

Note: Additional Commission to Nanoo Pamnani of ₹ 20 lakh for the year 2018-19 was approved at Board Meeting held on 12 March 2019.

2. Non-independent non-executive Directors

(In ₹)

Particulars of remuneration	Rahul Bajaj	Madhur Bajaj	Rajiv Bajaj	Manish Kejriwal	Total
i. Fee for attending Board/Committee Meetings	450,000	300,000	250,000	100,000	1,100,000
ii. Commission	450,000	300,000	250,000	100,000	1,100,000
iii. Others	-	-	-	-	-
TOTAL (B)(2)	**900,000**	**600,000**	**500,000**	**200,000**	**2,200,000**
TOTAL (B)(1) + (B)(2)					**10,300,000**
Total Managerial Remuneration (A+B)					**89,523,109**
Overall ceiling as per the Act					**200,800,000**

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

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

(In ₹)

		Key managerial personnel		
		Company Secretary	Chief Financial Officer	
Sr. No.	Particulars of remuneration	Sonal R Tiwari	S Sreenivasan	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	4,786,788	48,790,338	53,577,126
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	50,004	89,604	139,608
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others	-	-	-
5	Others-Contribution to Provident Fund, etc.	326,760	2,051,736	2,378,496
	Total	**5,163,552**	**50,931,678**	**56,095,230**

VII. Penalties/punishment/compounding of offences:

During the year 2018-19, there were no penalties/punishment/compounding of offences under Companies Act, 2013.

Annexure to Directors' Report

Remuneration Details under Rule 5(1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31 March 2019

Name of Director/KMP	Ratio of Remuneration of director to Median Remuneration of employees	% increase in the financial year
(A) Whole-time director/Managerial Personnel		
Sanjiv Bajaj-Managing Director & CEO	44.63	57.73
(B) Non-Executive directors[1]		
Rahul Bajaj	0.25	0.00
Madhur Bajaj	0.17	0.00
Rajiv Bajaj	0.14	25.00
Nanoo Pamnani	1.63	314.29
D J Balaji Rao	0.42	36.36
Dr. Gita Piramal	0.45	45.45
Dr. Naushad Forbes	0.28	100.00
Anami N Roy [3]	0.06	0.00
Manish Kejriwal [3]	0.06	0.00
(C) Key Managerial Personnel		
Sanjiv Bajaj, Managing Director & CEO		57.73
S Sreenivasan, CFO		36.67
Sonal R Tiwari, Company Secretary		36.27
(D) Remuneration of Median Employee (other than whole-time director)		(31.45)
(E) Permanent employees as on 31 March 2019[2]: 48		

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

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

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

3 Anami N Roy and Manish Kejriwal were appointed w.e.f. 1 January 2019. Figures in their case are therefore not comparable.

4 During 2018-19, strength of the Company doubled resulting in median remuneration coming down and hence the figures are strictly not comparable with the previous year.

Notes on Disclosures under Rule 5

A In 2018-19, the remuneration of median employee other than Whole-time Director reduced by 31.45% over the previous year.

B Increase in the remuneration of Managerial Person, which was 57.73% during the year under review, was given, keeping in view the trends of remuneration in industry.

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

Secretarial Audit Report (Form MR-3)

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

For the financial year ended 31 March 2019.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2019, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019, according to the provisions of:

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

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

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

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

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

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

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

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

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

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2008;

(h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

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

(vi) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to 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, as amended.

During the period under review, the Company has complied with the provisions of the Act, Rules,

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

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

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

1. The Corporate Governance Report prepared by Bajaj Finserv Limited (hereinafter the 'Company'), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations') ('Applicable criteria') with respect to Corporate Governance for the year ended 31 March 2019. This report is required by the Company to be annexed with the Directors' Report, in terms of Para E of Schedule V to the aforesaid Listing Regulations, for further being sent to the Shareholders of the Company.

Management's Responsibility

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

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

Auditor's Responsibility

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

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

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

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

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

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

iii. Obtained and read the Directors Register as on 31 March 2019 and verified that at least one women director was on the Board during the year;

iv. Obtained and read the minutes of the following meetings held between 1 April 2018 to 31 March 2019:

(a) Board of Directors meetings;
(b) Audit committee meetings;
(c) Annual General meeting;
(d) Nomination and remuneration committee meetings;
(e) Risk management committee meetings; and
(f) Stakeholders Relationship committee meetings.

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

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

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

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31 March 2019, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 19089802AAAAAF2447

Pune: 16 May 2019

Declaration by Chief Executive Officer

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

I, Sanjiv Bajaj, Managing Director & CEO of Bajaj Finserv Ltd. hereby declare that all members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of the Company for the year ended 31 March 2019.

Sanjiv Bajaj
Managing Director & CEO

Pune: 16 May 2019

Certificate by Practising Company Secretary

[Pursuant to Schedule V read with Regulation 34(3) of SEBI Listing Regulations 2015, (as amended)]

In the matter of Bajaj Finserv Ltd. (CIN: L65923PN2007PLC130075) having its registered office at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune-411035.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company, I certify that the following persons are directors of the Company (during 01-04-2018 to 31-03-2019) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Rahulkumar Kamalnayan Bajaj	00014529	Non-executive Chairman
2	Madhurkumar Ramkrishnaji Bajaj	00014593	Non-executive Director
3	Sanjivnayan Rahulkumar Bajaj	00014615	Managing Director & CEO
4	Rajivnayan Rahulkumar Bajaj	00018262	Non-executive Director
5	Balaji Rao Jagannathrao Doveton	00025254	Independent Director
6	Nanoo Gobindram Pamnani	00053673	Independent Director
7	Dr. Naushad Darius Forbes	00630825	Independent Director
8	Dr. Gita Piramal	01080602	Independent Director
9	Anami N Roy	01361110	Additional Director
10	Manish Santoshkumar Kejriwal	00040055	Additional Director

Pune: 16 May 2019

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

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report on the Consolidated Ind AS Financial Statements

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

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Bajaj Finserv Ltd. (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture, comprising of the consolidated Balance Sheet as at 31 March 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the audit of the consolidated Ind AS financial statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework *(as described in note 2a of the consolidated Ind AS financial statements)*	
The Group has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For periods up to and including the year ended 31 March 2018, the Group had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date Balance Sheet as at 1 April 2017 have been prepared under Ind AS.	• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies in light of the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date.

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

Key audit matters	How our audit addressed the key audit matter
The transition has involved significant change in the Group's policies and processes for financial reporting, including generation of supportable information and exercise of estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition have been areas of key focus in our audit.	• Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Tested regulatory disclosures prescribed under Ind AS.
(b) Impairment of financial assets (expected credit losses) *(as described in note 7 of the consolidated Ind AS financial statements)*	
Ind AS 109 requires the Group to recognise impairment allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: • unbiased, probability weighted outcome under various scenarios; • time value of money; • impact arising from forward looking macro-economic factors and; • availability of reasonable and supportable information without undue costs. • applying these principles involves significant estimation in various aspects, such as: grouping of borrowers on the basis of homogeneity by using appropriate statistical techniques; • staging of loans and estimation of behavioral life; • determining macro-economic factors impacting credit quality of receivables; • estimation of losses for loan products with no/minimal historical defaults. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.	• We read and assessed the Group's accounting policies for impairment of financial assets and also their compliance with the respect to Ind AS 109. • We tested the criteria for staging of loans based on their past-due status is in compliance with requirement of Ind AS 109 by testing a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 and vice versa. • We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation • Tested the ECL model, including assumptions and underlying computation. • Assessed the floor/minimum rates of provisioning applied by the Group for loan products with inadequate historical defaults. • Audited disclosures included in the Ind AS financial statements in respect of expected credit losses.
(c) IT systems and controls	
Financial accounting and reporting systems, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Group. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• We tested the design and operating effectiveness of the Group's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorised. • We tested the Group's periodic review of access rights. We also tested requests of changes to systems for approval and authorisation. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.
(d) Outstanding Motor Third Party (TP) claims	
The joint auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary of the Holding Company, have reported that outstanding Motor TP claims represent estimates of future payments of reported claims for losses and related expenses at balance sheet date. The valuation of reported third party loss involves a high degree of subjectivity and estimation. For such claims, a provision is made on the basis of the amounts that are likely to be paid against each claim as estimated by BAGIC in light of the information available at the balance sheet date and which is subsequently modified for changes, as appropriate, based on availability of additional information. Resultantly, outstanding Motor TP claims is an area which requires auditors' attention, especially considering the significant degree of judgment which is required to be applied to determine this amount.	The procedures performed by the joint auditors of BAGIC, as reported by them to determine the appropriateness of the outstanding Motor TP claims by undertaking the following procedures: • Obtained an understanding of the BAGIC's process of Motor TP claims provisioning, which takes into consideration factors such as evaluation of legal precedents and professional judgments of lawyers. • Tested the design, implementation and operating effectiveness of key controls over the Motor TP claims provisioning as at the year-end. • Performed substantive audit procedures and tested samples of outstanding Motor TP claims along with their underlying documentation for assessing existence and accuracy. • Assessed the appropriateness of the overall Motor TP estimate made by BAGIC.

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

Other information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor's responsibilities for the audit of the consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

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

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended 31 March 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

(a) The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 1.36 crore for the year ended 31 March 2019, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture, and our report in terms of sub-sections (3) of section 143 of the Act, in so far as it relates to the aforesaid joint venture, is based solely on the report of such other auditors.

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

(b) The auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a subsidiary, have reported that the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2019 is the responsibility of the BALIC's Senior Vice President – Actuary (the 'SVP 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 2019 has been duly certified by the BALIC's SVP Actuary and in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 'Insurance Contracts', Ind AS 109 'Financial Instruments', the guidelines and norms issued by the Insurance Regulatory Development Authority of India ('IRDAI'/'Authority') and the Institute of Actuaries of India in concurrence with the IRDAI. BALIC's auditors have relied upon SVP Actuary's certificate in this regard for forming their opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in Financial Statements of BALIC.

(c) The auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary, have reported that the actuarial valuation of liabilities in respect of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) of BAGIC is the responsibility of the BAGIC's Appointed Actuary. The actuarial valuation of these liabilities as at 31 March 2019 has been duly certified by the BAGIC's Appointed Actuary. The BAGIC's Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with with Ind AS 104 'Insurance Contracts', Ind AS 109 'Financial Instruments', the guidelines and norms issued by the Insurance Regulatory Development Authority of India ('IRDAI'/'Authority') and the Institute of Actuaries of India in concurrence with the IRDAI. BAGIC's auditors have relied upon the BAGIC's Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of BAGIC.

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

Report on other legal and regulatory requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of a joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that

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

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its joint venture, none of the directors of the Group's companies and the joint venture incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and joint venture incorporated in India, refer to our separate Report in 'Annexure 1' to this report;

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

(g) In our opinion and based on the consideration of reports of other statutory auditor of the joint venture, the managerial remuneration for the year ended 31 March 2019 has been paid/provided by the Holding Company, its subsidiaries and joint venture to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the joint venture, as noted in the 'Other matter' paragraph

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its joint venture – Refer Note 40 to the consolidated Ind AS financial statements;

ii. The Group and its joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries and joint venture incorporated in India during the year ended 31 March 2019.

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 16 May 2019

Annexure 1 to Independent Auditors' Report

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

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated Ind AS financial statements of Bajaj Finserv Ltd. as of and for the year ended 31 March 2019, 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, its joint venture, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

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

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

Meaning of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that

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

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

Annexure 1 to Independent Auditors' Report (Contd.)

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

Inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements

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

Opinion

In our opinion, the Holding Company, its subsidiary companies and its joint venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other matters

(a) The auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a subsidiary, have reported that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the BALIC's Panel Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the 'IRDA Financial Statements Regulations'), and has been relied upon by them, as mentioned in 'Other Matter' paragraph of their audit report on the financial statements of BALIC as at and for the year ended 31 March 2019. 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 Panel Actuary and has been relied upon by them.

(b) The auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary, have reported that the actuarial valuation for Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER), has been duly certified by the BAGIC's Appointed Actuary in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'Authority') and the Institute of Actuaries of India in concurrence with the Authority, and has been relied upon by them, as mentioned in 'Other Matter' paragraph of their audit report on the financial statements of BAGIC as at and for the year ended 31 March 2019. Accordingly, their opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of internal controls over valuation and accuracy of aforesaid actuarial liabilities.

(c) Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, in so far as it relates to one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of joint venture incorporated in India.

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 16 May 2019

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	1,582.91	1,600.12	1,377.96
Bank balance other than cash and cash equivalents	4	5.98	6.32	4.94
Trade receivables	5	2,273.08	1,753.28	1,644.89
Other receivables	6	92.19	53.67	62.23
Loans	7	112,873.75	79,371.74	55,675.92
Investment in a joint venture	8A	13.18	11.81	10.52
Shareholders' investments	8B	20,317.97	14,462.12	14,045.34
Policyholders' investments	8C	61,347.91	54,954.55	50,669.21
Other financial assets	9	2,273.82	1,877.72	2,110.22
		200,780.79	**154,091.33**	**125,601.23**
Non-financial assets				
Current tax assets (net)		172.77	136.96	93.68
Deferred tax assets (net)	10A	779.87	816.28	671.84
Investment property	11	37.98	38.09	30.71
Property, plant and equipment	12	1,137.75	929.63	869.66
Capital work-in-progress		60.81	22.98	3.15
Intangible assets under development		4.70	4.72	1.21
Goodwill on consolidation		689.34	689.34	689.34
Other intangible assets	13	231.76	134.79	80.51
Other non-financial assets	14	4,652.94	4,697.87	4,346.30
		7,767.92	**7,470.66**	**6,786.40**
Total		**208,548.71**	**161,561.99**	**132,387.63**

Consolidated Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
Revenue from operations			
Interest income	26	18,776.29	13,736.25
Dividend income		61.30	43.92
Rental income		5.20	3.98
Fees and commission income	27	1,681.87	808.11
Net gain on fair value changes	28	1,978.10	1,588.48
Sale of services	29	147.25	139.61
Premium and other operating income from insurance business		19,857.32	16,425.50
Others	30	96.67	116.52
Total revenue from operations		42,604.00	32,862.37
Other income	31	1.57	0.29
Total income		**42,605.57**	**32,862.66**
Expenses			
Employee benefits expenses	32	3,801.77	2,744.83
Finance costs	33	6,540.03	4,531.00
Fees and commission expense	34	1,692.77	1,281.52
Impairment on financial instruments	35	1,688.67	1,034.89
Claims incurred pertaining to insurance business		10,663.70	10,791.39
Reinsurance ceded		3,119.33	2,727.22
Net change in insurance/investment contract liabilities		3,701.96	894.68
Depreciation, amortisation and impairment	36	226.09	159.89
Other expenses	37	3,017.87	2,599.82
Total expenses		**34,452.19**	**26,765.24**
Share of profits of joint venture		1.36	1.29
Profit before tax		**8,154.74**	**6,098.71**
Tax expense			
Current tax		2,737.84	1,995.48
Deferred tax		43.05	(73.12)
Total tax expense	38	2,780.89	1,922.36
Profit after tax		**5,373.85**	**4,176.35**
Profit attributable to non-controlling interests		2,154.81	1,526.09
Profit for the year		**3,219.04**	**2,650.26**

Consolidated Statement of Profit and Loss (Contd.)

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/losses of defined benefit plans		(23.97)	(11.37)
Tax impacts on above		7.30	4.51
Items that will be reclassified to profit or loss			
Changes in fair value of FVTOCI debt securities		206.70	(816.17)
Tax impacts on above		(46.47)	196.24
Other comprehensive income for the year (net of tax)		**143.56**	**(626.79)**
Total comprehensive income for the year		**5,517.41**	**3,549.56**
Profit attributable to			
Owners of the company		3,219.04	2,650.26
Non-controlling interests		2,154.81	1,526.09
Total comprehensive income attributable to			
Owners of the company		3,325.07	2,189.76
Non-controlling interests		2,192.34	1,359.80
Basic and diluted Earnings per share (in ₹)	39	202.3	166.5
(Nominal value per share ₹ 5)			
Summary of significant accounting policies followed by the Company	2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 16 May 2019

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

Consolidated Statement of Changes in Equity

A Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
At the beginning of the year		79.57	79.57
Changes in equity share capital during the year		–	–
At the end of the year	24	**79.57**	**79.57**

Consolidated Statement of Changes in Equity (Contd.)

B Other equity

(₹ In Crore)

Particulars	Note No.	Reserves and surplus							Other comprehensive income			
		Securities premium	General reserve	Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	Reserve fund in terms of section 29C of the National Housing Bank Act, 1987	Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	Share based payments reserve	Retained earnings	Debt instruments through other comprehensive income	Total attributable to equity holders of the parent	Total non-controlling interest	Total
Balance as at 1 April 2017	25	**2,599.64**	**2,116.64**	**711.72**	**0.03**	**5.34**	**27.43**	**10,078.58**	**480.69**	**16,020.07**	**7,175.52**	**23,195.59**
Profit for the year		-	-	-	-	-	-	2,650.26	-	2,650.26	1,526.09	4,176.35
Other comprehensive income (net of tax)		-	-	-	-	-	-	(4.10)	(456.40)	(460.50)	(166.29)	(626.79)
Total comprehensive income for the year ended 31 March 2018		**-**	**-**	**-**	**-**	**-**	**-**	**2,646.16**	**(456.40)**	**2,189.76**	**1,359.80**	**3,549.56**
Transactions with owners in their capacity as owners												
Issue of equity share capital		2,532.30	-	-	-	-	-	-	-	2,532.30	2,040.20	4,572.50
Share issue expenses		(29.26)	-	-	-	-	-	-	-	(29.26)	-	(29.26)
Transfer to Reserve Fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934 and section 29C of the National Housing Bank Act,1987		-	-	291.44	-	-	-	(291.44)	-	-	-	-
Transfer to Infrastructure Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961		-	-	-	2.46	-	-	(2.46)	-	-	-	-
Final dividend, declared and paid during the year		-	-	-	-	-	-	(27.85)	-	(27.85)	(77.22)	(105.07)
Tax on final dividend		-	-	-	-	-	-	(23.24)	-	(23.24)	(17.01)	(40.25)
Recognition of share based payments to employees		-	-	-	-	-	24.97	-	-	24.97	20.44	45.41
Received on allotment of shares to trust for employees pursuant to stock options		-	-	-	-	-	(5.94)	-	-	(5.94)	(4.87)	(10.81)
Transfer on allotment of shares to employees pursuant to ESOP scheme		-	-	-	-	-	-	-	-	-	-	-
Transfer on cancellation of stock options		-	0.05	-	-	-	(0.03)	-	-	0.02	0.03	0.05
Adjustment because of change in shareholding in subsidiary		(105.92)	(22.06)	(36.33)	-	(0.26)	-	(112.96)	0.07	(277.46)	277.46	-
Balance as at 31 March 2018	25	**4,996.76**	**2,094.63**	**966.83**	**2.49**	**5.08**	**46.43**	**12,266.79**	**24.36**	**20,403.37**	**10,774.35**	**31,177.72**

Consolidated Statement of Changes in Equity (Contd.)

B Other equity (Contd.)

(₹ In Crore)

Particulars	Note No.	Reserves and surplus							Other comprehensive income			
		Securities premium	General reserve	Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	Reserve fund in terms of section 29C of the National Housing Bank Act, 1987	Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	Share based payments reserve	Retained earnings	Debt instruments through other comprehensive income	Total attributable to equity holders of the parent	Total non-controlling interest	Total
Profit for the year								3,219.04		3,219.04	2,154.81	5,373.85
Other comprehensive income (net of tax)								(10.53)	116.56	106.03	37.53	143.56
Total comprehensive income for the year ended 31 March 2019		-	-	-	-	-	-	**3,208.51**	**116.56**	**3,325.07**	**2,192.34**	**5,517.41**
Transactions with owners in their capacity as owners												
Issue of equity share capital		9.95	-	-	-	-	-	-	-	9.95	8.09	18.04
Transfer to Reserve Fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934 and section 29C of the National Housing Bank Act,1987		-	-	428.36	7.79	-	-	(436.15)	-	-	-	-
Transfer to Infrastructure Reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		-	-	-	-	4.07	-	(4.07)	-	-	-	-
Final dividend, declared and paid during the year		-	-	-	-	-	-	(27.85)	-	(27.85)	(172.14)	(199.99)
Tax on final dividend		-	-	-	-	-	-	(58.94)	-	(58.94)	(21.39)	(80.33)
Recognition of share based payments to employees		-	-	-	-	-	44.17	-	-	44.17	33.67	77.84
Received on allotment of shares to trust for employees pursuant to stock options		-	-	-	-	-	(9.88)	-	-	(9.88)	(8.09)	(17.97)
Transfer on allotment of shares to employees pursuant to ESOP scheme		-	-	-	-	-	-	-	-	-	-	-
Transfer on cancellation of stock options		-	0.54	-	-	-	(0.54)	-	-	-	0.45	0.45
Adjustment of dividend to ESOP Trust		-	-	-	-	-	-	0.46	-	0.46	0.37	0.83
Balance as at 31 March 2019	25	**5,006.71**	**2,095.17**	**1,395.19**	**10.28**	**9.15**	**80.18**	**14,948.75**	**140.92**	**23,686.35**	**12,807.65**	**36,494.00**
Summary of significant accounting policies followed by the Company	2											

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

On behalf of the Board of Directors

Rahul Bajaj
Chairman

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 16 May 2019

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

Sanjiv Bajaj
Managing Director & CEO

Nanoo Pamnani
Chairman – Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2019

1A Principles of consolidation

The consolidated financial statements include financial statements of the following subsidiaries and joint venture of Bajaj Finserv Ltd., consolidated in accordance with Ind AS 110 'Consolidated Financial Statements' and Ind AS 28 'Investments in Associates and Joint Venture'.

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

'* The consolidated financial statements of Bajaj Finance Ltd. include 100% interest in both, Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd. as a subsidiary.

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

1B Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable on an accrual basis.

The financial statements up to year ended 31 March 2018 were prepared in accordance with the Accounting Standards notified under the section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, as amended and the Companies (Accounting Standards) Amendment Rules, 2016, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable (Indian GAAP or previous GAAP).

These financial statements are the first financial statements of the Group under Ind AS. Refer note 2A for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

The financial statements are presented in INR, which is also the Group's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

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 Group 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.

The financial statements of the two insurance subsidiaries have been adjusted for giving effects of transition to Ind AS (notified under section 133 of the Companies Act, 2013); w.e.f. transition date 1st April 2017 (the special purpose Ind AS Financial Statements) and hence, would vary from those prepared for statutory purposes under the Insurance Act,1938 and IRDAI (Preparation of Financial Statements & Auditors Report) regulations, 2002.

However, no adjustments have been made to the financial statements of the two insurance subsidiaries on account of diverse accounting policies to the extent they are specific to insurance companies as and are required by regulations which are in contrast to that 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 adjustments have been made, only if these differences are material and significant.

Accounting policies followed by the subsidiaries and Joint venture consolidated herein, to the extent they are different and unique are stated in note 2B.

Notes to consolidated financial statements for the year ended 31 March 2019

2A First-time adoption of Ind AS

Transition to Ind AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2B have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2017 (the Group's date of transition). In preparing its opening Ind AS Balance Sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, as amended and the Companies (Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS, which are considered to be material or significant by the Group.

1 Ind AS optional exemptions

a. Deemed cost for investment in subsidiaries and joint venture

Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries and joint ventures as per previous GAAP carrying value or at fair value on the date of transition.

The Group has elected to measure its investment in subsidiaries and joint venture as per previous GAAP carrying value.

b. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/arrangements.

2 Ind AS mandatory exceptions

a. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following item in accordance with Ind AS at the date of transition as this was not required under previous GAAP.

Investments measured at fair value through profit or loss and fair value through other comprehensive income

b. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2A First-time adoption of Ind AS (Contd.)

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of total equity as at 31 March 2018 and 1 April 2017

All figures are net of related tax impacts.

(₹ In Crore)

Particulars	Notes to first-time adoption	31 March 2018	1 April 2017
Total equity (shareholder's funds) as reported under previous GAAP		20,747.09	15,828.77
Ind-AS adjustments increasing/(decreasing) equity as reported under previous GAAP			
Adoption of EIR for amortisation of income and expenses – receivables	1	(355.70)	(316.39)
Adoption of EIR for amortisation of income and expenses – borrowings	1	32.86	–
Fair valuation of investments	2	122.39	585.38
Impairment of financial assets	3	(91.08)	(0.05)
Other adjustments		27.38	1.93
		(264.15)	270.87
Total equity as per Ind AS		20,482.94	16,099.64

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2A First-time adoption of Ind AS (Contd.)

Particulars	Notes to first-time adoption	31 March 2018
Net profit after tax as reported under previous GAAP		2,741.44
Ind-AS adjustments increasing/(decreasing) net profit as reported under previous GAAP		
Adoption of EIR for amortisation of income and expenses – receivables	1	(70.65)
Adoption of EIR for amortisation of income and expenses – borrowings	1	4.64
Fair valuation of investments	2	3.67
Impairment of financial assets	3	5.66
Actuarial gain/loss on valuation of gratuity	4	4.36
Fair value of options– ESOP	5	(24.75)
Other adjustments		(14.11)
		(91.18)
Net profit after tax as per Ind AS		2,650.26
Other comprehensive income, net of tax		
Fair valuation of debt investments	2	(449.58)
Other adjustments		(10.92)
Other comprehensive income, net of tax		(460.50)
Total comprehensive income as per Ind AS		2,189.76

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2A First-time adoption of Ind AS (Contd.)

Note 3: Impairment of financial assets

Under previous GAAP, loan losses and provisons were computed basis RBI guidelines and management estimations. Under Ind AS, the same is required to be comupted as per the impairment principles laid out in Ind AS 109 – 'Financial Instruments' which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between loan losses and provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

Note 4: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

Note 5: Fair valuation of ESOPs.

Under previous GAAP, the Group had an accounting policy choice to measure the options issued under ESOP either at fair value or intrinsic value. The Group under previous GAAP measured the ESOP at its intrinsic value. Under Ind AS, the ESOP scheme floated by the Group qualifies as equity settled and is mandatorily required to be measured at the grant date fair value. As per Ind AS 101 – first time adoption of Ind AS, the Group has availed the optional exemption of determining the fair value of options unvested as at 1 April 2017 (the transition date) only. The resulting fair value of aforesaid options has been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

Note 6: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B 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. and Bajaj Allianz General Insurance Company Ltd. (Contd.)

Basis of preparation

The Special Purpose Ind AS Financial Statements ('Financial Statements') of the two Insurance subsidiaries have been prepared in accordance with the measurement and recognition principles of Ind AS framework (Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) prescribed under section 133 of the Companies Act, 2013), and other recognised accounting practices and policies including directions given in the Master Circular on Preparation of Financial Statements and Filing of Returns of Life and General Insurance Business ('the Master Circular') and other circulars issued by the IRDAI from time to time, to the extent they were not inconsistent with Ind AS.

The special purpose financial statements of the two insurance subsidiaries have been prepared on a historical cost basis except the following items, which are measured on alternative basis on each reporting date

- Certain financial assets and liabilities that are measured at fair value
- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation

1. Product classification

Insurance contracts are those contracts when the insurer has accepted significant insurance risk from the policyholders' by agreeing to compensate the policyholders' if a specified uncertain future event adversely affects the policyholders'. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid on the occurrence of an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Further, as suggested by IRDAI working committee report dated 29 December 2016, at least one of the below thresholds have been used to classify each Life Insurance product as 'Insurance' or 'Investment' contracts

- At least 5% of the Fund Value at any time during the life on the contract for unit linked products, or
- At least 5% of the annualised premium or single premium, as the case may be, at any time during the life on the contract for other than unit linked products, or
- Ratio of Expected Present Value (EPV) of death benefits to EPV of Other than death benefits is at least 5% measured at the inception of the policy.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Financial Instruments (investment contracts) are required to be separated from insurance contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Life Insurance and investment contracts are further classified as being either with or without Discretionary Participating Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are

- Likely to be a significant portion of the total contractual benefits;
- The amount or timing of which is contractually at the discretion of the issuer;
- That are contractually based on
  - The performance of a specified pool of contracts or a specified type of contract
  - Realised and or unrealised investment returns on a specified pool of assets held by the issuer
  - The profit or loss of the Company, fund or other entity that issues the contract.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

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

2. Property, plant and equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight line basis over the estimated useful lives of the following classes of assets

Property	No. of years
Buildings	60 years
Electrical fittings	10 years
Furniture and fittings	10 years
Information technology equipment (including computers)	3 years
Server and networks	6 years
Air conditioner	5 years
Vehicles (in common use)	8 years
Vehicles (in use by specified employees)	4 years
Office equipment	5 years
Mobile phones/Tablets	2 years
Leasehold improvements	Over the balance period of lease

*Electrical fittings installed at leased premises are depreciated over an estimated useful life of 3 years

** Useful file of vehicle allotted to the employees is considered 4 years as per management estimation.

Lease hold improvements to leased properties are depreciated over the primary period of lease which is generally 3 years.

Assets costing individually less than ₹ 5,000 are depreciated fully in the year of acquisition.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

3. Investments – Life Insurance

Basis the Life Insurance Company's evaluation of the business model/segment to which the investments pertain, the financial assets are classified as follows

Particulars	ULIPs*	Participating funds	Non-participating funds	Shareholders' funds
• Debt securities • Government securities	FVTPL	Designated as FVTPL	FVTOCI	FVTOCI
• Fixed deposits • Collateralised Borrowing and Lending Obligations (CBLO); • Financial assets other than investments	Amortised cost			
• Equity shares • Mutual fund • AT1 Bonds • Security receipts • Venture capital fund	FVTPL			

*Unit Linked Insurance Plans

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

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

4. Financial assets at FVTOCI

Financial assets are measured at FVTOCI when both of the following conditions are met

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

Financial assets in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

FVTOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income is recognised in Statement of Profit and Loss in the same manner as for financial assets measured at amortised cost. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to Statement of Profit and Loss.

5. Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gains or losses arising on derecognition of liabilities are recognised in the statement of profit and loss.

Derecognition

Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

6. Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate. ECLs are measured in a three-stage approach on financial assets measured at amortised cost and FVTOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations

- Significant financial difficulty of the issuer of security
- A breach of contract such as default or past due event
- Issuer of security may enter bankruptcy or financial reorganisation
- Disappearance of an active market for a security because of financial difficulties
- Downgrade of rating of the security.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

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

ECL are a probability weighted estimate of credit losses measured by, determining the probability of default ('PD') and loss given default ('LGD'). For financial assets, PD has been computed by using a ratings based matrix. The loss allowance has been measured using ECL except for financial assets which are

- Government securities and other securities backed by GOI Securities
- Loans to policyholder since it is backed by the policy's surrender value.
- Any receivable from stock exchanges like BSE/NSE since the exchanges guarantee settlement
- Reinsurance assets as specified by the report of the Committee on Risk based capital.

The ECL for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the Balance Sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to Statement of Profit and Loss. The accumulated gain recognised in OCI is recycled to the Statement of Profit and Loss upon de-recognition of the assets.

7. Impairment of non-financial 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.

8. Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. After initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit and loss.

Insurance receivables are derecognised when the derecognition criteria for financial assets, have been met.

9. Insurance contract liabilities

Insurance contract provisions have been computed using a gross premium valuation method, as prescribed under the Insurance Regulatory and Development Authority of India (Assets, Liabilities, and Solvency Margin of Life Insurance Business) Regulations, 2016. Derivatives embedded in an insurance contract are not separated and measured at fair value if the embedded derivative itself qualifies for recognition as an insurance contract. In this case the entire contract is measured as described above.

10. Investment contract liabilities

Investment contracts are classified between contracts with and without DPF. The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities. Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged.

Investment contract liabilities other than unit-linked business are recorded at amortised cost. The measurement of investment contracts without discretionary participation features is carried out in accordance with Ind AS 109 to reflect the deposit nature of the arrangement, with premiums and claims reflected as deposits and withdrawals and reflected in the balance sheet.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

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

11. Undistributed participating policyholders surplus (UPPS)

Undistributed participating policyholders surplus includes the amount of unappropriated profits held in based on the recommendations of the Panel 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 participating 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. All UPPS at the end of the reporting period are held within insurance contract liabilities.

12. Revenue recognition

For life insurance business, premium is recognised on insurance contract and investment contracts with DPF as income when due from policyholders. On unit linked policies, premium is recognised when associated units are created. In accordance with the terms of insurance policies, uncollected premium on lapsed policies is not recognised as income until revived. Top Up/Lump sum contributions are accounted as a part of single premium.

Income from unit linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, if any, are recovered from the unit linked funds in accordance with terms and conditions of policies issued and are recognised when due.

For General insurance business, premium (net of GST), 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.

Reinsurance premium ceded

Reinsurance premium ceded is accounted on due basis at the time when related premium income is accounted for. Commission received on reinsurance ceded is recognised as income, in the period in which reinsurance premium is ceded.

Any subsequent revisions to, in case of General Insurance business, refunds or cancellations of premiums are recognised in the year in which they occur.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Gains or losses on buying reinsurance are recognised in the statement of profit and loss immediately at the date of purchase and are not amortised.

Ceded reinsurance arrangements do not relieve the company from its obligations to policyholders.

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 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

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

Re-Insurance accepted

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

The Company also assumes reinsurance risk in the normal course of business for insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

13. Investment income

Interest income is recognised in the Statement of Profit and Loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

14. Life insurance contract liabilities

For Life Insurance business, benefits paid comprise of policy benefit amount, surrenders, claim investigation fees and specific claims settlement costs where applicable and change in the outstanding provision for claims at the reporting date. Death, surrender and rider claims are accounted for when intimated. Survival and annuity benefits are accounted for when due. Maturity claims are accounted for on the date of maturity. Amounts recoverable from reinsurers are accounted for in the same period of the related claim. 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. Withdrawals and surrenders under unit-linked policies are accounted in respective schemes when the associated units are cancelled.

Reinsurance recoveries are accounted for in the same period as the related claims 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.

Amounts paid under investment contracts other than those with a discretionary participating feature are recorded as reductions of the investment contract liabilities.

15. Non-Life insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

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

Unearned premiums

The provision for unearned premiums in general insurance business represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the Statement of Profit and Loss by setting up a provision for premium deficiency.

Reserve for unexpired risk (URR)

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of marine hull business and in case of other line of business based on net premium written on all unexpired policies at balance sheet by applying 1/365th method on the unexpired period of respective policies.

16 a. Claims incurred

For General Insurance business, claims are recognised as and when reported. Claims incurred comprises claims paid and 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.

Amounts received/receivable from the reinsurers and co-insurers, under the terms of the reinsurance and co-insurance arrangements respectively, are recognised together with the recognition of the claim under recoveries from reinsurers– claims.

b. 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.

17. Employee benefits

Defined Contribution Plan
National Pension Scheme Contributions
For eligible employees, the Group makes contributions to National Pension Scheme. The contributions are charged to the Statement of Profit and Loss Account, as relevant, in the year the contributions are made.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

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

18. 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 and policy issuance expenses. These costs are expensed out in the year in which they are incurred, unless deferment has a material impact.

19. Key assumptions made

a. Valuation of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics.

b. Valuation of life insurance contract liabilities

The liability for insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time together with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect Management's best current estimate of future cash flows. The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates.

c. Valuation of investment contract liabilities without DPF

Fair values of unitised investment contracts are determined by reference to the values of the assets backing the liabilities, which are based on the value of the unit-linked fund.

Fair values of non-unitised investment contract are determined by using valuation techniques, such as discounted cash flow methods and stochastic modelling. A variety of factors are considered in these valuation techniques, including time value of money, volatility, policyholder behaviour, servicing cost and fair value of similar instruments.

20. Foreign currency translation

For General Insurance business, transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

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

21. Net change in insurance contract liabilities

For General Insurance business, net change in insurance contract liabilities comprises of 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').

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.

B. Bajaj Finance Ltd. (BFL)

1. Revenue recognition

a) Interest income

BFL recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVTOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or an assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/ financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

BFL calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, BFL recognises interest income on the amortised cost net of impairment loss of financial assets at EIR. If financial asset is no longer credit-impaired, BFL reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

b) BFL generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

c) Fees and commission

BFL recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. (BFL) (Contd.)

Equity instruments at FVTOCI

All equity investments in scope of Ind AS 109 'Financial instruments' are measured at fair value. BFL has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVTOCI are not subject to an impairment assessment.

5. Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gains or losses arising on derecognition of liabilities are recognised in the statement of profit and loss.

Derecognition

BFL derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Finance costs

Borrowing costs on financial liabilities are recognised using the EIR explained above.

6. Expected Credit Loss

Expected Credit losses ('ECL') are recognised for financial assets held under amortised cost, debt instruments measured at FVTOCI, and certain loan commitments.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL resulting from default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets where 12 month ECL is recognised are considered to be in 'stage 1'; financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2'; and financial assets which are in default or financial assets for which there is objective evidence of impairment are considered to be in 'stage 3'.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. (BFL) (Contd.)

The treatment of the different stages of financial assets and the methodology of determination of ECL is set out below.

Credit impaired (stage 3)

We have determined that a financial asset is credit impaired and in stage 3 by considering relevant objective evidence, primarily whether

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is considered otherwise to be in default

Interest income is recognised by applying the effective interest rate to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

Write off

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the loan exposure. However, unless identified at an earlier stage, we have determined all assets are deemed to have suffered a significant increase in credit risk when 30 days past due.

Based on other indications of borrower's delaying payments beyond due dates though not 30 days past due and other indications like non-cooperative borrowers, customer's overall indebtedness, death of customer, adverse impact on the business, serious erosion in the value of the underlying collateral, certain accounts are included in stage 2.

The measurement of risk of defaults under stage 2 are done by classifying them into homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles.

The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios.

For retail portfolios in stage 2, the PDs initially based on are average lifetime PDs experienced for stage 2 customers in each homogenous groups in the past. These past trends factor in the past customer centric behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

For wholesale loans, the default risk is established based on multiple factors like Nature of security, Customer industry segments external credit ratings, credit transition probabilities, current conditions and future macroeconomic conditions.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

2B Significant accounting policies followed by subsidiaries and joint venture, to the extent, different and unique from the parent (Contd.)

B. Bajaj Finance Ltd. (BFL) (Contd.)

Unimpaired and without significant increase in credit risk (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments that remain in stage 1.

We have ascertained default events based on past behavioural trends witnessed for each homogenous portfolio. These trends are established based on customer centric scores, economic trends of industry segments in wholesale portfolios.

Movement between stages

Financial assets can be transferred between different categories depending on their relative increase in credit risk since initial recognition. Financial assets are transferred out of stage 2 if their credit risk is no longer considered significantly increased since initial recognition based on assessments described above. Except for restructured assets, financial assets are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above. Restructured loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Measurement of ECL

The assessment of credit risk and the estimation of ECL are unbiased and probability weighted and incorporate all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money.

BFL has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

ECL is calculated by multiplying the PD, LGD and EAD. For stage 1 assets, the 12 month ECL is calculated. For assets in stage 2 and 3, Lifetime ECL is calculated using the lifetime PD.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the date of default together with any expected drawdowns of committed facilities.

The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The ECL for stage 2 and stage 3 is determined based on the expected future cash flows based on the estimates supported by past trends. Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realisation of collateral based on the estimated value of the collateral at the time of estimated realisation, less costs for obtaining and selling the collateral. The cash flows are discounted at a reasonable approximation of the original effective interest rate.

Forward looking economic inputs

Forward looking economic scenarios have been determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time. The central consensus of these projected factors represents a most likely outcome. Then two less likely outer scenarios referred to as the upside and downside scenarios are considered. The central scenario is the basis used for our internal loss estimations. The upside and downside scenarios are constructed following a standard process supported by a scenario narrative reflecting the managements view of the risks and by seeking consensus amongst internal and external assessments. The relationship between the outer scenarios and Central scenarios has been fixed with the central scenario being assigned a weighting of 80% and the Upside and Downside scenario, 10% each. The economic factors include GDP growth, unemployment rates, consumer price index, central bank base rate and house price index.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

3 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Balances with banks	1,116.71	970.11	1,116.25
Cash on hand	204.38	162.04	145.36
Cash equivalents			
Cheques, drafts on hand	152.49	96.54	116.35
Certificate of Deposits with maturity of less than three months from date of acquisition	109.33	371.43	–
	1,582.91	1,600.12	1,377.96

4 Bank balance other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	5.98	6.32	4.94
	5.98	6.32	4.94

5 Trade receivables
(Unsecured, considered good)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Interest subsidy receivables	572.35	426.11	296.56
Outstanding premiums	1,243.09	909.96	1,091.46
Others	457.64	417.21	256.87
	2,273.08	1,753.28	1,644.89

No trade receivables are due from directors or other officers of the group either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade recevables are non-interest bearing.

6 Other receivables

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Receivables considered good – Unsecured	92.19	53.67	62.23
	92.19	53.67	62.23

No other receivables are due from directors or other officers of the group either severally or jointly with any other person. Nor any other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

7 Loans

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Loans under financing activity (See note 45(5))	112,512.82	79,102.50	55,445.87
Unsecured, considered good			
Loan to BFS ESOP trust	25.85	–	–
Loan against policies	321.18	238.71	179.64
Other loans	16.67	33.62	50.41
Less: Impairment loss allowance	2.77	3.09	–
	112,873.75	79,371.74	55,675.92

8A Investment in a joint venture

(₹ In Crore)

Particulars	At Cost
As at 31 March 2019	
Equity instruments	
joint venture	13.18
Total – gross	13.18
Less: Impairment loss allowance	–
Total – Net	13.18
As at 31 March 2018	
Equity instruments	
joint venture	11.81
Total – gross	11.81
Less: Impairment loss allowance	–
Total – Net	11.81
As at 1 April 2017	
Equity instruments	
joint venture	10.52
Total – gross	10.52
Less: Impairment loss allowance	–
Total – Net	10.52

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

8B Shareholders' investments

(₹ In Crore)

Particulars	At amortised cost	At fair value through other comprehensive income	At fair value through profit and loss	At fair value designated at fair value through profit and loss	Total
As at 31 March 2019					
Government and trust securities*	–	7,872.76	425.68	–	8,298.44
Debt securities	–	3,806.08	–	–	3,806.08
AT 1 bonds	–	–	150.49	–	150.49
Pass through certificates representing securitisation of loan receivables	53.71	–	–	–	53.71
Mutual funds	–	–	4,947.39	–	4,947.39
Equity instruments	–	225.00	979.79	–	1,204.79
Certificate of deposit	65.06	–	1,761.88	–	1,826.94
CBLO	30.48	–	–	–	30.48
Total – gross	149.25	11,903.84	8,265.23	–	20,318.32
Less: Impairment loss allowance	–	0.35	–	–	0.35
Total – Net	149.25	11,903.49	8,265.23	–	20,317.97

(₹ In Crore)

Particulars	At amortised cost	At fair value through other comprehensive income	At fair value through profit and loss	At fair value designated at fair value through profit and loss	Total
As at 31 March 2018					
Government and trust securities*	–	7,339.02	979.85	–	8,318.87
Debt securities	2.06	3,375.79	–	–	3,377.85
AT 1 bonds	–	–	162.99	–	162.99
Pass through certificates representing securitisation of loan receivables	42.42	–	–	–	42.42
Mutual funds	–	–	1,025.84	–	1,025.84
Equity instruments	–	225.00	643.45	–	868.45
Certificate of deposit	73.19	–	296.32	–	369.51
Others	–	–	296.19	–	296.19
Total – gross	117.67	10,939.81	3,404.64	–	14,462.12
Less: Impairment loss allowance	–	–	–	–	–
Total – Net	117.67	10,939.81	3,404.64	–	14,462.12

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

9 Other financial assets
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Credit receivable for windpower generated	4.53	2.75	2.13
REC sale proceeds/REC receivable ₹ 28,826 (31 March 2018: ₹ 18,697)			1.60
Interest receivable on investments	1,232.40	1,180.97	1,079.04
Security deposits	121.47	68.11	72.54
Advances receivable in cash or kind	437.34	283.08	500.01
Receivable from brokers and counter parties	436.62	153.24	444.34
Advances to related parties	4.74	5.27	1.39
Others	36.72	184.30	9.17
	2,273.82	1,877.72	2,110.22

10A Deferred tax assets (net)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Deferred tax liabilities			
On account of timing difference in			
Property, plant and equipment	18.93	20.93	26.64
Changes in fair value of FVTOCI debt securities – OCI	5.69	–	–
Other temporary differences	7.67	3.40	15.01
Gross deferred tax liabilities	32.29	24.33	41.65
Deferred tax assets			
On account of timing difference in			
Disallowance u/s 43B of the Income Tax Act, 1961	126.25	51.67	13.77
Impairment of financial instruments	606.30	454.00	445.90
Financial instruments measured at EIR	24.13	279.84	216.42
Defined benefit plan provisions – P&L	–	–	1.21
Defined benefit plan provisions – OCI	6.22	9.60	–
Other temporary differences	33.56	29.80	20.49
MAT credit entitlement	15.70	15.70	15.70
Gross deferred tax assets	812.16	840.61	713.49
Deferred tax assets (net)	779.87	816.28	671.84

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

10B Deferred tax liabilities (net)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Deferred tax liabilities			
On account of timing difference in			
Changes in fair value of investments	230.05	164.72	239.05
Other temporary differences	5.92	–	73.16
Gross deferred tax liabilities	235.97	164.72	312.21
Deferred tax assets			
On account of timing difference in			
Changes in fair value of insurance contract liability	141.29	116.80	136.49
Other temporary differences	–	0.19	0.13
Gross deferred tax assets	141.29	116.99	136.62
Deferred tax liabilities (net)	94.68	47.73	175.59

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

11 Investment property

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Gross carrying amount			
Opening balance	41.11	33.07	33.07
Transfer from/to property, plant and equipment	0.65	8.04	–
Closing balance	41.76	41.11	33.07
Accumulated depreciation			
Opening balance	3.02	2.36	2.23
Depreciation charge	0.76	0.66	0.13
Closing balance	3.78	3.02	2.36
Net carrying amount	37.98	38.09	30.71

Investment property has been carried at the cost less accumulated depreciation as at 1 April 2017, as the cost and depreciation determined under the previous GAAP.

Fair value

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Investment property	114.03	103.78	77.89

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Investment properties leased out by the Group are cancellable leases. The market rate for sale/purchase of such premises are representative of fair values. Group's investment properties are at a location where active market is available for similar kind of properties. Hence fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

12 Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year	As at 31 March 2019	As at 31 March 2019
Land freehold	21.89	-	-	21.89	-	-	-	-	21.89
Land leasehold	8.19	-	-	8.19	-	-	-	-	8.19
Buildings	650.04	48.60	2.90	695.74	113.25	0.93	15.26	127.58	568.16
Leasehold improvements	114.69	71.18	5.25	180.62	76.53	4.79	25.30	97.04	83.58
Freehold improvements	2.42	-	-	2.42	2.42	-	-	2.42	-
Information technology equipment	321.40	95.51	53.81	363.10	209.24	50.59	53.13	211.78	151.32
Electric installations	-	0.46	-	0.46	-	-	0.06	0.06	0.40
Office equipment	141.10	74.54	13.47	202.17	89.62	9.63	30.58	110.57	91.60
Furniture and fixtures	218.91	72.65	14.21	277.35	104.91	13.67	32.20	123.44	153.91
Electric fittings	3.28	0.01	0.14	3.15	2.29	0.09	0.34	2.54	0.61
Vehicles	52.26	30.34	11.48	71.12	20.48	6.17	12.91	27.22	43.90
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	1,817.90	393.29	101.26	2,109.93	888.27	85.87	169.78	972.18	1,137.75
Share of property, plant and equipment of joint venture	0.01	-	-	0.01	0.01	-	-	0.01	-

Previous year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2017	Additions	Deductions/ adjustments	As at 31 March 2018	As at 1 April 2017	Deductions/ adjustments	For the year	As at 31 March 2018	As at 31 March 2018
Land freehold	23.11	-	1.22	21.89	-	-	-	-	21.89
Land leasehold	8.19	-	-	8.19	-	-	-	-	8.19
Buildings	659.22	0.87	10.05	650.04	101.75	2.36	13.86	113.25	536.79
Leasehold improvements	92.90	25.51	3.72	114.69	63.83	3.70	16.40	76.53	38.16
Freehold improvements	2.42	-	-	2.42	2.42	-	-	2.42	-
Information technology equipment	343.20	58.23	80.03	321.40	246.54	79.53	42.23	209.24	112.16
Electric installations	-	-	-	-	-	-	-	-	-
Office equipment	108.20	36.20	3.30	141.10	72.71	2.85	19.76	89.62	51.48
Furniture and fixtures	167.34	55.38	3.81	218.91	84.12	3.35	24.14	104.91	114.00
Electric fittings	3.28	-	-	3.28	1.95	-	0.34	2.29	0.99
Vehicles	34.66	21.06	3.46	52.26	13.73	2.37	9.12	20.48	31.78
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	1,726.24	197.25	105.59	1,817.90	856.58	94.16	125.85	888.27	929.63
Share of property, plant and equipment of joint venture	0.01	-	-	0.01	0.01	-	-	0.01	-

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

13 Other intangible assets

Current year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year	As at 31 March 2019	As at 31 March 2019
Computer softwares	267.34	172.04	22.26	417.12	132.55	2.74	55.55	185.36	231.76

Previous year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2017	Additions	Deductions/ adjustments	As at 31 March 2018	As at 1 April 2017	Deductions/ adjustments	For the year	As at 31 March 2018	As at 31 March 2018
Computer softwares	184.26	87.67	4.59	267.34	103.75	4.58	33.38	132.55	134.79

14 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital advances	11.25	4.03	5.13
Indirect tax credits receivable	122.65	165.73	88.76
Reinsurance assets	4,336.91	4,352.35	4,128.30
Others	182.13	175.76	124.11
	4,652.94	4,697.87	4,346.30
Change in reinsurance assets			
At the beginning of the period	4,352.35	4,128.30	3,003.55
Add/(Less)			
Premium	64,107.46	53,977.34	45,349.39
Unwinding of the discount/interest credited	7.55	8.23	5.69
Insurance liabilities released	(64,123.36)	(53,750.77)	(44,233.35)
Others	(7.09)	(10.75)	3.02
	4,336.91	4,352.35	4,128.30

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

15 Trade payables

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Total outstanding dues of micro enterprises and small enterprises	3.04	2.56	0.30
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,162.79	911.83	721.64
Balances due to agents and other intermediaries	534.25	437.03	658.79
Reinsurance payables	1,388.22	1,482.90	799.35
	3,085.26	2,831.76	2,179.78

16 Other payables

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Total outstanding dues of micro enterprises and small enterprises	–	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	852.35	1,164.89	891.04
	852.35	1,164.89	891.04

17 Debt securities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
A. In India			
At amortised cost			
(I) Secured			
Privately placed redeemable non-convertible debentures/bonds secured by pari passu charge by mortgage of BFL's Chennai office and book debts/loan receivables, under financing activities stated in the respective information memorandum. There is BFL's Flat at Pune which was also secured by pari passu charges till last year which was released during the year. (See note 45(6))	33,890.46	28,560.89	20,114.60
	33,890.46	28,560.89	20,114.60
(II) Unsecured			
Privately placed partly paid redeemable non-convertible debentures (See note 45(6))	1,274.81	466.36	41.00
Borrowings by issue of commercial papers (See note 45(6))	9,682.56	3,681.28	4,586.57
Non-convertible debentures	–	–	–
	10,957.37	4,147.64	4,627.57
	44,847.83	32,708.53	24,742.17

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

18 Borrowings (other than debt securities)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A. In India			
At amortised cost			
Term Loan (See note 45(7))			
(i) from banks	34,339.00	16,894.48	14,237.01
(ii) from other parties	–	–	–
Cash Credit	1,773.93	1,261.07	1,234.44
Working capital demand loan (See note 45(7))	796.59	850.77	1,000.00
Overdraft facility	250.07	989.41	588.66
Collateralised borrowing and lending obligation, against Government Securities held by the Group (See note 45(7))	414.85	1,059.43	349.83
	37,574.44	21,055.16	17,409.94
B. Out of above			
Secured against hypothecation of assets under finance, book debts and other receivables	37,574.44	20,555.15	16,307.42
Unsecured	–	500.01	1,102.52
	37,574.44	21,055.16	17,409.94

19 Deposits
(Unsecured)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At amortised cost			
Public deposits (See note 45(8))	6,828.35	3,418.61	2,472.36
From others (See note 45(8))	6,364.66	4,374.26	1,799.78
	13,193.01	7,792.87	4,272.14

20 Subordinated liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
In India			
At amortised cost			
Privately placed Subordinated (Tier II) redeemable non-convertible debentures (Unsecured) (see note 45(9))	4,139.07	4,138.16	3,501.37
	4,139.07	4,138.16	3,501.37

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

21 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Unclaimed dividend	1.98	1.76	1.42
Directors' remuneration and commission payable	5.94	3.77	3.64
Book overdraft	1,340.16	995.98	1,048.90
Employee benefits payable	21.41	73.52	55.45
Unclaimed amounts	21.45	22.90	22.96
Security deposits	86.46	59.94	43.63
Unsettled investment contract payables	123.38	167.14	16.26
Others	259.62	374.33	234.90
	1,860.40	1,699.34	1,427.16

22 Provisions

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Provision for employee benefits [See note 42]			
Provision for gratuity	36.97	28.23	18.46
Provision for compensated absences	47.75	43.98	40.67
Provision for long-term incentive plan	71.52	71.38	43.77
Others	9.95	10.30	10.05
	166.19	153.89	112.95

23 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Taxes and duties payable	433.67	371.13	106.56
Solatium fund	10.85	8.09	6.06
Premiums received in advance	678.59	328.41	355.47
Unallocated premium	467.20	564.00	363.78
Other payables	74.95	33.17	85.14
	1,665.26	1,304.80	917.01

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

24 Equity share capital

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
200,000,000 equity shares of ₹ 5 each	100.00	100.00	100.00
Issued, subscribed and fully paid-up shares			
159,136,111 (31 March 2018: 159,135,097 and 1 April 2017: 159,131,780) equity shares of ₹ 5 each	79.57	79.57	79.57
	79.57	79.57	79.57

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares						
At the beginning of the year	159,135,097	79.57	159,131,780	79.57	159,131,453	79.56
Equity shares earlier held in abeyance, issued during the year [See note 24 d.]	1,014		3,317		327	0.01
Outstanding at the end of the year	159,136,111	79.57	159,135,097	79.57	159,131,780	79.57

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	% Holding	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%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,270,784	9.60%	15,239,784	9.58%	15,110,824	9.50%

d. Shares reserved for issue at a subsequent date

15,750 (31 March 2018: 16,764 and 1 April 2017: 20,081) equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter.

The Company received ₹ 5,070 (31 March 2018: ₹ 16,585 and 1 April 2017: ₹ 1,635) from the shares issued out of the shares held in abeyance.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

25 Other equity

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
a. Reserves and surplus			
Securities premium			
Balance as at the beginning of the year	4,996.76	2,599.64	
Add/(Less): Adjustment because of change in shareholding in subsidiary	–	(105.92)	
Add: Received during the year	9.95	2,532.30	
Less: Share issue expenses, net of service tax availed	–	29.26	
Balance as at the end of the year	5,006.71	4,996.76	2,599.64
General reserve			
Balance as at the beginning of the year	2,094.63	2,116.64	
Add/(Less): Adjustment because of change in shareholding in subsidiary	–	(22.06)	
Add: Transfer on cancellation of stock options	0.54	0.05	
Balance as at the end of the year	2,095.17	2,094.63	2,116.64
Share based payments reserve			
Balance as at the beginning of the year	46.43	27.43	
Add: charge for the year	44.17	24.97	
Less: transfer on exercise of option	9.88	5.94	
Less: transfer on cancellation of vested option	0.54	0.03	
	80.18	46.43	27.43
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	966.83	711.72	
Add/(Less): Adjustment because of change in shareholding in subsidiary	–	(36.33)	
Add: Transferred from surplus in Statement of Profit and Loss	428.36	291.44	
Balance as at the end of the year	1,395.19	966.83	711.72
Reserve fund in terms of section 29C of the National Housing Bank Act, 1987			
Balance as at the beginning of the year	2.49	0.03	
Add/(Less): Adjustment because of change in shareholding in subsidiary	–	–	
Add: Transferred from surplus in Statement of Profit and Loss	7.79	2.46	
Balance as at the end of the year	10.28	2.49	0.03

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

25 Other equity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961			
Balance as at the beginning of the year	5.08	5.34	
Add/(Less): Adjustment because of change in shareholding in subsidiary	–	(0.26)	
Add: Transferred from surplus in Statement of Profit and Loss	4.07	–	
Balance as at the end of the year	9.15	5.08	5.34
Retained earnings			
Balance as at the beginning of the year	12,266.79	10,078.58	
Add/(Less): Adjustment because of change in shareholding in subsidiary	–	(113.42)	
Profit for the year	3,219.04	2,650.26	
Items of other comprehensive income recognised directly in retained earnings			
Actuarial gains/losses of defined benefit plans	(10.53)	(4.10)	
Less: Appropriations			
Final dividend, declared and paid during the year	27.85	27.85	
Tax on final dividend	58.94	23.24	
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	428.36	291.44	
Transfer to Reserve Fund in terms of section 29 C of the National Housing Bank Act, 1987	7.79	2.46	
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	4.07	–	
Transfer to General reserve	–	–	
Adjustment of dividend to ESOP Trust	(0.46)	(0.46)	
Total appropriations	526.55	344.53	
Balance as at the end of the year	14,948.75	12,266.79	10,078.58
Other reserves			
Debt instruments FVTOCI			
Balance as at the beginning of the year	24.36	480.69	
Add/(Less): Adjustment because of change in shareholding in subsidiary	–	0.07	
Add/(Less): Changes in fair value of FVTOCI debt securities	116.56	(456.40)	
Balance as at the end of the year	140.92	24.36	480.69
	23,686.35	20,403.37	16,020.07

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

25 Other equity (Contd.)

b. Nature and purpose of reserve

Securities premium
Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve
General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013.

Reserve fund in terms of section 45 IC(1) of the Reserve Bank of India Act, 1934
Reserve fund is created as per the terms of section 45 IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

Reserve fund in terms of section 29C of the National Housing Bank Act,1987
Reserve fund is created as per the terms of section 29C of the National Housing Bank Act,1987 as a statutory reserve.

Infrastructure reserve created under section 36 (1) (viii) of the Income Tax Act, 1961
Infrastructure reserve is created to avail the deduction as per the provisions of section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long-term finance for construction or purchase of houses in India for residential purposes and for development of infrastructure facility in India.

Share based payments reserve
Share based payments reserve is created as required by Ind AS 102 – 'Share Based Payments' on the Employee Stock Option Scheme.

Other comprehensive income

On debt investments
The Group recognises changes in the fair value of debt instruments held with a dual business objective of collect and

26 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Interest income on		
Interest on deposits (at amortised cost)	–	2.71
Interest on loans (at amortised cost)	14,886.18	10,523.39
Interest on loans (at FVTOCI)	1,330.71	975.36
Interest on Government and trust securities (at amortised cost)	3.56	0.46
Interest on Government and trust securities (at FVTPL)	70.69	36.04
Interest on Government and trust securities (at FVTOCI)	2,379.08	2,080.79
Investments (at amortised cost)	102.09	113.13
Others	3.98	4.37
	18,776.29	13,736.25

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

27 Fees and commission income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Loan related charges	580.64	343.38
Non-loan related charges	328.51	197.22
Foreclosure income	105.16	24.67
Distribution income	667.56	242.84
	1,681.87	808.11

28 Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Debt instruments at FVTPL	294.62	250.87
Equity investments at FVTPL	1,467.95	894.72
Profit on sale on investments	1.39	0.06
Others		
Gain on sale of debt instrument at amortised cost	0.10	1.42
Gain/(loss) on sale of debt FVTOCI instruments	214.04	441.41
Total net gain on fair value changes		

29 Sale of services

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

34 Fees and commission expense

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Dealer incentives	61.33	42.03
Recovery costs	646.87	491.43
Commission, operating and other expenses pertaining to insurance business	979.89	748.06
Others	4.68	–
	1,692.77	1,281.52

35 Impairment on financial instruments

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Expected credit losses		
on loans measured at amortised cost	1,431.61	897.61
on loans measured at FVTOCI	60.76	111.32
on other financial assets measured at amortised cost	13.17	25.57
on other financial assets measured at FVTOCI	183.13	0.39
	1,688.67	1,034.89

36 Depreciation, amortisation and impairment

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Depreciation on property, plant and equipment	169.78	125.85
Depreciation on investment property	0.76	0.66

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

37 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Rental charges payable under operating leases	171.76	124.40
Repairs to buildings	1.62	1.08
Repairs to machinery – windmill	8.10	8.02
Repairs to others	103.09	77.73
Energy generation expenses	40.90	32.39
REC registration, issuance and brokerage charges	0.33	0.72
Rates and taxes	0.67	2.25
Insurance	1.46	0.50
Payment to auditor	3.28	3.09
Directors' fees and travelling expenses	5.22	4.25
Commission to non-executive directors	0.62	0.32
Advertisement and publicity	446.89	431.58
Travelling (including foreign travel) expenses	258.76	220.11
Business support service expenses	31.54	0.38
Expenditure towards Corporate Social Responsibility (CSR) activities	98.63	79.97
Legal and professional charges	78.59	37.69
Communication expenses	202.56	153.58
Outsourcing/back office expenses	209.90	211.23
Marketing and support services	417.46	383.44
Information technology expenses	302.72	253.40
Miscellaneous expenses	633.77	573.69
	3,017.87	2,599.82

38 Tax expense

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Tax expense		
Current tax		
Current tax on profits for the year	2,737.84	1,995.48
Adjustments for current tax of prior periods	–	–
Total current tax expense	2,737.84	1,995.48
Deferred tax		
Decrease/(increase) in deferred tax assets	42.89	(71.00)
(Decrease)/increase in deferred tax liabilities	0.16	(2.12)
Total deferred tax expenses/(benefit)	43.05	(73.12)
Tax expense	2,780.89	1,922.36

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

39 Earnings per share (EPS)

Particulars	For the year ended 31 March 2019	2018
Profit for the year (₹ In Crore)	3,219.04	2,650.26
Weighted average number of shares outstanding during the year (Nos)	159,135,642	159,133,298
Weighted average number of shares outstanding during the year (Nos) – Diluted	159,159,216	159,133,298
Earnings per share (Basic) ₹	202.3	166.5
Earnings per share (Diluted) ₹	202.3	166.5
Face value per share ₹	5.0	5.0

40 Contingent liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
a. Claims against the Group not acknowledged as debts	36.62	39.97	26.75
b. Income-tax matters under dispute			
Appeal by Group	2.56	38.08	42.11
Appeal by Department	0.24	32.98	32.98
c. ESI matters under appeal	5.14	5.14	5.14
d. VAT matters under appeal	6.21	4.79	5.33
e. Service tax matters under appeal			
On interest subsidy	1,340.49	1,243.80	1,147.10
On penal interest/charges	245.19	–	–
On others	169.84	224.55	81.95
f. Claims, under policies, not acknowledged as debts*			
Death repudiation cases pending	43.60	41.51	38.12
Cases pending against servicing failure	5.31	4.11	14.72
g. Other matters	0.46	0.07	–

*Pertains to litigations pending with various consumer forums/courts.

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

ii) The Commissioner, Service Tax Commissionerate, Pune, through an order dated 31 March 2017, has confirmed the demand of service tax of ₹ 644.65 crore and penalties of ₹ 198.95 crore from BFL in relation to the interest subsidy BFL received from manufacturers and dealers during the period 1 April 2010 to 30 September 2016. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date BFL pays the service tax demanded, which as at 31 March 2019 amounted to ₹ 496.89 crore. In accordance with legal advice, BFL filed an appeal on 6 July 2017 with the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai disputing the demands. BFL, in line with the opinion obtained from a senior legal counsel, is of view that the said demands are not tenable.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

40 Contingent liabilities (Contd.)

iii) The Commissioner, Central Excise and CGST, Pune –I, Commissionerate, through an order dated 7 September 2018, has confirmed the demand of service tax ₹ 53.87 crore and penalties of ₹ 53.87 crore from BFL in relation to the penal interest/ charges BFL received from the customers during the period 1 July 2012 to 31 March 2017. In addition, the Commissioner has demanded payment of interest on the service tax amount confirmed until the date BFL pays the service tax demanded, which as at 31 March 2019 amounted to ₹ 43.36 crore. In accordance with legal advice, BFL filed an appeal on 26 December 2018 with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai disputing the demands. BFL, in line with the opinion obtained from a legal counsel, is of view that the said demands are not tenable.

iv) In addition, the Commissioner, Central Excise and CGST, Pune – I, Commissionerate, has issued a periodical show cause notice on 30 March 2019 demanding payment of service tax of ₹ 40.22 crore and penalty thereon of ₹ 40.22 crore on penal interest/charges received by BFL from the customers during the period April 2016 to June 2017. The Commissioner has also demanded payment of interest on the service tax amount demanded, through a show cause notice, until the date BFL pays the demand, which as at 31 March 2019, amounted to ₹ 13.65 crore. BFL is in the process of preparation and filing of reply against this periodical show cause notice.

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

vi) The H'ble Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. BFL, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal counsel and the response/direction from the authorities, including on representations made by an industry association in this regard.

41 Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital commitments, net of capital advances	129.58	84.12	46.07
Commitments made for investments	81.39	–	–
Other commitments towards partially disbursed/un-encashed loans	481.31	349.55	2,233.51

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

42 Employee benefits plan

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

Funded schemes

Gratuity

The Group provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Group is greater of the provisions of the Payment of Gratuity Act, 1972 and the Group's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Group makes contributions to approved gratuity fund.

Present value of funded defined benefit obligation	199.47	150.29	122.85
Fair value of plan assets	162.50	122.06	104.39
Net funded obligation	**36.97**	**28.23**	**18.46**

Current service cost	27.24	20.40
Interest on net defined benefit liability/(asset)	1.58	1.29
Total expense charged to Statement of Profit and Loss	**28.82**	**21.69**

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Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

42 Employee benefits plan (Contd.)

Funded schemes (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Movement in benefit obligation		
Opening of defined benefit obligation	150.29	122.85
Current service cost	27.54	21.55
Interest on defined benefit obligation	10.83	8.37
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	1.06	2.32
Actuarial loss/(gain) arising from change in demographic assumptions	0.45	(11.73)
Actuarial loss/(gain) arising on account of experience changes	22.69	18.13
Benefits paid	(13.39)	(11.20)
Closing of defined benefit obligation	**199.47**	**150.29**
Movement in plan assets		
Opening fair value of plan assets	122.06	104.39
Employer contributions	45.53	24.44
Interest on plan assets	9.29	7.11
Administration expenses	(0.02)	–
Remeasurements due to		
Actual return on plan assets less interest on plan assets	(0.91)	(1.76)
Benefits paid	(13.45)	(12.12)
Closing fair value of plan assets	**162.50**	**122.06**

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Disaggregation of assets			
Category of assets			
Insurer managed funds.	162.50	122.06	104.39

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

42 Employee benefits plan (Contd.)

Funded schemes (Contd.)

Particulars	As at 31 March 2019	As at 31 March 2018
Principal Actuarial Assumptions (Expressed as weighted averages)		
Discount rate (p.a.)		
Bajaj Finserv Ltd.	7.70%	7.75%
Bajaj Allianz General Insurance Co. Ltd.	6.80%	7.30%
Bajaj Allianz Life Insurance Co. Ltd.	7.10%	7.65%
Bajaj Finance Ltd.	7.70%	7.75%
Bajaj Finserv Direct Ltd.	7.70%	NA
Salary escalation rate (p.a.)		
Bajaj Finserv Ltd.	10.00%	10.00%
Bajaj Allianz General Insurance Co. Ltd.	10.00%	11.00%
Bajaj Allianz Life Insurance Co. Ltd.	5.00%	5.00%
Bajaj Finance Ltd.	11.00%	11.00%
Bajaj Finserv Direct Ltd.	10.00%	NA

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 2019		As at 31 March 2018	
	Compensated Absences	Long-term incentive plan	Compensated Absences	Long-term incentive plan
Present value of unfunded obligations	47.75	71.52	43.98	71.38
Discount rate (p.a.)	7.10% – 7.70%		7.35% – 7.65%	
Salary escalation rate (p.a.)	5.00% – 11.00%		5.00% – 11.00%	

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Amount recognised in the Statement of Profit and Loss		
Defined contribution plans		
Provident fund paid to Government authorities	21.88	16.28
Superannuation paid to trust	0.73	0.60
Pension fund paid to Government authorities	0.52	0.03
Others	3.76	3.62
Defined Benefit Plans		
Gratuity	28.82	21.69
Others	21.09	18.08
Total	76.80	60.30

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

42 Employee benefits plan (Contd.)

Providend fund

In case of certain employees, the provident fund contribution is made to Bajaj Auto Ltd. Provident Fund Trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as of 31 March 2019. The assumptions used in determining the present value of obligation of interest rate guarantee under deterministic approach are as set out below

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Movement in defined benefit obligations		
Defined benefit obligations as at the beginning of the year	240.79	176.35
Current service cost	21.08	18.09
Interest on defined benefit obligation	19.60	13.90
Remeasurement gain/(loss)		
Actuarial loss/(gain) arising on account of experience changes	1.83	3.76
Employees contribution	43.54	37.01
Benefits paid	(17.99)	(10.58)
Liabilities assumed/(settled)	(23.48)	2.26
Defined benefit obligation as at the end of the year	285.37	240.79
(ii) Movement in defined benefit plan		
Fair value of plan asset as at the beginning of the year	240.79	176.35
Interest on plan assets	19.60	13.90
Remeasurements due to		
Actual return on plan assets less interest on plan assets	1.83	3.76
Employer contribution	21.08	18.09
Employees contribution	43.54	37.01
Benefits paid	(17.99)	(10.58)
Assets acquired/(settled)	(23.48)	2.26
Fair value of plan asset as at the end of the year	285.37	240.79
(iii) Reconciliation of net liability/asset		
Net defined benefit liability/(asset) as at the beginning of the year	-	-
Expense charged to statement of profit and loss	21.08	18.09
Employer contributions	(21.08)	(18.09)
Net defined benefit liability/(asset) as at the end of the year	-	-

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

42 Employee benefits plan (Contd.)

Providend fund (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(iv) Expenses charged to the Statement of Profit and Loss		
Current service cost	21.08	18.09
Total	21.08	18.09
(v) Remeasurement gains/(losses) in Other Comprehensive Income		
Opening amount recognised in OCI	-	-
Experience adjustments	1.83	3.76
Actual return on plan assets less interest on plan assets	(1.83)	(3.76)
Closing amount recognised in OCI	-	-

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(vi) Amount recognised in Balance Sheet			
Present value of funded defined benefit obligation	285.37	240.79	176.35
Fair value of plan assets	285.37	240.79	176.35
Net funded obligation	-	-	-
Amount not recognised due to asset limit	-	-	-
Net defined benefit liability/(asset) recognised in Balance Sheet	-	-	-

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

42 Employee benefits plan (Contd.)

Providend fund (Contd.)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(vii) Key actuarial assumptions			
Discount rate (p.a.)	7.70%	7.75%	7.35%
Future derived return on assets (p.a.)	8.68%	8.64%	8.90%
Discount rate for the remaining term to maturity of the investment (p.a.)	7.35%	7.65%	7.15%
Average historical yield on the investment portfolio (p.a.)	8.33%	8.54%	8.70%
Guaranteed rate of return (p.a.)	8.65%	8.55%	8.65%

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(viii) Category of plan assets			
Government debt securities	148.97	121.12	91.70
Other debt instruments	94.81	84.10	63.49
Others	41.59	35.57	21.16
	285.37	240.79	176.35

(ix) A quantitative sensitivity analysis for significant assumptions as at 31 March 2019 is as shown below

The following table summarises the impact in absolute terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the difference between the rate earned and the guaranteed rate.

Particulars	As at 31 March 2019		As at 31 March 2018	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	–	–	–	–

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

43 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2019

(a) Primary segment: Business segment

(₹ In Crore)

Particulars	Insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	24,144.95	71.10	18,384.51	5.01	42,605.57
Inter segment sales and other income	81.22	–	117.25	455.24	653.71
Total revenue	**24,226.17**	**71.10**	**18,501.76**	**460.25**	**43,259.28**
Segment result	2,026.98	20.37	6,264.80	(157.41)	8,154.74
Tax expense	–	–	–	–	2,780.89
Minority interest	–	–	–	–	2,154.81
Net profit	**2,026.98**	**20.37**	**6,264.80**	**(157.41)**	**3,219.04**
Segment assets	83,114.18	36.56	124,283.84	313.83	207,748.41
Unallocated corporate assets	–	–	–	–	20.43
Total assets	**83,114.18**	**36.56**	**124,283.84**	**313.83**	**207,768.84**
Segment liabilities	69,113.79	3.32	2,932.95	58.64	72,108.70
Unallocated corporate liabilities	–	–	–	–	17.41
Total liabilities	**69,113.79**	**3.32**	**2,932.95**	**58.64**	**72,126.11**
Capital employed	**14,000.39**	**33.24**	**121,350.89**	**255.19**	**135,642.73**

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 2019 (Contd.)

43 Segment information (Contd.)

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2018

(a) Primary segment: Business segment

(₹ In Crore)

Particulars	Insurance	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	20,058.50	71.95	12,719.91	12.30	32,862.66
Inter segment sales and other income	74.04	–	36.89	168.18	279.11
Total revenue	**20,132.54**	**71.95**	**12,756.80**	**180.48**	**33,141.77**
Segment result	2,180.51	29.53	3,917.09	(28.42)	6,098.71
Tax expense	–	–	–	–	1,922.36
Minority interest	–	–	–	–	1,526.09
Net profit	**2,180.51**	**29.53**	**3,917.09**	**(28.42)**	**2,650.26**
Segment assets	75,754.81	39.74	84,800.46	135.95	160,730.96
Unallocated corporate assets	–	–	–	–	14.75
Total assets	**75,754.81**	**39.74**	**84,800.46**	**135.95**	**160,745.71**
Segment liabilities	62,123.91	1.82	2,393.19	25.88	64,544.80
Unallocated corporate liabilities	–	–	–	–	17.45
Total liabilities	**62,123.91**	**1.82**	**2,393.19**	**25.88**	**64,562.25**
Capital employed	**13,630.90**	**37.92**	**82,407.27**	**110.07**	**96,183.46**

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 2019 (Contd.)

44 Disclosure of transactions with related parties as required by Ind AS 24

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2018-19 Transaction value	2018-19 Outstanding amounts carried in Balance Sheet	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet
A. Holding company, subsidiaries and fellow subsidiary:					
Since consolidated financial statements present information about the holding and its subsidiaries as a single reporting enterprise, it is unnecessary to disclose intra-group transactions.					
B. Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party – holds 39.16% shares of Bajaj Finserv Ltd.)	Purchase of shares by BHIL (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	10.90	-	10.90	-
	Business support services received	2.62	-	2.60	-
	Business support services rendered	0.38	-	0.31	-
	Other payments	0.03	-	0.03	-
	Other receipts	0.01	-	0.03	-
	Insurance premium received	0.01	-	0.02	-
	Unallocated premium	-	(0.57)	-	(0.02)
	Billable expenses reimbursed on behalf	0.06	-	0.08	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture – 50% shares held by Bajaj Finserv Ltd.)	Contribution to Equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	1.05	-	0.68	-
	Rental income	-	-	0.05	-
	Insurance premium received	0.11	-	0.14	-
	Unallocated premium	-	-	-	(0.07)
	Insurance commission paid/payable	15.68	(1.74)	15.16	(3.68)
	Business support services rendered	0.03	-	0.08	-
Bajaj Allianz Staffing Solutions Ltd. (100% owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Other income	-	-	0.14	-
	Reimbursement of expenses received	-	-	-	-
	Insurance premium received	1.01	-	0.90	-
	Insurance claim paid	-	-	-	-
	Unallocated premium	-	(0.05)	-	(0.01)
	Manpower supply charges	102.94	-	80.64	-
Allianz Cornhill Information Services Pvt. Ltd.	Insurance premium received	-	-	0.14	-
	Insurance claims paid	-	-	0.02	-
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)
	Dividend paid	56.08	-	-	-
	Billable expenses incurred on behalf	-	-	0.04	(0.03)
Allianz Insurance Management Asia	Billable expenses incurred	-	(0.04)	0.01	(0.04)
	Paid towards revenue expenditure	-	0.01	-	0.01
AGCS Marine Insurance Company	Reinsurance premium paid/payable	-	0.03	0.02	0.05
	Claims recovery on reinsurance	0.03	-	1.15	-
Allianz Global Risks US Insurance Company	Reinsurance premium paid/payable	0.03	(0.04)	0.08	(0.03)
	Commission on reinsurance premium	0.02	-	0.01	-
	Claims recovery on reinsurance	0.01	-	0.24	-
Allianz Global Corporate & Speciality AG, UK	Reinsurance premium paid/payable	(0.13)	1.51	0.38	(0.79)
	Commission on reinsurance received/receivable	(0.01)	-	0.09	-
	Claims recovery on reinsurance	11.50	-	28.26	-
Allianz Global Corporate & Speciality SE, Netherlands	Claims recovery on reinsurance	-	-	0.03	-
Allianz Global Corporate & Speciality SE, Italy	Reinsurance premium paid/payable	0.02	(0.06)	0.04	(0.06)

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

44 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2018-19 Transaction value	2018-19 Outstanding amounts carried in Balance Sheet	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet
Allianz Global Corporate & Speciality SE, Denmark – Nordic Region	Reinsurance premium paid/payable	-	-	-	(0.01)
Allianz Global Corporate & Speciality SE, Munich	Reinsurance premium paid/payable	0.67	19.72	5.07	(0.28)
	Commission on reinsurance received/receivable	0.22	-	0.66	-
	Claims recovery on reinsurance	36.50	-	28.55	-
	Billable expenses incurred on behalf	-	(0.03)	0.04	(0.03)
Allianz SE Reinsurance, Branch Asia Pacific	Reinsurance premium paid/payable	20.27	(9.17)	17.12	(1.77)
	Commission on reinsurance received/receivable	1.43	-	1.52	-
	Claims recovery on reinsurance	14.50	-	12.26	-
	Reinsurance profit commission receivable	5.98	-	1.06	-
	CAT XOL premium paid/payable	0.27	-	0.28	-
	CAT XOL claim recovered	2.04	-	10.90	-
Allianz Global Corporate & Speciality AG Singapore (Previously known as Allianz Insurance Company of Singapore – PTE)	Reinsurance premium paid/payable	4.64	0.49	20.77	(0.45)
	Commission on reinsurance received/receivable	0.90	-	4.10	-
	Claim recovery on reinsurance	0.66	-	0.26	-
	Billable expenses reimbursed on behalf	0.05	0.05	-	-
Allianz Belgium	Reinsurance premium paid/payable	-	-	0.03	0.06
	Claim recovery on reinsurance	-	-	0.05	-
Allianz Elementar Versicherungs – Austria	Reinsurance premium paid/payable	-	-	0.03	-
	Commission on reinsurance received/receivable	-	-	0.01	-
	Claim recovery on reinsurance	-	-	0.57	-
Allianz Global Corporate & Speciality SE –France	Reinsurance premium paid/payable	-	(0.61)	0.50	0.82
	Commission on reinsurance received/receivable	0.02	-	0.51	-
	Claims recovery on reinsurance	3.50	-	33.47	-
M/s. Allianz Risk Transfer AG	Reinsurance premium paid/payable	-	-	-	(0.04)
	Commission on reinsurance received/receivable	-	-	0.01	-
	Claims recovery on reinsurance	0.50	-	-	-
Allianz Australia Insurance Ltd.	Reinsurance premium paid/payable	-	-	0.01	-
	Commission on reinsurance received/receivable	-	-	0.01	-
Euler Hermes Deutschland [Formerly known as Euler Hermes Cr Insurance (S) Ltd.]	Reinsurance premium paid/payable	-	-	-	0.96
	Claims recovery on reinsurance	-	-	0.39	-
	Billable expenses incurred on behalf	2.28	(1.85)	1.35	-
Euler Hermes Europe, Singapore Branch	Reinsurance premium paid/payable	9.56	1.21	12.75	(0.57)
	Commission on reinsurance received/receivable	0.72	-	1.08	-
	Claims recovery on reinsurance	3.78	-	7.00	-
Allianz Technology SE (Previously Allianz Managed Operations & Services SE)	Paid towards opus revenue expenditure	2.79	(2.60)	3.18	(5.17)
	License and maintenance fees paid	0.86	(1.93)	1.16	(1.16)
	Insurance premium received	-	-	0.02	-
	Benefits paid	0.01	-	0.01	-
	Unallocated premium	-	-	-	0.06
Allianz Technlogy SE, India (Previously Allianz Managed Operations & Services SE India)	Insurance premium received	0.01	-	0.06	-

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

44 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2018-19 Transaction value	2018-19 Outstanding amounts carried in Balance Sheet	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet
AWP Assistance India Pvt. Ltd. (Previously AGA Assistance (India) Pvt. Ltd.)	Insurance claims paid	7.75	-	1.52	-
	Premium received as an agent	-	(0.69)	-	(0.32)
	Insurance commission paid/payable	1.61	(0.12)	1.23	(0.20)
	Benefits paid	3.36	-	0.22	-
	Insurance premium received	-	-	0.01	-
	Claim assisstance fee paid	5.01	-	4.72	-
	Billable expenses incurred on behalf	0.02	0.03	0.02	0.03
AWP Services India Pvt. Ltd. (Previously AGA Services (India) Pvt. Ltd.)	Insurance claims paid	16.71	-	12.64	-
	Claim assisstance fee paid	3.17	-	0.68	-
	Other expenses paid/payable	5.22	(2.65)	4.38	(0.36)
Euler Hermes Services India Pvt Ltd.	Credit risk assessment fees paid	2.06	-	1.39	-
AWP P&C SA Saint Ouen Paris	Reinsurance premium received/receivable	168.31	29.57	39.61	(4.58)
	Commission on reinsurance paid/payable	104.46	-	25.53	-
	Claims paid on reinsurance accepted	17.84	-	3.82	-
C. Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.10	-	0.11	-
	Commission	0.14	(0.13)	0.17	(0.17)
Madhur Bajaj	Sitting fees	0.07	-	0.07	-
	Commission	0.11	(0.10)	0.11	(0.11)
Rajiv Bajaj	Sitting fees	0.07	-	0.05	-
	Commission	0.10	(0.09)	0.08	(0.08)
Niraj Bajaj	Nil	-	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Sanjiv Bajaj (Managing Director & CEO) (Also Key management personnel)	Short-term employee benefits (including Commission)	7.56	(5.46)	4.91	(3.57)
	Post-employement benefits	0.63	-	0.40	-
	Deposit paid	0.39	0.39	-	-
	Rent paid	0.33	-	-	-
Tapan Singhel (MD & CEO - BAGICL)	Remuneration	9.68	-	7.66	-
Tarun Chugh (MD & CEO - BALICL)	Remuneration	8.45	-	11.85	-
Rajeev Jain (CEO - BFL)	Remuneration	11.75	(6.36)	10.06	(5.16)
	Equity shares issued pursuant to stock option scheme	2.19	-	1.80	-
	Fair value of stock options granted	10.91	-	6.41	-
D. Other entities/persons:					
Bajaj Auto Ltd	Sale of windpower	13.82	-	7.68	-
	Business support services received	26.09	(0.83)	26.66	(0.56)
	Business support services rendered	0.23	-	0.51	0.03
	Interest subsidy	9.85	-	23.78	1.87
	Insurance premium received by BAGICL/BALICL	13.15	-	10.47	-
	Insurance claims paid by BAGICL/BALICL	2.30	-	4.03	-
	Security deposit paid	0.02	0.23	-	0.21
	Rent Paid	0.01	-	-	-

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

44 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2018-19 Transaction value	2018-19 Outstanding amounts carried in Balance Sheet	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet
	Unallocated premium	-	(4.67)	-	(3.24)
	Dividend income	0.75	-	0.69	-
	Investments held	-	36.39	-	34.31
Bajaj Electricals Ltd.	Purchases	0.49	(0.06)	0.14	0.01
	Insurance claims paid	1.58	-	0.77	-
	Insurance premia received	8.41	-	5.80	-
	Unallocated premium	-	(0.13)	-	(4.79)
Bajaj Auto Holdings Ltd.	Purchase of shares by BAHL (209,005 shares of ₹ 5 each)	-	(0.10)	-	(0.10)
	Dividend paid	0.04	-	0.04	-
	Non-convertible debentures redeemed	-	-	-	-
	Interest on non-convertible debentures issued	-	-	-	-
Hind Musafir Agency Ltd.	Services received	79.36	(3.18)	60.83	(1.70)
	Service Charges paid	0.29	-	-	-
	Insurance premium received	0.02	-	0.02	-
Hind Lamps Ltd.	Benefits paid	-	-	0.01	-
	Insurance premium received	0.15	-	0.16	-
	Unallocated premium	-	-	-	(0.05)
Mukand Ltd.	Sale of windpower	43.41	0.29	39.37	1.80
	Insurance premium received	1.02	-	3.16	-
	Insurance Claims paid	0.61	-	1.56	-
	Unallocated premium	-	-	-	(0.02)
	Rent and other expenses paid	0.06	-	0.06	-
	Security deposit paid	-	4.00	-	4.00
	Interest received	4.17	-	4.49	-
	Loan given	-	24.41	25.00	42.63
	Principal repayment received	18.22	-	16.34	-
Mukand Engineers Ltd	Insurance premium received	0.73	-	0.11	-
	Insurance claims paid	0.33	-	0.07	-
	Unallocated premium	-	0.01	-	-
Maharashtra Scooters Ltd.	Business support services rendered	0.12	1.86	0.12	1.86
	Non-convertible debentures issued	-	(140.00)	-	(80.00)
	Interest on non-convertible debentures issued	10.24	-	7.20	-
	Contribution to equity of BFL (18,974,660 shares of ₹ 2 each)	-	(3.79)	-	(3.79)
	Contribution to equity of BFS (3,725,740 shares of ₹ 5 each)	-	(1.86)	-	(1.86)
	Dividend paid	8.24	-	7.48	-
	Secured non convertible debentures redemption	5.00	-	-	-
Jamnalal Sons Pvt. Ltd	Security deposit	-	0.29	0.10	0.29
	Rent and other expenses	0.70	-	0.58	-
Nanoo Pamnani	Sitting fees	0.18	-	0.15	-
	Commission	2.26	(2.24)	1.23	(1.21)
D J Balaji Rao	Sitting fees	0.12	-	0.10	-
	Commission	0.16	(0.15)	0.13	(0.12)
Late Naresh Chandra	Sitting fees	-	-	0.02	-
	Commission	-	-	0.02	(0.08)

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

44 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2018-19 Transaction value	2018-19 Outstanding amounts carried in Balance Sheet	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet
Dr. Gita Piramal	Sitting fees	0.13	-	0.11	-
	Commission	0.17	(0.16)	0.15	(0.14)
Naushad Forbes	Sitting fees	0.05	-	0.03	-
	Commission	0.05	(0.05)	0.03	(0.03)
Manish Kejriwal	Sitting fees	0.01	-	-	-
	Commission	0.01	(0.01)	-	-
Anami Roy	Sitting fees	0.01	-	-	-
	Commission	0.01	(0.01)	-	-
Dipak Poddar	Sitting fees	0.05	-	0.05	-
	Commission	0.10	(0.09)	0.10	(0.09)
D.S.Mehta	Sitting fees	0.05	-	0.06	-
	Commission	0.10	(0.09)	0.11	0.10
	Fixed deposit accepted	2.95	(8.28)	5.01	(5.33)
	Fixed deposit repaid	-	-	4.25	-
	Interest paid on fixed deposit	-	-	0.84	-
	Fixed deposit interest accrued	0.67	(0.87)	0.45	(0.21)
Ranjan Sanghi	Sitting fees	0.07	-	0.09	-
	Commission	0.13	(0.12)	0.17	(0.15)
Rajendra Lakhotia	Sitting fees	0.05	-	0.06	-
	Commission	0.10	(0.08)	0.12	(0.10)
Omkar Goswami	Sitting fees	0.06	-	0.07	-
	Commission	0.12	(0.11)	0.13	(0.12)
Bajaj Auto Ltd. Provident Fund	Unsecured non convertible debentures issued	-	(52.00)	-	(52.00)
	Interest paid on non convertible debentures	4.92	-	2.81	-
	Providend fund contribution (Employer's share)	21.09	(5.82)	18.08	(4.85)
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.92	-	0.75	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	6.02	-	-	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity contribution	22.60	-	10.96	-
Bajaj Finsev Charitable Trust	CSR payment	0.25	-	-	-

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 para 9 of Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure

1. Capital

BFL actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirement of RBI and NHB. The adequacy of BFL capital is monitored using, among other measures, the regulations issued by RBI and NHB.

BAGIC and BALIC maintain an actively managed capital base to cover risks inherent in their respective businesses and meeting the solvency ratio required by IRDAI. The adequacy of BAGIC and BALIC's capital is monitored using, among the other measures, the regulation issued by IRDAI.

The cash surpluses are currently invested in equity shares, mutual funds, debt instruments and money market instruments depending upon the economic conditions and is in line with guidelines set out by IRDAI.

Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

No changes were made in the objective, policies and processes of capital management during the year. Both BAGIC and BALIC do not have any borrowings and do not borrow funds.

a) Capital management (BFL)

BFL's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. BFL aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. BFL endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

BFL's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.

BFL monitors its capital adequacy ratio (CRAR) on a monthly basis through its assets liability management committee (ALCO).

BFL endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

BFL's dividend distribution policy states that subject to profit, the Board shall endeavour to maintain a dividend payout (including dividend distribution tax) of around 15% of profits after tax on standalone financials, to the extent possible.

BFL is also the provider of equity capital to its wholly owned subsidiaries and also provides them with non-equity capital where necessary. These investments are funded by BFL through its equity share capital and other equity which inter alia includes retained profits.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

2. Regulatory Capital

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Bajaj Finance Ltd.			
Tier I capital	17,025.70	14,836.83	8,285.57
Tier II capital	4,587.47	4,455.44	3,828.27
Total capital	21,613.17	19,292.27	12,113.84
Risk weighted assets	104,606.38	80,452.27	62,119.80
Tier I CRAR	16.27%	18.44%	13.34%
Tier II CRAR	4.39%	5.54%	6.16%
Total CRAR	20.66%	23.98%	19.50%

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Bajaj Housing Finance Ltd.			
Tier I capital	3,626.95	1,547.13	324.87
Tier II capital	70.52	15.00	–
Total capital (Tier I+Tier II)	3,697.47	1,562.13	324.87
Risk weighted assets	14,520.52	3,461.83	324.99
Tier I CRAR	24.98%	44.69%	99.96%
Tier II CRAR	0.49%	0.43%	0.00%
Total CRAR	25.46%	45.12%	99.96%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures

a. Quantitative disclosure of fair value measurement hierarchy for assets (BFL)

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2019

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-19	7,063.57	–	–	7,063.57
Equity instrument classified under FVTOCI*	31-Mar-19	–	–	225.00	225.00
Other investments under FVTOCI	31-Mar-19	1,256.75	–	–	1,256.75
Loans under FVTOCI	31-Mar-19	–	17,992.29	–	17,992.29
Total		8,320.32	17,992.29	225.00	26,537.61

* There is no fair value gain/losses on equity instruments designated under FVTOCI.

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2018

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31-Mar-18	2,093.96	–	–	2,093.96
Equity instrument classified under FVTOCI*	31-Mar-18	–	–	225.00	225.00
Other investments under FVTOCI	31-Mar-18	778.05	–	–	778.05
Loans under FVTOCI	31-Mar-18	–	10,699.00	–	10,699.00
Total		2,872.01	10,699.00	225.00	13,796.01

* There is no fair value gain/losses on equity instruments designated under FVTOCI.

Quantitative disclosures of fair value measurement hierarchy for assets as at 1 April 2017

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	1-Apr-17	3,468.85	–	–	3,468.85
Other investments under FVTOCI	1-Apr-17	662.38	–	–	662.38
Loans under FVTOCI	1-Apr-17	–	9,160.97	–	9,160.97
Total		4,131.23	9,160.97	–	13,292.20

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

b. Fair value of financial instruments not measured at fair value (BFL)

Fair value of financial instruments not measured at fair value as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	347.02	347.02	–	–	347.02
Earmarked balances with banks	1.69	1.69	–	–	1.69
Trade receivables	805.38	–	–	805.38	805.38
Other receivables	92.19	–	–	92.19	92.19
Loans	94,520.53	–	–	94,825.96	94,825.96
Investments	53.71	–	–	54.09	54.09
Other financial assets	303.08	–	–	303.08	303.08
	96,123.60	348.71	–	96,080.70	96,429.41
Financial liabilities					
Trade payables	563.80	–	–	563.80	563.80
Other payables	280.22	–	–	280.22	280.22
Debt securities	46,681.33	–	46,403.77	–	46,403.77
Borrowings (other than debt securities)	37,574.44	–	–	37,574.44	37,574.44
Deposits	13,193.01	–	13,015.54	–	13,015.54
Subordinated debts	4,139.07	–	4,199.26	–	4,199.26
Other financial liabilities	1,671.66	–	–	1,671.66	1,671.66
	104,103.53	–	63,618.57	40,090.12	103,708.69

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

b. Fair value of financial instruments not measured at fair value (BFL) (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	338.17	338.17	–	–	338.17
Earmarked balances with banks	1.49	1.49	–	–	1.49
Trade receivables	585.21	–	–	585.21	585.21
Other receivables	53.67	–	–	53.67	53.67
Loans	68,403.50	–	–	68,823.81	68,823.81
Investments	42.42	–	–	42.70	42.70
Other financial assets	258.72	–	–	258.72	258.72
	69,683.18	339.66	–	69,764.11	70,103.77
Financial liabilities					
Trade payables	445.97	–	–	445.97	445.97
Other payables	205.06	–	–	205.06	205.06
Debt securities	33,571.03	–	33,278.15	–	33,278.15
Borrowings (other than debt securities)	21,055.16	–	–	21,055.16	21,055.16
Deposits	7,792.87	–	7,909.79	–	7,909.79
Subordinated debts	4,138.16	–	4,282.89	–	4,282.89
Other financial liabilities	1,422.99	–	–	1,422.99	1,422.99
	68,631.24	–	45,470.83	23,129.18	68,600.01

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

b. Fair value of financial instruments not measured at fair value (BFL) (Contd.)

Fair value of financial instruments not measured at fair value as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Cash and cash equivalents	324.98	324.98	–	–	324.98
Earmarked balances with banks	1.18	1.18	–	–	1.18
Trade receivables	403.93	–	–	403.93	403.93
Other receivables	62.23	–	–	62.23	62.23
Loans	46,284.90	–	–	46,721.02	46,721.02
Investments	–	–	–	–	–
Other financial assets	487.99	–	–	487.99	487.99
	47,565.21	326.16	–	47,675.17	48,001.33
Financial liabilities					
Trade payables	288.07	–	–	288.07	288.07
Other payables	90.35	–	–	90.35	90.35
Debt securities	25,709.67	–	26,048.78	–	26,048.78
Borrowings (other than debt securities)	17,409.94	–	–	17,409.94	17,409.94
Deposits	4,272.14	–	4,300.97	–	4,300.97
Subordinated debts	3,501.37	–	3,757.25	–	3,757.25
Other financial liabilities	1,316.92	–	–	1,316.92	1,316.92
	52,588.46	–	34,107.00	19,105.28	53,212.28

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

c. Quantitative disclosure of fair value measurement hierarchy for assets (BALIC)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy

(₹ In Crore)

Particulars	Carrying amount					Fair value hierarchy		
	Through P&L	Designated at P&L	Through OCI	Amortised cost	Total	Level 1	Level 2	Level 3
As at 31 March 2019								
Financial assets								
Financial assets measured at fair value								
Investments								
Government securities	-	13,330.54	9,408.88	-	22,739.42	22,739.42	-	-
Debt securities	-	6,218.53	6,913.03	-	13,131.56	13,131.56	-	-
Equity instruments	17,424.37	-	-	-	17,424.37	17,187.80	-	236.57
Security receipts	0.67	-	-	-	0.67	-	0.67	-
Others (AT1)	599.84	-	-	-	599.84	599.84	-	-
Financial assets not measured at fair value								
Investments								
Fixed Deposits-Long Term	-	-	-	1,446.84	1,446.84			
CBLO	-	-	-	1,936.62	1,936.62			
Cash and cash equivalents	-	-	-	723.95	723.95			
Trade receivables	-	-	-	196.49	196.49		N/A	
Loans	-	-	-	335.08	335.08			
Other financial assets	-	-	-	1,314.04	1,314.04			
Total financial assets	**18,024.88**	**19,549.07**	**16,321.91**	**5,953.02**	**59,848.88**	**53,658.62**	**0.67**	**236.57**
Financial liabilities								
Trade payables	-	-	-	1,214.20	1,214.20		N/A	
Deposits	-	-	-	3.16	3.16			
Total financial liabilities	**-**	**-**	**-**	**1,217.36**	**1,217.36**	**-**	**-**	**-**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

c. Quantitative disclosure of fair value measurement hierarchy for assets (BALIC) (Contd.)

(₹ In Crore)

Particulars	Carrying amount					Fair value hierarchy		
	Through P&L	Designated at P&L	Through OCI	Amortised cost	Total	Level 1	Level 2	Level 3
As at 31 March 2018								
Financial assets								
Financial assets measured at fair value								
Investments								
Mutual funds	842.33	-	-	-	842.33	842.33	-	-
Government securities	-	11,967.51	8,662.99	-	20,630.50	20,630.50	-	-
Debt securities	-	5,762.72	5,836.74	-	11,599.46	11,599.46	-	-
Equity instruments	16,263.35	-	-	-	16,263.35	16,077.46	-	185.89
Security receipts	1.93	-	-	-	1.93	-	1.93	-
Others (AT1)	601.25	-	-	-	601.25	601.25	-	-
Financial assets not measured at fair value								
Investments								
Fixed Deposits-Long Term	-	-	-	1,369.76	1,369.76			
CBLO	-	-	-	1,180.60	1,180.60			
Cash and cash equivalents	-	-	-	420.50	420.50		N/A	
Trade receivables	-	-	-	207.04	207.04			
Loans	-	-	-	269.24	269.24			
Other financial assets	-	-	-	1,019.69	1,019.69			
Total financial assets	**17,708.86**	**17,730.23**	**14,499.73**	**4,466.83**	**54,405.65**	**49,751.00**	**1.93**	**185.89**
Financial liabilities								
Trade payables	-	-	-	1,555.86	1,555.86		N/A	
Deposits	-	-	-	3.10	3.10			
Total financial liabilities	**-**	**-**	**-**	**1,558.96**	**1,558.96**	**-**	**-**	**-**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

c. Quantitative disclosure of fair value measurement hierarchy for assets (BALIC) (Contd.)

(₹ In Crore)

Particulars	Carrying amount					Fair value hierarchy		
	Through P&L	Designated at P&L	Through OCI	Amortised cost	Total	Level 1	Level 2	Level 3
As at 1 April 2017								
Financial assets								
Financial assets measured at fair value								
Investments								
Mutual funds	1,321.38	-	-	-	1,321.38	1,321.38	-	-
Government securities	-	11,490.90	8,272.24	-	19,763.14	19,763.14	-	-
Debt securities	-	4,231.03	5,588.14	-	9,819.17	9,819.17	-	-
Equity instruments	16,042.18	-	-	-	16,042.18	16,040.37	-	1.81
Security receipts	2.02	-	-	-	2.02	-	2.02	-
Financial assets not measured at fair value								
Investments								
Fixed Deposits-Long Term				1,635.23	1,635.23			
CBLO				1,678.45	1,678.45			
Cash and cash equivalents	-	-	-	573.74	573.74		N/A	
Trade receivables	-	-	-	217.07	217.07			
Loans	-	-	-	230.05	230.05			
Other financial assets	-	-	-	1,217.78	1,217.78			
Total financial assets	**17,365.58**	**15,721.93**	**13,860.38**	**5,552.32**	**52,500.21**	**46,944.06**	**2.02**	**1.81**
Financial liabilities								
Trade payables	-	-	-	1,697.24	1,697.24		N/A	
Deposits	-	-	-	2.31	2.31			
Total financial liabilities	**-**	**-**	**-**	**1,699.55**	**1,699.55**	**-**	**-**	**-**

Movements in Level 3 financial instruments

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets

(₹ In Crore)

Particulars	Unquoted equity share	
	As at 31 March 2019	As at 31 March 2018
Opening balance	185.89	1.81
Purchase	73.19	184.08
Net change in fair value (unrealised)	(22.51)	-
Closing balance	236.57	185.89

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

d. Quantitative disclosure of fair value measurement hierarchy for assets (BAGIC)

(₹ In Crore)

Particulars	Carrying amount				Fair value		
	Through P&L	Through OCI	Amortised cost	Total	Level 1	Level 2	Level 3
As at 31 March 2019							
Investments							
Financial assets measured at fair value							
Government debt securities	-	7,072.34	-	7,072.34	7,072.34	-	-
Debt securities	-	7,773.27	-	7,773.27	7,773.27	-	-
Equity instruments	1,022.84	-	-	1,022.84	980.34	-	42.50
Fixed deposits	-	-	-	-	-	-	-
Mutual Fund	167.62	-	-	167.62	167.62	-	-
Preference shares	108.47	-	-	108.47	108.47	-	-
AT 1 Bonds	420.39	-	-	420.39	420.39	-	-
Financial assets not measured at fair value							
Government debt securities	-	-	229.96	229.96	-	-	-
Debt securities	-	-	16.67	16.67	-	-	-
Fixed deposits	-	-	45.00	45.00	-	-	-
Cash and cash equivalents	-	-	451.76	451.76	-	-	-
Bank balance other than cash and cash equivalents	-	-	3.99	3.99	-	-	-
Trade receivables	-	-	1,283.26	1,283.26	-	-	-
Other financial assets	-	-	615.65	615.65	-	-	-
Total of financial assets	**1,719.32**	**14,845.61**	**2,646.29**	**19,211.22**	**16,522.43**	**-**	**42.50**
Financial liabilities							
Trade payable	-	-	-	-	-	-	-
a) Total outstanding dues of micro enterprises & small enterprises	-	-	2.54	2.54	-	-	-
b) Other payables	-	-	1,918.75	1,918.75	-	-	-
Other financial liabilities	-	-	133.91	133.91	-	-	-
Total of financial liabilities	**-**	**-**	**2,055.20**	**2,055.20**	**-**	**-**	**-**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

d. Quantitative disclosure of fair value measurement hierarchy for assets (BAGIC) (Contd.)

(₹ In Crore)

Particulars	Carrying amount				Fair value		
	Through P&L	Through OCI	Amortised cost	Total	Level 1	Level 2	Level 3
As at 31 March 2018							
Investments							
Financial assets measured at fair value							
Government debt securities	-	5,716.12	-	5,716.12	5,716.12	-	-
Debt securities	-	6,820.93	-	6,820.93	6,820.93	-	-
Equity instruments	598.48	-	-	598.48	598.48	-	-
Fixed deposits	-	-	-	-	-	-	-
Mutual Fund	267.94	-	-	267.94	267.94	-	-
Preference shares	76.69	-	-	76.69	76.69	-	-
AT 1 Bonds	459.56	-	-	459.56	459.56	-	-
Financial assets not measured at fair value							
Debt securities	-	-	33.33	33.33	-	-	-
Fixed deposits	-	-	27.00	27.00	-	-	-
Cash and cash equivalents	-	-	827.68	827.68	-	-	-
Bank balance other than cash and cash equivalents	-	-	4.54	4.54	-	-	-
Trade receivables	-	-	957.08	957.08	-	-	-
Other financial assets	-	-	570.66	570.66	-	-	-
Total of financial assets	**1,402.67**	**12,537.05**	**2,420.29**	**16,360.01**	**13,939.72**	**-**	**-**
Financial liabilities							
Trade payable							
a) Total outstanding dues of micro enterprises & small enterprises	-	-	2.11	2.11	-	-	-
b) Other payables	-	-	1,823.16	1,823.16	-	-	-
Other financial liabilities	-	-	241.78	241.78	-	-	-
Total of financial liabilities	**-**	**-**	**2,067.05**	**2,067.05**	**-**	**-**	**-**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

3. Quantitative Disclosures (Contd.)

d. Quantitative disclosure of fair value measurement hierarchy for assets (BAGIC) (Contd.)

(₹ In Crore)

Particulars	Carrying amount				Fair value		
	Through P&L	Through OCI	Amortised cost	Total	Level 1	Level 2	Level 3
As at 1 April 2017							
Investments							
Financial assets measured at fair value							
Government debt securities	-	4,524.19	-	4,524.19	4,524.19	-	-
Debt securities	-	5,146.96	-	5,146.96	5,146.96	-	-
Equity instruments	316.27	-	-	316.27	316.27	-	-
Fixed deposits	-	-	-	-	-	-	-
Mutual Fund	333.04	-	-	333.04	333.04	-	-
Preference shares	117.20	-	-	117.20	117.20	-	-
AT 1 Bonds	-	-	-	-	-	-	-
Financial assets not measured at fair value							
Debt securities	-	-	50.00	50.00	-	-	-
Fixed deposits	-	-	165.00	165.00	-	-	-
Cash and cash equivalents	-	-	552.85	552.85	-	-	-
Bank balance other than cash and cash equivalents	-	-	3.51	3.51	-	-	-
Trade receivables	-	-	1,023.27	1,023.27	-	-	-
Other financial assets	-		375.20	375.20			
Total of financial assets	**766.51**	**9,671.15**	**2,169.83**	**12,607.49**	**10,437.66**	**-**	**-**
Financial liabilities							
Trade payable							
a) Total outstanding dues of micro enterprises & small enterprises	-	-	-	-	-	-	-
b) Other payables	-	-	1,024.94	1,024.94	-	-	-
Other financial liabilities	-	-	77.45	77.45	-	-	-
Total of financial liabilities	**-**	**-**	**1,102.39**	**1,102.39**	**-**	**-**	**-**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd.

A summary of the major risks faced by Bajaj Finance Ltd., its measurement, monitoring and management are described as under

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises • when long term assets cannot be funded at the expected terms resulting in cashflow mismatches • Amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board appointed Asset Liability Committee (ALCO)	Liquidity and funding risk is • measured by identifying gaps in the structural and dynamic liquidity statements. • monitored by – assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. – a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. – periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by BFL. • managed by BFL's treasury team under the guidance of ALCO.
Interest rate risk	Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Committee	Interest rate risk is • measured using Valuation at Risk ('VaR'), and modified duration analysis and other measures, including the sensitivity of net interest income; • monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities; and • managed by BFL's treasury team under the guidance of ALCO.
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to BFL	Board appointed Risk Management Committee	Credit risk is • measured as the amount at risk due to repayment default of a customer or counterparty to BFL. Various metrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. • monitored by Risk Management committee using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks. • managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle Management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed Risk Management Committee.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

a. Liquidity and funding risk

The ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet.

BFL continuously monitors liquidity in the market; and as a part of its ALCO, BFL strategy maintains a liquidity buffer managed by an active investment desk to reduce this risk.

BFL maintains a judicious mix of borrowings from banks, money markets and public and other deposits. BFL continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped BFL maintain a healthy asset liability position and contain interest rate movements during the financial year 2018-19 (FY 2019) the weighted average cost of borrowing moved only 15 bps despite volatile market conditions. BFL continues to evaluate new sources of borrowing by way of new routes of funding like rupee denominated External Commercial Borrowings (ECB) –masala bonds and Foreign currency denominated bonds.

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled

(₹ In Crore)

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
ASSETS									
Financial assets									
Cash and cash equivalents	347.02	–	347.02	338.17	–	338.17	324.98	–	324.98
Earmarked balances with bank	1.69	–	1.69	1.49	–	1.49	1.18	–	1.18
Trade receivables	805.38	–	805.38	585.21	–	585.21	403.93	–	403.93
Other receivables	92.19	–	92.19	53.67	–	53.67	62.23	–	62.23
Loans	42,956.97	69,555.85	112,512.82	33,521.43	45,581.07	79,102.50	23,773.32	31,672.55	55,445.87
Investments	7,065.95	1,533.08	8,599.03	2,301.12	838.32	3,139.44	3,006.87	1,124.36	4,131.23
Other financial assets	303.08	–	303.08	257.33	1.39	258.72	487.99	–	487.99
Non-financial assets									
Current tax assets (net)	–	149.82	149.82	–	24.28	24.28	–	33.30	33.30
Deferred tax assets (net)	–	669.03	669.03	–	767.45	767.45	–	665.63	665.63
Property, plant and equipment	–	526.51	526.51	–	346.15	346.15	–	287.51	287.51
Goodwill	–	3.27	3.27	–	3.27	3.27	–	3.27	3.27
Other intangible assets	–	165.06	165.06	–	120.84	120.84	–	75.23	75.23
Other non-financial assets	40.56	17.04	57.60	43.84	13.25	57.09	14.74	3.25	17.99
TOTAL	**51,612.84**	**72,619.66**	**124,232.50**	**37,102.26**	**47,696.02**	**84,798.28**	**28,075.24**	**33,865.10**	**61,940.34**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES									
Financial liabilities									
Trade payables	563.80	–	563.80	445.97	–	445.97	288.07	–	288.07
Other payables	280.22	–	280.22	205.06	–	205.06	90.35	–	90.35
Debt securities	17,245.99	29,435.34	46,681.33	9,201.23	24,369.80	33,571.03	9,982.10	15,727.57	25,709.67
Borrowings (other than debt securities)	9,158.26	28,416.18	37,574.44	7,071.41	13,983.75	21,055.16	6,316.20	11,093.74	17,409.94
Deposits	8,024.43	5,168.58	13,193.01	4,256.20	3,536.67	7,792.87	2,049.45	2,222.69	4,272.14
Subordinated liabilities	–	4,139.07	4,139.07	–	4,138.16	4,138.16	–	3,501.37	3,501.37
Other financial liabilities	1,671.66	–	1,671.66	1,422.99	–	1,422.99	1,316.92	–	1,316.92
Non-financial liabilities									
Current tax liabilities (net)	22.37	–	22.37	26.26	–	26.26	79.43	–	79.43
Provisions	25.99	47.90	73.89	21.69	40.51	62.20	20.68	29.93	50.61
Other non-financial liabilities	268.25	67.44	335.69	200.42	30.31	230.73	92.67	76.36	169.03
Total	**37,260.97**	**67,274.51**	**104,535.48**	**22,851.23**	**46,099.20**	**68,950.43**	**20,235.87**	**32,651.66**	**52,887.53**

b. Interest rate risk

On investment book

During FY2019 BFL recalibrated its investment portfolio to holding shorter duration investments which resulted in minimal fair value change impact on its investment portfolio. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitiored using VaR and the parameters for monitoring the same are defined in its investment policy.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	53.71	54.09	(0.59)	0.60
Investment at FVTPL	7,063.57	7,063.57	(13.97)	13.97
Investment at FVTOCI (other than equity)	1,256.75	1,256.75	(44.07)	44.07

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	42.42	42.70	(0.46)	0.47
Investment at FVTPL	2,093.96	2,093.96	(6.69)	6.69
Investment at FVTOCI (other than equity)	778.05	778.05	(31.28)	31.28

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Investment at amortised cost	–	–	–	–
Investment at FVTPL	3,468.85	3,468.85	(62.00)	62.00
Investment at FVTOCI (other than equity)	662.38	662.38	(40.00)	40.00

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by ALCO.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	112,512.82	112,818.25	(833.73)	857.72
Debt securities	46,681.33	46,403.77	(773.53)	811.24
Borrowings (other than debt securities)	37,574.44	37,574.44	–	–
Deposits	13,193.01	13,015.54	(174.79)	179.91
Subordinated debts	4,139.07	4,199.26	(184.46)	197.31

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	79,102.50	79,522.81	(580.61)	598.38
Debt securities	33,571.03	33,278.15	(616.53)	643.65
Borrowings (other than debt securities)	21,055.16	21,055.16	–	–
Deposits	7,792.87	7,909.79	(94.33)	96.32
Subordinated debts	4,138.16	4,282.89	(210.40)	226.66

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	55,445.87	55,881.99	(380.66)	390.87
Debt securities	25,709.67	26,048.78	(420.28)	437.74
Borrowings (other than debt securities)	17,409.94	17,409.94	–	–
Deposits	4,272.14	4,300.97	(59.45)	60.89
Subordinated debts	3,501.37	3,757.25	(198.72)	215.18

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

c. Credit risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to BFL. It has a diversified lending model and focuses on six broad categories viz consumer lending, SME lending, rural lending, mortgages, loan against securities, and commercial lending. BFL assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

BFL classifies its financial assets in three stages having the following characteristics:

stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised;

stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;

stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised; and

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due ('DPD') and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12-month Point in Time ('PIT') probability weighted probability of default ('PD'). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

BFL has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) along with an adjustment considering forward macro economic conditions.

The table below summarises the approach adopted by BFL for various components of ECL viz. PD, EAD and LGD across product lines using empirical data where relevant.

<table>
<tr><th rowspan="2">Lending verticals</th><th rowspan="2">Nature of businesses</th><th colspan="3">PD</th><th rowspan="2">EAD</th><th rowspan="2">LGD</th></tr>
<tr><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th></tr>
<tr><td>Consumer lending – B2B</td><td>Financing for products such as two wheeler, three wheeler, consumer durable, digital, lifecare and furniture etc.</td><td>Use of application and behavioural scorecards</td><td rowspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td><td rowspan="2">100%</td><td rowspan="7">EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date</td><td rowspan="7">Past trends of recoveries for each set of portfolios are discounted a reasonable approximation of the original effective rates of interest.</td></tr>
<tr><td>Consumer lending – B2C</td><td>Personal loans to salaried and self employed individuals</td><td>Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td></tr>
<tr><td>SME lending</td><td>Unsecured and secured loans to SME's, self employed customers and professionals</td><td colspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td><td rowspan="3">100%</td></tr>
<tr><td>Rural lending – B2B</td><td>Financing for products such as consumer durable, digital and furniture etc.</td><td>Use application and behavioural scorecards</td><td rowspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td></tr>
<tr><td>Rural lending – B2C</td><td>Personal loans to salaried, self employed customers and professionals</td><td>Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td></tr>
<tr><td>Mortgages</td><td>Home loans, loans against property, developer finance and lease rental discounting</td><td colspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers for retail loans and internal evaluation with a Management overlay for wholesale loans.</td><td>100%</td></tr>
<tr><td>Loans against securities</td><td>Loans against shares, mutual funds, deposits and insurance policies</td><td colspan="2">Determined on evaluation of time to sell in event of defaults</td><td>100%</td><td>EAD is computed based on assessment of time to default considering customer profile and time for liquidation of securities</td><td>Based on associated risk of the underlying securities</td></tr>
<tr><td>Commercial lending</td><td>Working capital and term loans to small and mid sized corporates</td><td colspan="2">External ratings or internal evaluation with a Management overlay for each customer or customer industry segment.</td><td>100%</td><td>EAD is computed taking into consideration the time to default based on historic trends across rating profile</td><td>Based on estimates of cash flows</td></tr>
</table>

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio

As at 31 March 2019

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	64,497.36	1,619.27	1,126.84	46,250.63	391.29	685.01
Allowance for ECL	263.83	204.79	574.67	354.67	157.53	502.09
ECL Coverage ratio	0.41%	12.65%	51.00%	0.77%	40.26%	73.30%

As at 31 March 2018

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	46,339.73	794.11	684.28	32,011.03	288.13	515.80
Allowance for ECL	165.84	135.14	419.35	302.64	116.64	390.97
ECL Coverage ratio	0.36%	17.02%	61.28%	0.95%	40.48%	75.80%

As at 1 April 2017

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	34,025.16	815.60	1,075.94	20,419.61	229.85	347.10
Allowance for ECL	113.53	162.72	597.40	220.62	94.58	278.54
ECL Coverage ratio	0.33%	19.95%	55.52%	1.08%	41.15%	80.25%

d. Collateral valuation

The nature of products across these broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, BFL's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and BFL's assessment of the customer's, credit risk a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating BFL's credit risk.

The main types of collateral across various products obtained are as follows

Product Group	Nature of Securities
Consumer lending – B2B	Hypothecation of underlying product financed e.g. two wheeler, three wheeler and consumer durable etc.
Rural lending – B2B	Hypothecation of underlying product financed e.g. consumer durable, furniture and digital products etc.
Mortgages	Equitable mortgage of residential and commercial properties.
Loans against securities	Pledge of equity shares and mutual funds and lien on deposits and insurance policies
Commercial lending	Plant & Machinery, Book debts etc.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

BFL periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. BFL exercises its right of repossession across all secured products but primarily in its two-wheeler and three-wheeler financing business. It also resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business. The repossessed assets are either sold or released to delinquent customers in case they come forward to settle their dues. For its loan against securities business, BFL recoups shortfall in value of securities through part recall of the loans or additional securities from the customer, or sale of underlying securities. BFL does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

e. Analysis of concentration risk

BFL continues to grow its product offerings by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

f. Classification of financial assets under various stages

Measurement uncertainty and sensitivity analysis of ECL estimates

Expected credit loss impairment allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of expected credit losses ('ECL') involves the use of estimation. It is necessary to formulate multiple forward-looking economic forecasts and its impact as an integral part of ECL model.

Methodology

BFL has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the Upside and Downside scenarios. BFL has assigned a 10% probability to the two outer scenarios, while the Central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and management estimates which ensure that the scenarios are unbiased.

BFL has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index(WPI), consumer price index(CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

A. Bajaj Finance Ltd. (Contd.)

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions

(₹ in Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Gross carrying amount of loans	114,570.40	80,633.08	56,913.26
Reported ECL	2,057.58	1,530.58	1,467.39
Reported ECL coverage	1.80%	1.90%	2.58%
ECL amounts for alternate scenario			
Central scenario	2,035.29	1,514.00	1,451.49
Downside scenario	2,278.74	1,695.10	1,625.11
Upside scenario	2,014.73	1,498.71	1,436.83
ECL Coverage ratios by scenario			
Central scenario	1.78%	1.88%	2.55%
Downside scenario	1.99%	2.10%	2.86%
Upside scenario	1.76%	1.86%	2.52%

B. Bajaj Allianz General Insurance Company Ltd.

a. Non-life insurance contracts

BAGIC issues the following main types of general insurance contracts: motor, household, commercial, health and crop. Risks under non-life insurance policies usually cover twelve months duration. Coverages provided to policyholders are not guaranteed as renewable. For general insurance contracts, the most significant risks arising erosion of prices due to market competition, credit default of investment instruments or by reinsurer, inadequacy of reserves, frauds etc. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

b. Risk mitigation and risk culture

It is BAGIC's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. BAGIC evaluates the business estimates and accordingly places reinsurance treaty programmes to mitigate against catastrophic and mega risks. The other risks are appropriately mitigated as per constant monitoring mechanism by respective departments. BAGIC's continuous training and development emphasises that employees are made aware of BAGIC's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within BAGIC's risk appetite limits.

c. Risk measurement and reporting systems

BAGIC's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the possible financial impact and likelihood of occurrence. The rating of risks makes use of probabilities derived from historical experience, adjusted to reflect the economic environment. BAGIC has establised limits for monitoring and controlling the risks. Also BAGIC's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

d. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of BAGIC's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentrations of risk, BAGIC's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

e. Asset liability management

ALM risk is the risk of a negative impact on the entity's net asset value and the risk of entity's inability to meet financial obligations when they fall due. This can arise due to a duration mismatch of assets and liabilities, corresponding different interest rate sensitivities between assets and liabilities, an unfavourable development of interest rates and the lack of liquid assets.The risk is mitigated by, asset liability matching methodology develops optimal asset portfolio maturity structures to ensure cash flows are sufficient to meet liabilities. Liquidity risk is monitored on a regular basis to ensure sufficient liquidity is maintained to meet short-term obligations by timing the cash inflows and outflows through cash flow matching and by maintaining a minimum mix of liquid assets.

f. Insurance risk

This comprises of risk of loss arising due to inherent uncertainties underlying premiums, claims and expenses pertaining to the business written such as severity of claims and expenses, their timing and frequency of occurrence, chances of accumulation etc. To manage and control these risks BAGIC uses techniques such as risk segmentation for identifying profitable segments, robust reserving process. Also BAGIC regularly monitors the risk of accumulation and runs the Nat Cat models on BAGIC's exposures annually for different perils.

g. Credit risk

Credit risk is the risk that BAGIC will incur a loss because its counterparties fail to discharge their contractual obligations. This comprises of risk of loss arising due to default by counter parties and investment instrument issuers. BAGIC manages and controls credit risk by monitoring exposures in relation to amount of risk acceptable for individual counterparties and for geographical and industry concentrations. For any insurance company biggest counterparty is reinsurer. BAGIC has bought reinsurance protection from reinsurers with good credit rating (A– and above). Higher the credit rating lower is risk of default. Moreover, risks are passed to multiple reinsures in order to avoid accumulation of risk.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

(₹ In Crore)

CRISIL ratings	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Amortised Cost	FVTOCI	Total	Amortised Cost	FVTOCI	Total	Amortised Cost	FVTOCI	Total
A	-	23.32	23.32	-		-			
A1+	-		-	-	630.13	630.13	50.00	543.49	593.49
A2+	-	98.31	98.31	-		-	-	-	-
AA	16.67	233.73	250.40	33.33	1,477.90	1,511.23	-	-	-
AA-	-	126.36	126.36	-		-	-	-	-
AA+	-	514.39	514.39	-	678.78	678.78	-	651.91	651.91
AAA	-	7,676.48	7,676.48	27.00	5,450.04	5,477.04	105.00	4,509.02	4,614.02
AAA(SO)	-	351.43	351.43	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
SOVEREIGN	230.00	5,821.58	6,051.58	-	4,300.19	4,300.19	-	3.966.72	3,966.72
Unrated	44.96	-	44.96	-	-	-	60.00	-	60.00
Total	**291.63**	**14,845.60**	**15,137.23**	**60.33**	**12,537.04**	**12,597.37**	**215.00**	**9,671.14**	**9,886.14**
ECL (12 months and life time)	-	(0.52)	(0.52)	(0.05)	-	(0.05)	-	-	-
Net carrying amount	**291.63**	**14,845.08**	**15,136.71**	**60.28**	**12,537.04**	**12,597.32**	**215.00**	**9,671.14**	**9,886.14**

Following table indicates whether financial assets carried at amortised cost or FVTOCI were subject to a 12-months credit loss (ECL) and life time ECL.

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018		
	FVTOCI	Amortised cost	Total	FVTOCI	Amortised cost	Total
Opening balance	-	0.05	0.05	-	-	-
Changes during the current period:	-	-	-	-	-	-
Loss allowance at 12-month ECL	0.47	-	0.47	-	0.05	0.05
Loss allowance at life time ECL	-	-	-	-	-	-
For credit impaired instruments	-	-	-	-	-	-
For not credit impaired instruments	-	-	-	-	-	-
Closing balance	**0.47**	**0.05**	**0.52**	**-**	**0.05**	**0.05**

h. Market risk

Market risk arises from unfavourable movement in interest rates, currency rates and equity and property prices. BAGIC has very limited exposure to equity and foreign currency. Majority of BAGIC's investments comprise of fixed interest securities. The Assets and Liabilities of BAGIC are well matched based on duration. Based on these Market Risk seems to be well managed.

i. Operational risk

This comprises of risk of loss due to losses arising from failure of internal systems, process and personnel or external events. BAGIC has identified various risks under this category and has put in place appropriate controls and disaster recovery plans to mitigate or minimise the risk.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

j. Liquidity risk

Liquidity risk is defined as the risk that BAGIC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that BAGIC might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to BAGIC on acceptable terms. The risk is mitigated by, asset liability matching methodology develops optimal asset portfolio maturity structures to ensure cash flows are sufficient to meet liabilities. Liquidity risk is monitored on a regular basis to ensure sufficient liquidity is maintained to meet short-term obligations by timing the cash inflows and outflows through cash flow matching and by maintaining a minimum mix of liquid assets.

The table below summarizes the expected utilisation or settlement of assets and liabilities

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 March 2019						
Financial assets						
Cash and cash equivalents	451.76	–	–	–	–	451.76
Bank balance other than cash and cash equivalents	–	–	3.99	–	–	3.99
Trade receivables	–	1,283.26	–	–	–	1,283.26
Investments	1,022.84	786.03	983.89	6,492.34	7,570.92	16,856.02
Other financial assets	–	615.65	–	–	–	615.65
Total	1,474.60	2,684.94	987.88	6,492.34	7,570.92	19,210.68
Financial liabilities						
Trade payable						
Total outstanding dues of micro enterprises and small enterprises	–	2.54	–	–	–	2.54
Other payables	–	1,918.75	–	–	–	1,918.75
Other financial liabilities		133.91	–	–	–	133.91
Total	**–**	**2,055.20**	**–**	**–**	**–**	**2,055.20**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 March 2018						
Financial assets						
Cash and cash equivalents	827.68	–	–	–	–	827.68
Bank balance other than cash and cash equivalents	–	–	4.54	–	–	4.54
Trade receivables	–	957.08	–	–	–	957.08
Investments	2,429.79	483.45	1,140.21	3,359.27	6,587.33	14,000.05
Other financial assets	–	570.66	–	–	–	570.66
Total	3,257.47	2,011.19	1,144.75	3,359.27	6,587.33	16,360.01
Financial liabilities						
Trade payable						
Total outstanding dues of micro enterprises and small enterprises	–	2.11	–	–	–	2.11
Other payables	–	1,823.16	–	–	–	1,823.16
Other financial liabilities	–	241.78	–	–	–	241.78
Total	**–**	**2,067.05**	**–**	**–**	**–**	**2,067.05**

(₹ In Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
1 April 2017						
Financial assets						
Cash and cash equivalents	552.85	–	–	–	–	552.85
Bank balance other than cash and cash equivalents	–	–	3.51	–	–	3.51
Trade receivables	–	1,023.27	–	–	–	1,023.27
Investments	1,622.46	284.76	483.96	2,231.93	6,029.55	10,652.66
Other financial assets	–	375.20	–	–	–	375.20
Total	2,175.31	1,683.23	487.47	2,231.93	6,029.55	12,607.49
Financial liabilities						
Trade payable						
Total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–
Other payables	–	1,024.94	–	–	–	1,024.94
Other financial liabilities	–	77.45	–	–	–	77.45
Total	**–**	**1,102.39**	**–**	**–**	**–**	**1,102.39**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

k. Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

(₹ In Crore)

Partiulars	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
31 March 2019					
Average claim cost or number of claims	10%	643.16	481.04	(508.59)	(343.70)
Average claim cost and number of claims	5%	659.24	493.07	(521.30)	(352.29)
Average claim cost or number of claims	(10%)	(643.16)	(481.04)	508.59	343.70
Average claim cost and number of claims	(5%)	(627.08)	(469.02)	495.87	335.11

C. Bajaj Allianz Life Insurance Company Ltd.

a. Risk management framework

Effective risk management is based on a common understanding of risks, clear organisational structures and comprehensively defined risk management processes. The management establishes and adheres to a risk strategy and associated risk appetite for BALIC's business, which is derived from and consistent with the business strategy. There is a defined risk governance framework in place to address the risk management objectives of BALIC. The risk governance structure of BALIC consists of the Risk Management Committee (RMC) of the Board and the Executive Risk Committee (ERC). There are then the various lines of defenses which include the Heads of each department which act as a self-defense mechanism through the Internal Financial Control and Compliance certification framework. Internal Audit, Risk, Fraud and Compliance teams act as the next line of defense finally followed by statutory and concurrent auditors which act as the final line of defense.

b. Credit risk

Credit risk is the risk that BALIC will incur a loss because its counterparties fail to discharge their contractual obligations. The carrying amount of financial assets represent maximum credit risk exposure.

BALIC's credit risk exposure mainly arises from its investments in financial instruments. Concentrations of credit risk are managed by setting limits on asset class, investee company, investee company group and industry exposure. Norms include those prescribed under the investment regulations and those set as internal limits based on the risk appetite of BALIC. BALIC monitors changes in credit risk by tracking published external credit ratings.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

The following table presents and analysis of credit quality of financial assets at amortised cost and FVTOCI. It indicates whether financial assets carried at amortised cost or FVTOCI were subject to a 12-months credit loss (ECL) and life time ECL.

(₹ in Crore)

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
CRISIL ratings	**FVTOCI**	**Amortised cost**	**Total**	**FVTOCI**	**Amortised cost**	**Total**	**FVTOCI**	**Amortised cost**	**Total**
12-months ECL									
AAA	15,196.80	3,669.40	18,866.20	13,671.88	2,810.43	16,482.31	13,188.62	3,583.65	16,772.27
AA	948.71	5.65	954.36	823.26	24.34	847.60	641.32	41.95	683.27
A	176.40	49.20	225.60	5.05	0.20	5.25	30.44	2.00	32.44
Financial assets other than investments	-	2,358.79	2,358.79	-	1,634.96	1,634.96	-	1,924.75	1,924.75
Life time ECL									
Default	-	127.18	127.18	-	-	-	-	-	-
Total	16,321.91	6,210.22	22,532.13	14,500.19	4,469.93	18,970.12	13,860.38	5,552.35	19,412.73
ECL (12 months and life time)	(0.97)	(130.02)	(130.99)	(0.23)	(3.09)	(3.32)	(0.30)	(0.03)	(0.33)
Net carrying amount	**16,320.94**	**6,080.20**	**22,401.14**	**14,499.96**	**4,466.84**	**18,966.80**	**13,860.08**	**5,552.32**	**19,412.40**

Reconciliation of credit loss

(₹ in Crore)

	As at 31 March 2019			As at 31 March 2018		
Particulars	**FVTOCI**	**Amortised cost**	**Total**	**FVTOCI**	**Amortised cost**	**Total**
Opening balance	0.23	3.09	3.32	0.30	0.03	0.33
Changes during the current period						
Loss allowance at 12-month ECL	0.74	(0.25)	0.49	(0.07)	3.06	2.99
Loss allowance at life time ECL						
For credit impaired instruments	-	127.18	127.18	-	-	-
Closing balance	**0.97**	**130.02**	**130.99**	**0.23**	**3.09**	**3.32**

c. Liquidity risk

Liquidity risk is defined as the risk that BALIC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that BALIC might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to BALIC on acceptable terms. The risk is mitigated by, asset liability matching methodology that develops optimal asset portfolio maturity structures to ensure cash flows are sufficient to meet liabilities. Liquidity risk is monitored on a regular basis to ensure sufficient liquidity is maintained to meet short-term obligations by timing the cash inflows and outflows through cash flow matching and by maintaining a minimum mix of liquid assets.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

The table below summarises the expected utilisation or settlement of assets and liabilities

(₹ in Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 March 2019						
Financial assets						
Investments						
Amortised cost	–	1,978.03	246.62	1,158.53	0.28	3,383.46
FVTPL	17,425.04	–	–	599.84	–	18,024.88
Designated as FVTPL	–	1,093.72	1,170.36	3,093.66	14,191.33	19,549.07
FVTOCI	–	894.69	1,600.54	3,360.49	10,466.19	16,321.91
Cash and cash equivalents	723.95	–	–	–	–	723.95
Trade receivables	–	196.49	–	–	–	196.49
Loans	–	2.27	25.30	123.78	183.73	335.08
Other financial assets	–	798.78	419.10	52.84	43.32	1,314.04
	18,148.99	4,963.98	3,461.92	8,389.14	24,884.85	59,848.88
Financial liabilities						
Trade payable	429.47	784.73	–	–	–	1,214.20
Deposits	–	3.16	–	–	–	3.16
	429.47	**787.89**	**–**	**–**	**–**	**1,217.36**

(₹ in Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 March 2018						
Financial assets						–
Investments						–
Amortised cost	–	1,200.62	78.75	1,270.70	0.26	2,550.33
FVTPL	17,107.61	–	–	601.25	–	17,708.86
Designated as FVTPL	–	714.69	2,023.17	3,789.80	11,202.57	17,730.23
FVTOCI	–	242.22	2,121.98	3,799.98	8,335.55	14,499.73
Cash and cash equivalents	420.50	–	–	–	–	420.50
Trade receivables	–	207.04	–	–	–	207.04
Loans	–	34.45	14.28	80.69	139.82	269.24
Other financial assets	–	525.47	417.03	36.02	41.16	1,019.68
	17,528.11	2,924.49	4,655.21	9,578.44	19,719.36	54,405.61
Financial liabilities						
Trade payable	611.69	944.17	–	–	–	1,555.86
Deposits	–	3.10	–	–	–	3.10
	611.69	**947.27**	**–**	**–**	**–**	**1,558.96**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

(₹ in Crore)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 1 April 2017						
Financial assets						–
Investments						–
Amortised cost	–	1,868.90	252.75	1,026.21	165.82	3,313.68
FVTPL	17,365.58	–	–	–	–	17,365.58
Designated as FVTPL	–	676.17	967.43	2,467.79	11,610.54	15,721.93
FVTOCI	–	264.09	805.08	4,175.34	8,615.87	13,860.38
Cash and cash equivalents	573.74	–	–	–	–	573.74
Trade receivables	–	217.07	–	–	–	217.07
Loans	–	0.94	8.68	107.69	112.74	230.05
Other financial assets	–	466.22	36.97	268.55	446.04	1,217.78
	17,939.32	3,493.39	2,070.91	8,045.58	20,951.01	52,500.21
Financial liabilities						
Trade payable	555.76	1,141.48	–	–	–	1,697.24
Deposits	–	2.31	–	–	–	2.31
	555.76	**1,143.79**	**–**	**–**	**–**	**1,699.55**

d. Market risk

Market risk arises from unexpected losses arising due to changes in market prices or parameters influencing market prices, as well as the resultant risk from financial options and guarantees that are embedded in contracts or from changes to the net worth of assets and liabilities in related undertakings driven by market parameters. The risk is mitigated by maintaining a desired mix between debt and equity subjected to investment regulations by IRDAI, setting up risk appetite set to overall market risk under the strategic asset allocation, ensuring active asset management based on the ALM output, asset and liability duration matching limits impact of interest rate changes and actions taken to manage guarantee risk, holding adequate reserves for the cost of guarantee and managing policyholders' expectation on returns through an active portfolio management strategy undertaken by our most experienced investments team.

e. Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

f. Equity risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

all similar financial instruments traded in the market. The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the statement of profit or loss).

(₹ In Crore)

Market indices	Change in interest rate	Investments for policies with DPF insurance contract*		Investments for policies without DPF insurance contract*		Investments for shareholders' fund	
		Impact on total comprehensive income (before tax)	Impact on equity	Impact on total comprehensive income (before tax)	Impact on equity	Impact on total comprehensive income (before tax)	Impact on equity
For the year ended 31 March 2019							
Interest rate	100 bps up	-	-	(65.90)	(56.30)	(220.92)	(188.76)
	100 bps fall	-	-	65.90	56.30	220.92	188.76
Nifty 50	5% rise	-	-	8.80	7.52	33.70	33.70
	5% fall	-	-	(8.80)	(7.52)	(33.70)	(33.70)
For the year ended 31 March 2018							
Interest rate	100 bps up	-	-	(59.08)	(50.48)	(193.09)	(164.98)
	100 bps fall	-	-	59.08	50.48	193.09	164.98
Nifty 50	5% rise	-	-	8.19	7.00	23.27	19.88
	5% fall	-	-	(8.19)	(7.00)	(23.27)	(19.88)
For the year ended 31 March 2017							
Interest rate	100 bps up	-	-	(66.07)	(56.45)	(194.65)	(166.31)
	100 bps fall	-	-	66.07	56.45	194.65	166.31
Nifty 50	5% rise	-	-	9.46	8.09	0.06	0.05
	5% fall	-	-	(9.46)	(8.09)	(0.06)	(0.05)

* Sensitivity analysis of policyholders' investments having no bearing on total comprehensive income and equity of the shareholders' and hence have been reported as nil.

g. Insurance Risk

a. Key Risks

The principal risk BALIC faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of BALIC is to ensure that the sufficient reserves are available to cover these liabilities.

The main risk that BALIC is exposed are as follows

i. Mortality risk: Risk of loss due to policyholder death experiences being different than expected.

ii. Longevity risk: Risk of loss arising due to annuitant living longer than expected.

iii. Persistency risk: Risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

iv. Morbidity risk: Risk of loss arising due to policyholder health experiences being different than expected.

v. Expenses risk: Risk of loss arising due to expense experiences being different than expected.

vi. Investment risk: Risk of loss arising due from actual returns being different than expected.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

The risk exposure is mitigated by diversification across a large portfolio of insurance contract and geographical areas. The variability of the risk is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the reinsurance arrangement.

The actuarial department has set up system to continuously monitor BALIC's experience with regards to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal. Many products offered by BALIC also have an investment guarantee. BALIC has additional reserve to cover this risk.

b. Key assumptions

The assumption play vital role in calculating insurance liabilities for BALIC. Material judgment is required in determining the liabilities and in the choice of assumptions. Best estimate assumptions in use are based on historical and current experience, initial data, some judgment and as per guidance notes/actuarial practice standard. However, for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumption know as MFAD (margin adverse for deviation). BALIC keeps adequate MFAD, as prescribed in APS 7 issued by the Institute of Actuaries of India (IAI), in all assumptions over best estimate value.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows

i. Mortality and morbidity rates

Assumptions are based on historical experience and for new product based on industry/reinsurance data. As appropriate, but not excessive allowance may be made for expected future improvements. Assumptions may vary by type of product, distribution of channel, gender etc. An increase in mortality/morbidity rates will usually lead to a larger number/amounts of claims (and claims could occur sooner than anticipated), which will increase the liability and reduce profit for shareholders.

ii. Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect BALIC's own risk experience. As appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are normally differentiated by gender, underwriting class and contract type. A increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the liability and reduce profits for shareholders.

iii. Investment return and discount rate

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financials developments. A increase in investment return could lead to an increase in the profits for the shareholders.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on investment strategy of BALIC, current industry risk rates adjusted of BALIC's own risk exposure.

Decrease in a discount rate will increase the value of insurance liability and therefore reduce profits for the shareholders.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

4. Risk management and other Disclosures (Contd.)

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

iv. Expense and inflation

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force polices and associated overhead expenses. The current level of expense is taken as appropriate expense base, adjusted for expected expense inflation if appropriate. As increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

v. Lapse, surrender and partial withdrawal rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of polices by policyholders. Policy termination assumptions are determined using statistical measures based on BALIC's experience and usually vary by product type, policy duration and sales trends. As increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increase are broadly neutral in effect.

The best estimate assumptions that have the greatest effect on the statement of financial position and statement of profit and loss of BALIC are listed below

	Insurance contract with DPF			Insurance contract without DPF		
Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Mortality rates	80% – 600% of IALM 2006-08	80% to 800% of IALM 2006-08	80% to 650% of IALM 2006-08	50%-380% of IALM 2006-08	50% to 400% of IALM 2006-08	50% to 400% of IALM 2006-08
Investment returns	7.35%	7.50%	7.25%	5.5% – 8.00%	5.50% to 7.75%	5.25% to 7.75%
Lapse*	PY1: 10%-20%, PY2: 0%-12%, PY3+: 0%-1%"	-	-	PY1: 8% – 30%, PY2: 5%-18%, PY3+: 0% – 6%	-	-

* lapses were not assumed untill FY 2018.

Sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities

(₹ In Crore)

	Insurance contract with DPF		Insurance contract without DPF	
Particulars	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Mortality/longevity +10%	66.02	73.59	80.83	70.23
Mortality/longevity –10%	(65.90)	(73.58)	(79.66)	(68.63)
Expense +10%	50.93	61.99	21.84	21.18
Expense –10%	(50.35)	(61.42)	(21.77)	(21.09)
Lapse & surrenders + 10%*	(47.71)	–	(7.18)	–
Lapse & surrenders – 10%*	49.35	–	7.69	–
Discount rate +1%	(831.93)	(692.27)	(156.45)	(131.76)
Discount rate –1%	949.48	782.04	187.03	152.52

* No sensitivity in March 2018 as lapses were not assumed untill FY 2018.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

5. Loans under financing activity

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
A. Term loans	96,487.70	18,082.70	114,570.40	69,845.99	10,787.09	80,633.08	47,613.10	9,300.16	56,913.26
Less: Impairment loss allowance	1,967.17	90.41	2,057.58	1,442.49	88.09	1,530.58	1,328.20	139.19	1,467.39
Total (A)	**94,520.53**	**17,992.29**	**112,512.82**	**68,403.50**	**10,699.00**	**79,102.50**	**46,284.90**	**9,160.97**	**55,445.87**
B. Out of above									
(I) Secured									
Against hypothecation of automobiles, equipments, durables and plant and machinery, equitable mortgage of immovable property and pledge of securities etc.	49,160.77	18,082.70	67,243.47	37,031.03	10,787.09	47,818.12	26,616.54	9,300.16	35,916.70
Less: Impairment loss allowance	952.88	90.41	1,043.29	632.24	88.09	720.33	734.46	139.19	873.65
Total (I)	48,207.89	17,992.29	66,200.18	36,398.79	10,699.00	47,097.79	25,882.08	9,160.97	35,043.05
(II) Unsecured*	47,326.93	-	47,326.93	32,814.96	-	32,814.96	20,996.56	-	20,996.56
Less: Impairment loss allowance	1,014.29	-	1,014.29	810.25	-	810.25	593.74	-	593.74
Total (II)	46,312.64	-	46,312.64	32,004.71	-	32,004.71	20,402.82	-	20,402.82
Total (B) = (I + II)	**94,520.53**	**17,992.29**	**112,512.82**	**68,403.50**	**10,699.00**	**79,102.50**	**46,284.90**	**9,160.97**	**55,445.87**
C. Out of above									
(I) Loans in India									
(i) Public sector	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-
Sub-total (i)	-	-	-	-	-	-	-	-	-
(ii) Others	96,487.70	18,082.70	114,570.40	69,845.99	10,787.09	80,633.08	47,613.10	9,300.16	56,913.26
Less: Impairment loss allowance	1,967.17	90.41	2,057.58	1,442.49	88.09	1,530.58	1,328.20	139.19	1,467.39
Sub-total (ii)	94,520.53	17,992.29	112,512.82	68,403.50	10,699.00	79,102.50	46,284.90	9,160.97	55,445.87
Total (I)	94,520.53	17,992.29	112,512.82	68,403.50	10,699.00	79,102.50	46,284.90	9,160.97	55,445.87
(II) Loans outside India	-	-	-	-	-	-	-	-	-
Total (C) = (I+II)	**94,520.53**	**17,992.29**	**112,512.82**	**68,403.50**	**10,699.00**	**79,102.50**	**46,284.90**	**9,160.97**	**55,445.87**

*Includes receivables from related parties ₹ 24.41 crore (Previous year ₹ 42.63 crore)

Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	110,747.98	2,010.56	1,811.86	114,570.40	78,350.75	1,082.24	1,200.09	80,633.08	54,444.77	1,045.45	1,423.04	56,913.26
Less: Impairment loss allowance	618.49	362.32	1,076.77	2,057.58	468.47	251.78	810.33	1,530.58	334.15	257.30	875.94	1,467.39
	110,129.49	1,648.24	735.09	112,512.82	77,882.28	830.46	389.76	79,102.50	54,110.62	788.15	547.10	55,445.87

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

5. Loans under financing activity (Contd.)

Analysis of changes in the gross carrying amount by stages in relation to loans and its corresponding impairment loss allowance (ECL) is as follows

(₹ In Crore)

Particulars	For the year ended 31 March 2019							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2018	78,350.75	468.47	1,082.24	251.78	1,200.09	810.33	80,633.08	1,530.58
Transfers during the year								
transfers to stage 1	93.82	20.50	(89.94)	(18.28)	(3.88)	(2.22)	–	–
transfers to stage 2	(1,662.55)	(21.39)	1,671.39	26.05	(8.84)	(4.66)	–	–
transfers to stage 3	(1,592.84)	(30.63)	(562.34)	(148.63)	2,155.18	179.26	–	–
	(3,161.57)	(31.52)	1,019.11	(140.86)	2,142.46	172.38	–	–
Impact on Impairment loss allowance on account of transfers between the stages during the year	–	(14.68)	–	226.89	–	1,189.12	–	1,401.33
Origination of new loans, further lending netted off for repayments	35,558.80	196.22	(90.79)	24.51	(565.32)	(129.69)	34,902.69	91.04
Amounts written off during the year	–	–	–	–	(965.37)	(965.37)	(965.37)	(965.37)
As at 31 March 2019	**110,747.98**	**618.49**	**2,010.56**	**362.32**	**1,811.86**	**1,076.77**	**114,570.40**	**2,057.58**

(₹ In Crore)

Particulars	For the year ended 31 March 2018							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 1 April 2017	54,444.77	334.15	1,045.45	257.30	1,423.04	875.94	56,913.26	1,467.39
Transfers during the year								
transfers to stage 1	138.09	26.47	(124.54)	(21.05)	(13.55)	(5.42)	-	-
transfers to stage 2	(795.20)	(16.41)	811.42	21.59	(16.22)	(5.18)	–	-
transfers to stage 3	(1,036.76)	(21.75)	(465.71)	(132.22)	1,502.47	153.97	-	-
	(1,693.87)	(11.69)	221.17	(131.68)	1,472.70	143.37	–	-
Impact on Impairment loss allowance on account of transfers between the stages during the year	-	(14.35)	-	138.37	-	903.66	-	1,027.68
Origination of new loans, further lending netted off for repayments	25,599.85	160.36	(184.38)	(12.21)	(752.90)	(169.89)	24,662.57	(21.74)
Amounts written off during the year	-	-	-	-	(942.75)	(942.75)	(942.75)	(942.75)
As at 31 March 2018	**78,350.75**	**468.47**	**1,082.24**	**251.78**	**1,200.09**	**810.33**	**80,633.08**	**1,530.58**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

6. Debt securities – Term of repayment (before inter-company elimination)

Terms of repayment of non-convertible debentures as at 31 March 2019

(₹ In Crore)

Original maturity of loan (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	1,770.00	100.00	352.63	–	2,222.63
1095-1460	2,292.00	7,902.93	504.94	2,319.91	13,019.78
More than 1460	607.50	1,190.20	1,129.20	7,217.28	10,144.18
Issued at discount and redeemable at par					
1090-1460	96.85	–	–	–	96.85
Issued at par and redeemable at premium					
366-730	–	320.00	–	–	320.00
730-1095	328.10	12.00	428.29	–	768.39
1095-1460	691.60	1,584.10	2,468.44	3,737.11	8,481.25
More than 1460	85.00	–	18.50	3.80	107.30
Interest accrued and impact of EIR					1,838.39
					36,998.77

- Interest rate ranges from 7.25% to 10% as at 31 March 2019.
- As at 31 March 2019, partly called and paid unsecured debentures of ₹ 1274.81 crore.
- Amount to be called and paid is ₹ 200 crore each in Jun 2019, Jun 2020 and Jun 2021.
- Amount to be called and paid is ₹ 445 crore each in Nov 2019, Nov 2020, Nov 2021 and Nov 2022.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

6. Debt securities – Term of repayment (before inter-company elimination) (Contd.)

Terms of repayment of non-convertible debentures as at 31 March 2018

(₹ In Crore)

Original maturity of loan (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	605.00	1,770.00	100.00	79.92	2,554.92
1095-1460	1,179.00	2,267.00	7,848.15	365.00	11,659.15
More than 1460	384.00	632.50	1,245.20	4,833.55	7,095.25
Issued at discount and redeemable at par					
1090-1460	–	90.07	–	–	90.07
Issued at par and redeemable at premium					
730-1095	762.00	328.10	12.00	–	1,102.10
1095-1460	885.00	691.60	1,584.10	2,468.21	5,628.91
More than 1460	–	85.00	–	22.30	107.30
Interest accrued and impact of EIR					1,652.05
					29,889.75

- Interest rate ranges from 7.25% to 10% as at 31 March 2018.
- As at 31 March 2018, partly called and paid unsecured debentures of ₹ 444.55 crore.
- Amount to be called and paid is ₹ 120.45 crore in Oct 2018.
- Amount to be called and paid is ₹ 200 crore each in Jun 2018, Jun 2019, Jun 2020 and Jun 2021.

Terms of repayment of non-convertible debentures as at 1 April 2017

(₹ In Crore)

Original maturity of loan (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
730-1095	230.00	605.00	1,770.00	–	2,605.00
1095-1460	686.00	1,179.00	2,267.00	1,400.00	5,532.00
More than 1460	720.00	384.00	632.50	3,429.30	5,165.80
Issued at discount and redeemable at par					
1090-1460	–	–	83.27	–	83.27
Issued at par and redeemable at premium					
600-1095	1,665.00	762.00	328.10	–	2,755.10
1095-1460	708.50	885.00	776.60	1,251.40	3,621.50
More than 1460	–	–	–	22.30	22.30
Interest accrued and impact of EIR					1,337.63
					21,122.60

- Interest rate ranges from 7.45% to 10% as at 1 April 2017.
- As at 1 April 2017, partly called and paid unsecured debentures of ₹ 124.10 crore.
- Amount to be called and paid is ₹ 120.45 crore each in Oct 2017 and Oct 2018.

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

6. Debt securities – Term of repayment (before inter-company elimination) (Contd.)

Terms of repayment of commercial paper as at 31 March 2019

(₹ In Crore)

Original maturity of loan (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Less than 366	9,683.49	–	–	–	9,683.49
Interest accrued and impact of EIR					(0.93)
					9,682.56

- Interest rate ranges from 7.46% to 7.65% p.a as at 31 March 2019.
- Face value of commercial paper is ₹ 9,750 crore as at 31 March 2019. (Previous year ₹ 3,730 crore)

Terms of repayment of commercial paper as at 31 March 2018

(₹ In Crore)

Original maturity of loan (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Less than 365	3,683.02	–	–	–	3,683.02
Interest accrued and impact of EIR					(1.74)
					3,681.28

- Interest rate ranges from 6.84% to 7.92% p.a as at 31 March 2018.
- Face value of commercial paper is ₹ 3,730 crore as at 31 March 2018. (Previous year ₹ 4,645 crore)

Terms of repayment of commercial paper as at 1 April 2017

(₹ In Crore)

Original maturity of loan (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
Less than 365	4,588.69	–	–	–	4,588.69
Interest accrued and impact of EIR					(1.62)
					4,587.07

- Interest rate ranges from 6.50% to 8.36% p.a as at 1 April 2017.
- Face value of commercial paper is ₹ 4,645 crore as at 1 April 2017. (Previous year ₹ 1,650 crore)

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

7. Borrowings (Other than debt securities) - Term of repayment

Terms of repayment of term loans, working capital demand loans and CBLO as at 31 March 2019

	Due within 1 year		Due within 1-2 years		Due within 2-3 years		More than 3 years		
Original maturity of loans (In no.of days)	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	Total ₹ In Crore
Monthly									
Greater than 1095	-	-	4	500.00	-	-	-	-	500.00
Quarterly									
Up to 365	7	602.77	-	-	-	-	-	-	602.77
366-730	4	447.22	45	1,374.99	-	-	-	-	1,822.21
731-1095	-	-	6	622.22	21	1,051.04	-	-	1,673.26
Greater than 1095	37	1,006.25	34	1,112.50	46	1,346.18	82	4,555.58	8,020.51
Half yearly									
Up to 365	4	308.00	-	-	-	-	-	-	308.00
366-730	-	-	4	308.00	-	-	-	-	308.00
731-1095	-	-	-	-	5	304.00	-	-	304.00
Greater than 1095	35	1,300.00	31	1,050.00	16	1,029.00	32	2,376.00	5,755.00
Yearly									
Up to 365	9	553.34	-	-	-	-	-	-	553.34
366-730	-	-	8	770.84	-	-	-	-	770.84
731-1095	-	-	3	320.00	3	516.25	-	-	836.25
Greater than 1095	2	50.00	3	125.00	11	780.82	21	1,808.75	2,764.57
On maturity (Bullet)									
Up to 365	3	1,209.69	-	-	-	-	-	-	1,209.69
366-730	-	-	2	150.00	-	-	-	-	150.00
731-1095	3	400.00	1	800.00	2	450.00	-	-	1,650.00
Greater than 1095	14	1,250.00	11	2,250.00	4	2,000.00	11	2,865.00	8,365.00
Interest accrued and impact of EIR									(42.99)
Total									35,550.45

- Interest rate ranges from 7.40% p.a to 9.50% p.a as at 31 March 2019

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

7. Borrowings (Other than debt securities) - Term of repayment (Contd.)

Terms of repayment of term loans, working capital demand loans and CBLO as at 31 March 2018

	Due within 1 year		Due within 1-2 years		Due within 2-3 years		More than 3 years		
Original maturity of loans (In no.of days)	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	Total ₹ In Crore
Monthly									
More than 1095	-	-	-	-	4	500.00	-	-	500.00
Quarterly									
366 to 730	-	-	3	58.33	-	-	-	-	58.33
731 to 1095	-	-	-	-	12	154.17	-	-	154.17
More than 1095	58	1,600.00	35	950.00	42	1,229.17	51	827.08	4,606.25
Half yearly									
More than 1095	30	700.00	35	1,300.00	31	1,050.00	15	825.00	3,875.00
Yearly									
More than 1095	-	-	2	50.00	3	125.00	5	400.00	575.00
On maturity (Bullet)									
Up to 365	4	2,069.60	-	-	-	-	-	-	2,069.60
731-1095	3	250.00	3	400.00	-	-	-	-	650.00
More than 1095	2	200.00	14	1,250.00	12	2,300.00	7	2,565.00	6,315.00
Interest accrued and impact of EIR									1.33
Total									18,804.68

- Interest rate range froms 7.27% p.a to 8.45% p.a as at 31 March 2018

Terms of repayment of term loans, working capital demand loans and CBLO as at 1 April 2017

	Due within 1 year		Due within 1-2 years		Due within 2-3 years		More than 3 years		
Original maturity of loan (In no.of days)	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	No. of installments	₹ In Crore	Total ₹ In Crore
Monthly									
More than 1095	-	-	-	-	-	-	4	500.00	500.00
Quarterly									
731-1095	5	62.50	-	-	-	-	-	-	62.50
More than 1095	18	537.50	58	1,600.00	35	950.00	50	1,568.75	4,656.25
Half yearly									
731-1095	9	197.86	-	-	-	-	-	-	197.86
More than 1095	20	460.00	30	700.00	35	1,300.00	38	1,575.00	4,035.00
Yearly									
More than 1095	-	-	-	-	2	50.00	4	200.00	250.00
On maturity (Bullet)									
Up to 365	3	1,350.00	-	-	-	-	-	-	1,350.00
366-730	3	300.00	-	-	-	-	-	-	300.00
731-1095	7	685.00	3	250.00	3	400.00	-	-	1,335.00
More than 1095	9	900.00	2	200.00	14	1,250.00	5	550.00	2,900.00
Interest accrued and impact of EIR									0.23
Total									15,586.84

- Interest rate ranges from 8.05% p.a to 9.70% p.a as at 1 April 2017

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

8. Deposits – Term of repayment

Terms of repayment of public deposits as at 31 March 2019

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
366–730	1,143.80	42.26	–	–	1,186.06
731–1095	566.08	345.25	3.55	–	914.88
More than 1095	116.19	811.59	2,716.18	910.83	4,554.79
Interest accrued and impact of EIR					172.62
Total					6,828.35

Terms of repayment of deposit from others as at 31 March 2019

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	1,265.10	–	–	–	1,265.10
366–730	4,224.79	84.46	–	–	4,309.25
731–1095	298.19	38.80	–	–	336.99
More than 1095	11.55	77.66	55.62	121.54	266.37
Interest accrued and impact of EIR					186.95
Total					6,364.66

Terms of repayment of public deposits as at 31 March 2018

(₹ In Crore)

Original maturity of deposits (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	565.63	266.57	–	–	832.20
731-1095	42.25	572.79	9.01	–	624.05
More than 1095	362.96	117.96	882.08	490.50	1,853.50
Interest accrued and impact of EIR					108.86
Total					3,418.61

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

8. Deposits – Term of repayment (Contd.)

Terms of repayment of deposit from others as at 31 March 2018

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	423.83	–	–	–	423.83
366–730	2,488.02	810.64	–	–	3,298.66
731-1095	100.48	299.44	0.20	–	400.12
More than 1095	34.27	12.55	77.33	12.50	136.65
Interest accrued and impact of EIR					115.00
Total					4,374.26

Terms of repayment of public deposits as at 1 April 2017

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
366–730	318.89	235.84	–	–	554.73
731-1095	136.89	42.95	542.13	–	721.97
More than 1095	212.13	368.97	119.43	419.86	1,120.39
Interest accrued and impact of EIR					75.27
Total					2,472.36

Terms of repayment of deposit from others as at 1 April 2017

(₹ In Crore)

Original maturity of deposits (In no.of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Up to 365	15.18	–	–	–	15.18
366–730	1,060.24	293.43	–	–	1,353.67
731-1095	107.89	100.48	48.18	–	256.55
More than 1095	43.39	43.27	11.95	6.95	105.56
Interest accrued and impact of EIR					68.82
Total					1,799.78

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

9. Subordinated debts – Terms of repayment

Terms of repayment of subordinated debts as at 31 March 2019

(₹ In Crore)

Original maturity of loans (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1,825	–	228.70	50.00	3,659.60	3,938.30
Interest accrued and impact of EIR					200.77
Total					4,139.07

– Interest rate ranges from 8.05% to 10.21% as at 31 March 2019

Terms of repayment of subordinated debts as at 31 March 2018

(₹ In Crore)

Original maturity of loans (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	–	–	228.70	3,709.60	3,938.30
Interest accrued and impact of EIR					199.86
Total					4,138.16

- Interest rate ranges from 8.05% to 10.21% as at 31 March 2018

Terms of repayment of subordinated debts as at 1 April 2017

(₹ In Crore)

Original maturity of loans (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
More than 1825	–	–	–	3,338.30	3,338.30
Interest accrued and impact of EIR					163.07
Total					3,501.37

- Interest rate ranges from 8.05% to 10.21% as at 1 April 2017

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

10. Insurance contract liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Insurance contracts liabilities			
General insurance contract liabilities	15,444.58	13,767.72	11,521.94
Life insurance contract liabilities	40,790.19	37,237.07	36,157.17
Undistributed participating policyholders surplus	1,087.86	512.96	365.01
Total	57,322.63	51,517.75	48,044.12
Change in general insurance contract liabilities			
At the beginning of the period	13,767.72	11,521.94	9,124.65
Add/(Less)			
Premium	(237,347.63)	(174,020.65)	(129,056.86)
Insurance liabilities released	239,024.49	176,266.43	131,454.15
Total	15,444.58	13,767.72	11,521.94

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018		
	With DPF	Without DPF	Total	With DPF	Without DPF	Total
Change in life insurance contract liabilities						
At the beginning of the period	14,193.82	23,043.25	37,237.07	12,741.03	23,416.14	36,157.17
Add/(Less)						
Premium	2,293.68	5,198.60	7,492.28	2,093.96	3,922.79	6,016.75
Insurance liabilities released	(1,786.90)	(3,883.19)	(5,670.09)	(1,262.96)	(5,244.84)	(6,507.80)
Unwinding of discount rate	884.49	1,463.13	2,347.62	787.96	1,444.61	2,232.57
Others	(20.89)	(595.80)	(616.69)	(166.17)	(495.45)	(661.62)
Total	15,564.20	25,225.99	40,790.19	14,193.82	23,043.25	37,237.07
Undistributed participating policyholders surplus						
Opening Balance	512.96	–	512.96	365.01	–	365.01
Amount utilised during the period	–	–	–	–	–	–
Amount credited during the period	574.90	–	574.90	147.95	–	147.95
Total	1,087.86	–	1,087.86	512.96	–	512.96

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

45 Other disclosure (Contd.)

11. Investment contract liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment contract liabilities	6,651.08	5,411.31	4,902.31
	6,651.08	5,411.31	4,902.31
Reconciliation of investment contract liabilities			
At the beginning of the period	5,411.31	4,902.31	
Additions			
Deposits	1,364.88	1,561.63	
Interest credited to policyholders'	513.48	482.21	
	1,878.36	2,043.84	
Deductions			
Withdrawals	580.85	1,510.35	
Fee income and other expenses	59.79	19.68	
Others	(2.05)	4.81	
	638.59	1,534.84	
At the end of the period	6,651.08	5,411.31	

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

46A Revenue from contract with customers (BFL)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Type of services		
Service and administration charges	580.64	342.89
Fees on value added services and products	328.51	196.69
Foreclosure charges	105.16	24.67
Distribution income	667.56	242.20
Sale of services	68.77	67.66
Total	**1,750.64**	**874.11**
Geographical markets		
India	1,750.64	874.11
Outside India	–	–
Total	**1,750.64**	**874.11**
Timing of revenue recognition		
Services transferred at a point in time	1,750.64	874.11
Services transferred over time	–	–
Total	**1,750.64**	**874.11**
Contract balances		
Service asset receivable	92.95	98.59
Fees, commission and other receivable	140.08	60.51
Total	**233.03**	**159.10**

Accounts receivable are recognised when the right to consideration becomes unconditional.
Impairment allowance recognised on contract asset is Nil. (Previous year Nil)

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

46B Employee stock option plan (Contd.)

i. Bajaj Finance Ltd. (Contd.)

Following table depicts range of exercise prices and weighted average remaining contractual life

Total for all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	7,354,130	54.20–1,953.05	499.76	4.40
Granted during the year	1,273,416	1,919.95	1,919.95	
Cancelled during the year	265,472	219.66–1,919.95	1,142.42	
Expired during the year	–	–	–	
Exercised during the year	1,740,477	54.20–1,677.85	330.09	
Outstanding at the end of the year	6,621,597	54.20–1,953.05	791.71	4.20
Exercisable at the end of the year	3,677,537	54.20–1,953.05	321.42	2.63

The weighted average market price of equity shares for options exercised during the year is ₹ 2,440.04 (Previous year ₹ 1,533.20).

Method used for accounting for share based payment plan

BFL has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)
12-Jan-10	6.70%	1-5 years	54.01%	0.62%	35.87
21-Jul-10	7.42%	3.5–6.5 years	55.38%	1.28%	54.20
28-Jul-11	8.27%	3.5–6.5 years	53.01%	1.42%	70.52
16-May-12	8.36%	3.5–6.5 years	49.58%	1.37%	87.61
15-May-13	7.32%	1-5 years	29.97%	1.09%	138.04
1-Nov-13	8.71%	1-5 years	32.83%	1.11%	135.31
16-Jul-14	8.66%	1-5 years	38.01%	0.73%	219.66
20-May-15	7.76%	3.5–6.5 years	34.88%	0.36%	448.16
24-May-16	7.38%	3.5–6.5 years	33.13%	0.47%	765.37
17-May-17	6.89%	3.5–6.5 years	34.23%	0.19%	1,347.75
16-Oct-17	6.69%	3.5–6.5 years	34.51%	0.04%	1,953.05
1-Feb-18	7.42%	3.5–6.5 years	34.05%	0.21%	1,677.85
17-May-18	7.91%	3.5–6.5 years	33.65%	0.19%	1,919.95

For the year ended 31 March 2019, BFL has accounted expense of ₹ 74.79 crore as employees benefit expenses on the aforesaid employee stock option plan (Previous year ₹ 45.01 crore). The balance in employee stock option outstanding account is ₹ 137.85 crore as of 31 March 2019 (Previous year ₹ 82.01 crore).

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

46B Employee stock option plan (Contd.)

ii. Bajaj Allianz General Insurance Company Ltd.

On 19 July 2018 BAGIC has granted options to eligible employees of BAGIC under the Employee Stock Option Scheme 2018 (ESOP 2018). The grant has a graded vesting over three years and the vested options have to be exercised by employees within five years from the date of vesting subject to the norms prescribed by the Nomination and Remuneration Committee. The mode of settlement of the scheme is through equity shares of the Bajaj Finserv Limited (holding company).

This scheme is administered by the Bajaj Finserv Employee Stock Option Trust. The Trust has acquired shares of the holding company from the secondary market. The exercise price is based on the holding cost of the shares in the books of the Trust.

BAGIC follows fair value method for valuing its stock options granted to employees. Exercise price of outstanding options as at 31 March 2019 is ₹ 6,365.70.

A summary of status of ESOP 2018 in terms of options granted, forfeited, exercised, outstanding and exercisable is as given below

Particulars	Numbers	
	31 March 2019	31 March 2018
Outstanding at the beginning of the year		
Granted during the year	16,650	–
Forfieted during the year/ Lapsed during the year	750	–
Exercised during the year	–	–
Outstanding at the end of the year	15,900	–
Exercisable at the end of the year		
Graded vesting period		
1st year	5,442	–
2nd year	5,229	–
3rd year	5,229	–

Method of computation of fair value of options

The fair value of options has been calculated using the Black-Scholes model. The weighted average fair value of option on grant date derived using the Black-Scholes model is ₹ 1,628.45. The key assumptions used in Black-Scholes model for calculating fair value of options as on the date of grant are as follows

Particulars	31 March 2019
Risk-free interest rate	8.07%
Expected life	One year after vesting
Expected volatility	29.65%
Expected dividend yield	0.03%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

46B Employee stock option plan (Contd.)

iii. Bajaj Allianz Life Insurance Company Ltd.

On 19 July 2018 BALIC has granted options to eligible employees of BALIC under the Employee Stock Option Scheme 2018 (ESOP 2018). The grant has a graded vesting over three years and the vested options have to be exercised by employees within five years from the date of vesting subject to the norms prescribed by the Nomination and Remuneration Committee. The mode of settlement of the scheme is through equity shares of the Bajaj Finserv Ltd. (holding company).

This scheme is administered by the Bajaj Finserv Employee Stock Option Trust. The Trust has acquired shares of the holding company from the secondary market. The exercise price is based on the holding cost of the shares in the books of the Trust.

The Company follows fair value method for valuing its stock options granted to employees. Exercise price of outstanding options as at 31 March 2019 is ₹ 6,365.70.

A summary of status of ESOP 2018 in terms of options granted, forfeited, exercised, outstanding and exercisable is as given below

Particulars	Numbers	
	31 March 2019	31 March 2018
Outstanding at the beginning of the year		
Granted during the year	23,825	-
Forfeited/lapsed during the year	2,500	-
Exercised during the year	-	-
Outstanding at the end of the year	21,325	-
Exercisable at the end of the year	-	-
Graded Vesting Period		
1st Year	7,271	-
2nd Year	7,027	-
3rd Year	7,027	-

Methodology for computation of fair value of options

The fair value of options has been calculated using the Black-Scholes model. The weighted average fair value of option on grant date derived using the Black-Scholes model is ₹ 1,931. The key assumptions used in Black-Scholes model for calculating fair value of options as on the date of grant are as follows

Particulars	31 March 2019
Risk-free interest rate	8.07%
Expected life	One year after vesting
Expected volatility	29.65%
Expected dividend yield	0.03%

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

47 Statement of cash flows

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Net cash flow from/(used in) operating activities	(27,102.22)	(19,580.16)
Net cash flow from/(used in) investing activities	(6,877.56)	(921.50)
Net cash flow from/(used in) financing activities	34,534.82	19,590.17
Net change in cash and cash equivalents	555.04	(911.49)
Cash and cash equivalents at the beginning of the year	3,543.97	4,455.46
Cash and cash equivalents at the end of the year**	4,099.01	3,543.97
**Cash and cash equivalents at the end of the year		
Cash and cash equivalents as per note 3	1,582.91	1,600.12
Other short-term liquid investment	2,339.35	1,943.85
Units receivable, stamps etc.	176.75	-
	4,099.01	3,543.97

Two subsidiaries of the Group 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.

Though impractical to draw up meaningful cash flow statements of these two subsidiaries on the indirect method a detailed consolidated cash flow statement on a consistent method is attached hereto as annexure.

The cash flows of the group, drawn up at an activity level has been disclosed above.

48 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)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1. Parent								
Bajaj Finserv Ltd.	13.30%	3,160.91	9.54%	307.17	(1.20%)	(1.27)	9.20%	305.90
2. Subsidiaries (Indian)								
Bajaj Allianz General Insurance Company Ltd.	21.80%	5,180.70	25.19%	810.84	37.72%	40.00	25.59%	850.84
Bajaj Allianz Life Insurance Company Ltd.	41.74%	9,919.36	17.42%	560.70	98.75%	104.70	20.01%	665.40
Bajaj Finance Ltd. (Consolidated)	83.03%	19,731.88	124.11%	3,994.99	(0.17%)	(0.18)	120.13%	3,994.81
Bajaj Finserv Direct Ltd. (formerly known as Bajaj Financial Holdings Ltd.)	(0.03%)	(6.47)	(0.31%)	(9.87)	0.29%	0.31	(0.29%)	(9.56)
(Less): Minority interests in all subsidiaries	(53.89%)	(12,807.65)	(66.94%)	(2,154.81)	(35.39%)	(37.53)	(65.92%)	(2,192.34)
(Less): Inter-company eliminations	(6.00%)	(1,424.79)	(9.05%)	(291.34)	-	-	(8.76%)	(291.34)
3. Joint venture (as per equity method) (Indian)								
Bajaj Allianz Financial Distributors Ltd.	0.06%	13.18	0.04%	1.36	-	-	0.04%	1.36
(Less): Inter-company eliminations	(0.01%)	(1.20)	-	-	-	-	-	-
Total	**100.00%**	**23,765.92**	**100.00%**	**3,219.04**	**100.00%**	**106.03**	**100.00%**	**3,325.07**

Notes to consolidated financial statements for the year ended 31 March 2019 (Contd.)

49 Standards issued but not effective

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. As the Group does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Consolidated Financial Statements.

50 Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements

51 Miscellaneous

Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 16 May 2019

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

Annexure to note 47: Consolidated statement of cash flows for the year ended 31 March 2019

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
I. Operating activities		
Profit before tax	8,154.74	6,098.71
Adjustments for:		
Interest income	(18,776.29)	(13,736.25)
Dividend income	(61.30)	(43.92)
Rental income	(5.20)	(3.98)
Unwinding of discount on security deposit	(0.31)	(0.29)
Realised gain on sale of investment	(99.74)	(180.32)
Depreciation and amortisation	226.09	159.89
Share of profits of joint venture	(1.36)	(1.29)
Impairment on financial instruments	1,688.67	1,034.89
Net (gain)/ loss on disposal of property, plant and equipment	(1.22)	(1.26)
Finance costs	6,540.03	4,531.00
Share based payment to employees	77.83	45.01
Net (gain)/ loss on financial instruments at fair value through profit or loss	(1,978.10)	(1,588.48)
Interest from loans (other than financing activity)	(28.21)	(21.31)
Remeasurement gain/(loss) on defined benefit plans	(15.88)	(8.04)
Service fees for management of assigned portfolio of loans	(68.77)	(67.66)
Cash inflow from service asset	74.41	67.66
Cash inflow from interest on loans under financing activity	16,148.51	11,446.53
Cash outflow towards finance cost	(6,344.49)	(4,181.56)
Cash from operation before working capital changes	**5,529.41**	**3,549.33**
Working capital changes		
(Increase) / decrease in trade receivables	(549.21)	(108.39)
(Increase) / decrease in other receivables	(38.52)	8.56
(Increase) / decrease in loans	(34,703.09)	(24,377.62)
(Increase) / decrease in other financial assets	(119.15)	10.24
(Increase) / decrease in other non-financial assets	9.78	(101.72)
(Increase) / Decrease re-insurance assets	15.44	(224.05)
Increase / (decrease) in trade payables	(262.72)	345.34
Increase / (decrease) in other payables	171.19	915.04
Increase / (decrease) in other financial liabilities	173.28	278.03
Increase / (decrease) in provisions	9.24	40.74
Increase / (decrease) in other non-financial liabilities	380.45	417.25
Increase / (Decrease) insurance contract liabilities	5,111.59	1,764.93
Income tax paid (net of refunds)	(2,829.91)	(2,097.84)
Net cash flow from /(used in) operating activities	**(27,102.22)**	**(19,580.16)**

Annexure to note 47: Consolidated statement of cash flows for the year ended 31 March 2019 (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
II. Investing activities		
Purchase of property, plant and equipment	(548.71)	(268.29)
Proceeds from sale of property, plant and equipment	77.16	38.14
Purchase of intangible assets	(97.80)	(72.93)
Purchase of investments measured at amortised cost	(68,364.12)	(93,527.09)
Proceeds from investments measured at amortised cost	63,269.85	88,485.78
Expenses related to investments	(3.86)	(4.65)
Purchase of investments measured at FVTOCI	(646.56)	(607.43)
Proceeds from sale of investments measured at FVTOCI	200.07	474.31
Purchase of investments measured at FVTPL	(475,228.84)	(225,363.70)
Proceeds from sale of investments measured at FVTPL	470,672.85	226,494.61
Purchase of equity investments designated at FVTOCI	-	(225.00)
Loan against policies	(64.97)	(42.37)
Repayment of loan received	16.67	16.67
Rent / interest / dividend received	3,742.88	3,438.36
Interest received on investment measured at FVTPL and FVTOCI	119.81	104.09
Fixed deposits placed during the year	(163.99)	(27.00)
Fixed deposits matured during the year	142.00	165.00
Net cash flow from /(used in) investing activities	**(6,877.56)**	**(921.50)**
III. Financing activities		
Issue of equity share capital (including securities premium)	57.52	4,538.19
Share issue expenses	-	(29.26)
Dividends paid	(182.38)	(110.23)
Dividend distribution tax	(91.86)	(40.30)
Deposits received, net	5,264.44	3,440.98
Debt securities issued, net	12,922.92	7,547.08
Borrowings other than debt securities issued, net	16,564.18	3,643.71
Subordinated debts issued, net	-	600.00
Net cash flow from /(used in) financing activities	**34,534.82**	**19,590.17**
Net change in cash and cash equivalents	555.04	(911.49)
Cash and cash equivalents at the beginning of the year	3,543.97	4,455.46
Cash and cash equivalents at year end	4,099.01	3,543.97

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report on the Standalone Financial Statements

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

Report on the audit of the standalone Ind AS financial statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Bajaj Finserv Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.
We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

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

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework *(as described in note 2B of the standalone Ind AS financial statements)*	
The Company has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For periods up to and including the year ended 31 March 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date Balance Sheet as at 1 April 2017 have been prepared under Ind AS. The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and exercise of estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition have been areas of key focus in our audit.	• Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies in light of the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Tested the disclosures prescribed under Ind AS.

Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

Auditor's responsibilities for the audit of the standalone ind as financial statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended 31 March 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure 1' a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;

   (g) In our opinion, the managerial remuneration for the year ended 31 March 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 27 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 16 May 2019

Annexure 1 to Independent Auditors' Report

Annexure 1 referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date

Re: Bajaj Finserv Ltd. (the 'Company')

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

   (b) Fixed assets have been physically verified by the Management during the year and no material discrepancies were identified on such verification.

   (c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

2. The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

4. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

5. The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to generation of power through wind turbines, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

7. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, service tax, goods and service tax, duty of custom, value added tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance and duty of excise are not applicable to the Company.

   (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and service tax, duty of custom, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance and duty of excise are not applicable to the Company.

   (c) According to the information and explanations given to us, the dues outstanding of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income Tax	26.92	FY 2008-09 and FY 2010-11	Income Tax Appellate Tribunal
Income tax Act, 1961	Income Tax	18.55	FY 2011-12, FY 2012-13 and FY 2015-16	Commissioner of Income Tax (Appeals)
Maharashtra Value Added Tax Act, 2002	Value Added Tax Act	0.32	FY 2009-10	Joint Commissioner of Sales Tax (Appeals)

Annexure 1 to Independent Auditors' Report (Contd.)

8. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

9. According to the information and explanations given by the Management, the Company has not raised any money by way of initial public offer/further public offer/debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

11. According to the information and explanations given by the Management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

13. According to the information and explanations given by the Management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

14. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

15. According to the information and explanations given by the Management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

16. According to the information and explanations given by the Management, the Company was registered as a Non-deposit accepting Non-Banking Financial Company until the financial year 2014-15. During the year 2015-16, vide order dated 23 October 2015, the Company was recognised as a Core Investment Company (CIC) by the Reserve Bank of India (RBI) and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of the clause 3(xvi) of the Order are not applicable to the Company.

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 16 May 2019

Annexure 2 to Independent Auditors' Report

Annexure 2 referred to in paragraph 2 (f) under the heading 'Report on other legal and regulatory requirements' of our report of even date

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Bajaj Finserv Ltd. ('the Company') as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of internal financial controls over financial reporting with reference to these financial statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that

(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;

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	59.97	12.11	1.30
Bank balance other than cash and cash equivalents	4	0.30	0.29	0.25
Trade receivables	5	0.29	3.96	0.63
Loans	6	25.85	–	–
Investment in subsidiaries and joint venture	7A	2,177.53	2,107.53	2,107.53
Other investments	7B	759.87	650.59	558.54
Other financial assets	8	50.90	44.13	39.74
		3,074.71	**2,818.61**	**2,707.99**
Non-financial assets				
Current tax assets (net)		20.39	14.71	10.17
Deferred tax assets (net)	9	8.08	8.36	6.21
Investment property	10	5.63	5.76	5.89
Property, plant and equipment	11	67.79	67.40	68.06
Capital work-in-progress		33.34	8.19	1.19
Other non-financial assets	12	8.96	3.70	5.13
		144.19	**108.12**	**96.65**
Total		**3,218.90**	**2,926.73**	**2,804.64**

Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		–	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		4.69	2.85	1.54
Other financial liabilities	13	24.42	12.54	9.99
		29.11	**15.39**	**11.53**
Non-financial liabilities				
Current tax liabilities (net)		17.41	17.41	17.41
Provisions	14	9.86	11.24	9.48
Other non-financial liabilities	15	1.61	2.94	0.20
		28.88	**31.59**	**27.09**
EQUITY				
Equity share capital	16	79.57	79.57	79.57
Other equity	17	3,081.34	2,800.18	2,686.45
		3,160.91	**2,879.75**	**2,766.02**
Total		**3,218.90**	**2,926.73**	**2,804.64**
Summary of significant accounting policies followed by the Company	2			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 16 May 2019

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
Revenue from operations			
Interest income	18	59.31	50.85
Dividend income		286.76	114.41
Rental income		2.05	1.87
Windpower income	19	71.10	71.95
Net gain on fair value changes	20	3.83	2.82
Total revenue from operations		423.05	241.90
Other income	21	25.51	10.36
Total income		**448.56**	**252.26**
Expenses			
Employee benefits expenses	22	53.53	26.91
Depreciation, amortisation and impairment	23	1.55	1.36
Other expenses	24	67.49	56.78
Total expenses		**122.57**	**85.05**
Profit before tax		**325.99**	**167.21**
Tax expense			
Current tax		18.02	27.60
Deferred tax		0.80	(2.01)
Total tax expense	25	18.82	25.59
Profit for the year		**307.17**	**141.62**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/losses of defined benefit plans		(1.79)	(0.40)
Tax impacts on above		0.52	0.14
Items that will be reclassified to profit or loss		–	–
Other comprehensive income for the year (net of tax)		**(1.27)**	**(0.26)**
Total comprehensive income for the year		**305.90**	**141.36**
Basic and diluted Earnings per share (in ₹)	26	19.3	8.9
(Nominal value per share ₹ 5)			
Summary of significant accounting policies followed by the Company	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 16 May 2019

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director & CEO

Nanoo Pamnani
Chairman – Audit Committee

Statement of Changes in Equity

A Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
At the beginning of the year		79.57	79.57
Changes in equity share capital during the year		–	–
At the end of the year	16	**79.57**	**79.57**

B Other equity

(₹ In Crore)

Particulars	Note No.	Reserves and surplus: Securities premium	General reserve	Share based payments reserve	Retained earnings	Total other equity
Balance as at 1 April 2017	17	928.89	1,197.14	–	560.42	2,686.45
Profit for the year		–	–	–	141.62	141.62
Other comprehensive income (net of tax)		–	–	–	(0.26)	(0.26)
Total comprehensive income for the year ended 31 March 2018		**–**	**–**	**–**	**141.36**	**141.36**
Transactions with owners in their capacity as owners						
Equity shares earlier held in abeyance, issued during the year [See note 16 d.]		0.22	–	–	–	0.22
Final dividend, declared and paid during the year		–	–	–	(27.85)	(27.85)
Balance as at 31 March 2018	17	**929.11**	**1,197.14**	**–**	**673.93**	**2,800.18**
Profit for the year		–	–	–	307.17	307.17
Recognition of share based payments to employees		–	–	3.04	–	3.04
Other comprehensive income (net of tax)		–	–	–	(1.27)	(1.27)
Total comprehensive income for the year ended 31 March 2019		**–**	**–**	**3.04**	**305.90**	**308.94**
Transactions with owners in their capacity as owners						
Equity shares earlier held in abeyance, issued during the year [See note 16 d.]		0.07	–	–	–	0.07
Final dividend, declared and paid during the year		–	–	–	(27.85)	(27.85)
Balance as at 31 March 2019	17	**929.18**	**1,197.14**	**3.04**	**951.98**	**3,081.34**
Summary of significant accounting policies followed by the Company	2					

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 16 May 2019

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
I. Operating activities				
Profit before tax		325.99		167.21
Adjustments to reconcile profit before tax to net cash flows:				
Add:				
i) Depreciation, amortisation and impairment	1.55		1.36	
ii) ESOP reserve	3.04		–	
		4.59		1.36
Less:				
i)Profit on sale of investments, net	3.83		2.82	
ii)Amortisation of premium/discount on acquisition of debt securities	(0.34)		(0.19)	
		3.49		2.63
		327.09		165.94
Change in assets and liabilities				
i) (Increase)/decrease in trade receivables	(3.24)		(3.33)	
ii) (Increase)/decrease in loans and other assets	(30.97)		(2.96)	
iii) (Increase)/decrease in other bank balances	(0.01)		(0.04)	
iv) Increase/(decrease) in liabilities and provisions	9.21		7.92	
		(25.01)		1.59
(Purchase)/sale of money market mutual funds, etc., net *		8.07		6.53
Net cash from operating activities before income-tax		310.15		174.06
Income-tax refund/(paid) for earlier years (net)		–		(2.16)
Income-tax paid		(23.70)		(29.98)
Net cash flow from/(used in) operating activities		**286.45**		**141.92**
Carried forward		286.45		141.92

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Brought forward	286.45	141.92
II. Investing activities		
i) Purchases of capital assets	(27.07)	(7.58)
ii) Sales proceeds of assets	0.11	0.01
iii) Investment in subsidiary*	(70.00)	–
iv) Sale of investments*	115.28	330.79
v) Purchase of investments*	(229.14)	(426.74)
Net cash flow from/(used in) investing activities	**(210.82)**	**(103.52)**
III. Financing activities		
i) Dividend paid	(27.84)	(27.81)
ii) Rights issue proceeds (net of expenses)	0.07	0.22
Net cash flow from/(used in) financing activities	**(27.77)**	**(27.59)**
Net change in cash and cash equivalents	**47.86**	**10.81**
Cash and cash equivalents as at the beginning of the year	12.11	1.30
Cash and cash equivalents as at the end of the year	59.97	12.11
	–	–

* As the Company is an investment company, dividend received and interest earned are considered as part of cash flow from operating activities. Purchase and sale of investments has been classified into operating and investing activity based on the intention of the Management at the time of purchase of securities.

Summary of significant accounting policies followed by the Company 2

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 16 May 2019

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

Notes to standalone financial statements for the year ended 31 March 2019

1 Bajaj Finserv Ltd. (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. 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's registered office is at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Pune, Maharashtra, India. Its shares are listed on two recognised stock exchanges in India.

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 First time adoption and summary of significant accounting policies followed by the Company

2A Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable on an accrual basis.

The financial statements up to year ended 31 March 2018 were prepared in accordance with the Accounting Standards notified under the section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, as amended and the Companies (Accounting Standards) Amendment Rules, 2016, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable (Indian GAAP or previous GAAP).

These financial statements are the first financial statements of the Company under Ind AS. Refer note 2B for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

The financial statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2B First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2C have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2017 (the Company's date of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, as amended and the Companies (Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS, which are considered to be material or significant by the Company.

1 Ind AS optional exemptions

a. Deemed cost for investment in subsidiaries and joint venture

Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries and joint ventures as per previous GAAP carrying value or at fair value on the date of transition.

The Company has elected to measure its investment in subsidiaries and joint venture as per previous GAAP carrying value.

b. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

2 Ind AS mandatory exceptions

a. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following item in accordance with Ind AS at the date of transition as this was not required under previous GAAP.

b. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2B First-time adoption of Ind AS (Contd.)

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition (1 April 2017)

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Cash and cash equivalents		1.30	–	1.30
Bank balance other than cash and cash equivalents		0.25	–	0.25
Trade receivables		0.63	–	0.63
Investment in subsidiaries and joint venture		2,107.53	–	2,107.53
Other investments	1	564.43	(5.89)	558.54
Other financial assets		39.74	–	39.74
		2,713.88	**(5.89)**	**2,707.99**
Non-financial assets				
Current tax assets (net)		10.17	–	10.17
Deferred tax assets (net)	2	–	6.21	6.21
Investment property	1	–	5.89	5.89
Property, plant and equipment		68.06	–	68.06
Capital work-in-progress		1.19	–	1.19
Other non-financial assets	2	20.83	(15.70)	5.13
		100.25	**(3.60)**	**96.65**
Total		**2,814.13**	**(9.49)**	**2,804.64**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		–	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		1.54	–	1.54
Other financial liabilities		9.99	–	9.99
		11.53	**–**	**11.53**
Non-financial liabilities				
Current tax liabilities (net)		17.41	–	17.41
Deferred tax liabilities (net)	2	9.49	(9.49)	–
Provisions		9.48	–	9.48
Other non-financial liabilities		0.20	–	0.20
		36.58	**(9.49)**	**27.09**
EQUITY				
Equity share capital		79.57	–	79.57
Other equity		2,686.45	–	2,686.45
		2,766.02	**–**	**2,766.02**
Total		**2,814.13**	**(9.49)**	**2,804.64**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2B First-time adoption of Ind AS (Contd.)

Reconciliation of equity as at 31 March 2018

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Cash and cash equivalents		12.11	–	12.11
Bank balance other than cash and cash equivalents		0.29	–	0.29
Trade receivables		3.96	–	3.96
Investment in subsidiaries and joint venture		2,107.53	–	2,107.53
Other investments	1,3	656.33	(5.74)	650.59
Other financial assets		44.13	–	44.13
		2,824.35	**(5.74)**	**2,818.61**
Non-financial assets				
Current tax assets (net)		14.71	–	14.71
Deferred tax assets (net)	2	–	8.36	8.36
Investment property	1	–	5.76	5.76
Property, plant and equipment		67.40	–	67.40
Capital work-in-progress		8.19	–	8.19
Other non-financial assets	2	19.40	(15.70)	3.70
		109.70	**(1.58)**	**108.12**
Total		**2,934.05**	**(7.32)**	**2,926.73**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		–	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		2.85	–	2.85
Other financial liabilities		12.54	–	12.54
		15.39	**–**	**15.39**
Non-financial Liabilities				
Current tax liabilities (net)		17.41	–	17.41
Deferred tax liabilities (net)	2	7.34	(7.34)	–
Provisions		11.24	–	11.24
Other non-financial liabilities		2.94	–	2.94
		38.93	**(7.34)**	**31.59**
EQUITY				
Equity share capital		79.57	–	79.57
Other equity	3	2,800.16	0.02	2,800.18
		2,879.73	**0.02**	**2,879.75**
Total		**2,934.05**	**(7.32)**	**2,926.73**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2B First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income		50.85	–	50.85
Dividend income		114.41	–	114.41
Rental income		1.87	–	1.87
Windpower income		71.95	–	71.95
Net gain on fair value changes	3	2.80	0.02	2.82
Total revenue from operations		241.88	0.02	241.90
Other income		10.36	–	10.36
Total income		**252.24**	**0.02**	**252.26**
Expenses				
Employee benefits expenses	4	27.31	(0.40)	26.91
Depreciation, amortisation and impairment		1.36	–	1.36
Other expenses		56.78	–	56.78
Total expenses		**85.45**	**(0.40)**	**85.05**
Profit before tax		**166.79**	**0.42**	**167.21**
Tax expense				
Current tax		27.60	–	27.60
Deferred tax		(2.15)	0.14	(2.01)
Total tax expense		25.45	0.14	25.59
Profit for the year		**141.34**	**0.28**	**141.62**
Other comprehensive income for the year (net of tax)	5	–	(0.26)	(0.26)
Total comprehensive income for the year		**141.34**	**0.02**	**141.36**

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2B First-time adoption of Ind AS (Contd.)

Reconciliation of total equity as at 31 March 2018 and 1 April 2017

All figures are net of related tax impacts.

(₹ In Crore)

Particulars	Notes to first-time adoption	31 March 2018	1 April 2017
Total equity (shareholder's funds) as reported under previous GAAP		2,879.73	2,766.02
Ind-AS adjustments increasing/(decreasing) equity as reported under previous GAAP			
Fair valuation of investments in mutual funds	3	0.02	–
Total adjustments		0.02	–
Total equity as per Ind AS		2,879.75	2,766.02

Reconciliation of total comprehensive income for the year ended 31 March 2018

All figures are net of related tax impacts.

(₹ In Crore)

Particulars	Notes to first-time adoption	31 March 2018
Net profit after tax as reported under previous GAAP		141.34
Ind-AS adjustments increasing/(decreasing) net profit as reported under previous GAAP		
Fair valuation of investments in mutual funds	3	0.02
Actuarial gain/loss on valuation of gratuity	4	0.26
Total adjustments		0.28
Net profit after tax as per Ind AS		141.62
Other comprehensive income, net of tax	5	(0.26)
Total comprehensive income as per Ind AS		141.36

Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2018

There are no material adjustment of transition to the Statement of Cash flows to conform to Ind AS presentation for the year ended 31 March 2018.

C. Notes to first-time adoption

Note 1: Investment property

Under the previous GAAP, investment properties were presented as part of non-current investments. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 2: Deferred tax

Under the previous GAAP, MAT credit entitlement was presented as part of long-term loans and advances. Under Ind AS, MAT credit entitlement is required to be presented as part of Deferred tax assets. There is no impact on the total equity or profit as a result of this adjustment.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2B First-time adoption of Ind AS (Contd.)

Note 3: Fair valuation of investments (mutual funds)

Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2018.

Note 4: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

Note 5: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

2C Summary of significant accounting policies followed by the Company

1. Use of estimates

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

2. Revenue recognition

A. Income

The Company recognises income (including rent, etc.) on accrual basis to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. However, where the ultimate collection of revenue lacks reasonable certainty, revenue recognition is postponed.

1. Interest income

Interest income from debt instruments is recognised using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Balance Sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of Profit and Loss.

2. Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, and it is probable that the economic benefits associated with the dividend will flow to the Company and that the amount of the dividend can be measured reliably.

3. Wind farm income

Income from wind-power 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 over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. Simultaneously, relevant entitlements for generating green energy are recognised to the extent the ultimate collection is reasonably certain

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

4. Other income

The Company recognises income on accrual basis as it becomes due.

3. Property, plant and equipment and depreciation/amortisation

A. Property, plant and equipment

i) Property, plant and equipment, capital work in progress except land are carried at cost of acquisition or construction as the case may be, less accumulated depreciation and amortisation. Land is carried at cost of acquisition. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by the Management. The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Changes in the expected useful life are accounted for by changing the period or methodology, as appropriate, and treated as changes in accounting estimates. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

ii) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

B. Transition to Ind AS

On Transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2017 measured as per previous GAAP which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 16 Property, plant and equipment.

C. Depreciation and amortisation

a. Leasehold land

Premium on leasehold land is amortised over the period of lease.

b. On other tangible assets

i. Depreciation is calculated using the straight line method to write down the cost of property and equipment (including components thereof) to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are, as follows:

- Buildings – 60 years
- Computers – 3 years
- Others – furniture, electric fittings and office equipment – 3 to 22 years

ii. Useful life of assets/components are determined by the Management by internal technical assessments.

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.

v. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if necessary and appropriate.

D. Impairment of property, plant and equipment

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.

4. Investment property

Land and buildings which are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed when incurred. Depreciation on investment property is provided on a pro rata basis on straight line method over the estimated useful lives. Useful life of assets, as assessed by the Management, corresponds to those prescribed by Schedule II- Part 'C'.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

Transition to Ind AS

On Transition to Ind AS, the Company has elected to continue with the carrying value of investment property recognised as at 1 April 2017 which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 40 Investment Properties.

5. Investments and financial assets

A. Investment in subsidiary, associates and joint venture

Interest in subsidiary, associates and joint venture are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments. Loan and other similar arrangements with subsidiaries which are probable to be settled for a fixed number of equity share of the borrower for a fixed price are classified as equity investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

B. Other investments and financial assets

I. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss(FVTPL), and
- those measured at amortised cost.

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as 'measured at fair value', gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For assets classified as 'measured at amortised cost', this will depend on the business model and contractual terms of the cash flows.

II. Measurement

Initial Measurement

Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset at its fair value including, in the case of 'a financial asset not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 'fair value through profit or loss' are expensed in profit or loss.

Subsequent Measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are two measurement categories into which the Company classifies its financial instruments:

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

Subsequently measured at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. Debentures, Bonds etc. A gain or loss on a financial asset that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

Subsequently measured at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost, are measured at fair value through profit or loss e.g. investments in mutual funds. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Compay's assessment

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test (Solely Payments of Principal and Interest)

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

III. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and if so, assess the need to provide for the same in the Statement of Profit and Loss.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Since the Company makes investments in highly rated fixed income securities, which are categorised as 'subsequently measured at amortised cost', the risk parameters such as tenor, the probability of default corresponding to the credit rating by rating agency (viz. CRISIL, ICRA), for each of these instruments is considered in estimating the probable credit loss over life time of such securities.

ECL impairment loss allowance (or reversal) is recognised during the period only if material and is recognised as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Financial assets measured at amortised cost and revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

IV. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2018-19 and 2017-18.

V. Derecognition of financial assets

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

6. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

7. Employee benefits

A. Compensated absences and long-term incentive plan

Compensated absences entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment the liability is recognised on the basis of an independent actuarial valuation.

The Company's liability towards long-term incentive plan, being a defined benefit plan, is accounted for on the basis of an independent actuarial valuation.

They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

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.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

C. Employee stock option scheme

The fair value of options granted under the Bajaj Finserv Ltd. – Employee Stock Option Scheme (BFS-ESOS) is recognised as an employee benefits expenses with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance conditions (e.g., continuance of an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

D. Defined contribution plans

The Company operates three defined contribution plans for its employees:

- Contribution to superannuation fund as per the scheme of the Company
- Contribution to provident fund is made to Government Provident Fund Authority
- Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority

The Company recognises contribution payable to these fund/schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

8. Taxation

a) Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

c) Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax and thereby utilising MAT credit during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and utilised. In the year in which the Company recognises MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The Company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

d) Deferred tax is provided using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

e) Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

f) The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

g) Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

h) Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

9. Goods and service tax/value added taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

10. Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation 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

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources is remote, no provision or disclosure is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

11. 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 in a manner which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished.

As a lessor

The Company has leased out certain 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 in a manner 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.

12. Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

13. 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.

14. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Core Management Committee which includes the Managing Director who is the Chief Operating Decision Maker. The Core Management Committee examines performance both from product and a geographical perspective.

15. Foreign currency translation

Functional and presentational currency

The standalone financial statements are presented in INR which is also functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

2 First time adoption and summary of significant accounting policies followed by the Company (Contd.)

2C Summary of significant accounting policies followed by the Company (Contd.)

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

16. Dividends on equity shares

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

17. Fair value measurement

The Company measures financial instruments, such as, investment in mutual funds at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company has set policies and procedures for both recurring and non-recurring fair value measurement of financial assets, which includes valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

3 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Balances with banks	10.69	12.11	1.30
Cash equivalents			
Certificate of Deposits with maturity of less than three months from date of acquisition	49.28	–	–
	59.97	12.11	1.30

4 Bank balances other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Unclaimed dividend accounts	0.30	0.29	0.25
	0.30	0.29	0.25

5 Trade Receivables
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Good	0.29	3.96	0.63
	0.29	3.96	0.63

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

6 Loans (at amortised cost)
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Loan to BFS ESOP trust	25.85	–	–
	25.85	–	–

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

7A Investment in subsidiaries and joint venture

(₹ In Crore)

Particulars	At Cost
As at 31 March 2019	
Equity instruments	
subsidiaries*	2,176.33
joint venture	1.20
Total	2,177.53
As at 31 March 2018	
Equity instruments	
subsidiaries	2,106.33
joint venture	1.20
Total	2,107.53
As at 1 April 2017	
Equity instruments	
subsidiaries	2,106.33
joint venture	1.20
Total	2,107.53

*includes deemed equity contribution aggregating ₹ 70 crore. Refer note 5(A).

7B Other investments

(₹ In Crore)

Particulars	At amortised cost	At fair value through other comprehensive Income	At fair value through profit and loss	At fair value designated at fair value through profit and loss	Total
As at 31 March 2019					
Government debt securities	–	–	–	–	–
Debt securities	750.65	–	–	–	750.65
Commercial paper	–	–	–	–	–
Mutual funds	–	–	9.22	–	9.22
Certificate of Deposit	–	–	–	–	–
Total – gross	750.65	–	9.22	–	759.87
Less: Impairment loss allowance	–	–	–	–	–
Total – Net	750.65	–	9.22	–	759.87

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

7B Other investments (Contd.)

(₹ In Crore)

Particulars	At amortised cost	At fair value through other comprehensive Income	At fair value through profit and loss	At fair value designated at fair value through profit and loss	Total
As at 31 March 2018					
Government debt securities	–	–	–	–	–
Debt securities	637.06	–	–	–	637.06
Commercial paper	–	–	–	–	–
Mutual funds	–	–	13.53	–	13.53
Certificate of Deposit	–	–	–	–	–
Total – gross	637.06	–	13.53	–	650.59
Less: Impairment loss allowance	–	–	–	–	–
Total – Net	637.06	–	13.53	–	650.59
As at 1 April 2017					
Government debt securities	–	–	–	–	–
Debt securities	465.42	–	–	–	465.42
Commercial paper	24.47	–	–	–	24.47
Mutual funds	–	–	18.65	–	18.65
Certificate of Deposit	50.00	–	–	–	50.00
Total – gross	539.89	–	18.65	–	558.54
Less: Impairment loss allowance	–	–	–	–	–
Total – Net	539.89	–	18.65	–	558.54

All investments in 7A and 7B above are within India
Refer note 34.

8 Other financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Credit receivable for windpower generated	4.53	2.75	2.13
REC sale proceeds/REC receivable ₹ 28,826 (31 March 2018: ₹ 18,697)			1.60
Interest receivable on investments	34.62	36.43	30.98
Security deposits	4.84	4.33	4.34
Other receivables	6.91	0.34	0.45
Others	–	0.28	0.24
	50.90	44.13	39.74

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

9 Deferred tax assets (net)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Deferred tax liabilities			
On account of timing difference in Property, plant and equipment	9.01	8.85	10.31
Financial instruments			
Amortisation of discount on acquisition of fixed income securities	–	–	0.66
Gross deferred tax liabilities	9.01	8.85	10.97
Deferred tax assets			
On account of timing difference in retiral and other employee benefits			
Provision for compensated absences	0.59	0.27	0.27
Defined benefit plan provisions – P&L	0.08	0.91	1.21
Defined benefit plan provisions – OCI	0.66	0.14	–
Financial instruments			
Amortisation of premium/discount on acquisition of fixed income securities	0.06	0.19	–
MAT credit entitlement	15.70	15.70	15.70
Gross deferred tax assets	17.09	17.21	17.18
	8.08	8.36	6.21

Movement in deferred tax assets

(₹ In Crore)

Particulars	Property, plant and equipment	Financial instruments	Retiral and other employee benefits	MAT credit entitlement	Total
At 1 April 2017	(10.31)	(0.66)	1.48	15.70	6.21
(Charged)/credited					
To profit and loss	1.46	0.85	(0.30)	–	2.01
To other comprehensive income	–	–	0.14	–	0.14
At 31 March 2018	(8.85)	0.19	1.32	15.70	8.36
(Charged)/credited					
To profit and loss	(0.16)	(0.13)	(0.51)	–	(0.80)
To other comprehensive income	–		0.52	–	0.52
At 31 March 2019	(9.01)	0.06	1.33	15.70	8.08

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

10 Investment property

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Gross carrying amount			
Opening balance	8.25	8.25	8.25
Additions	-	-	-
Closing balance	8.25	8.25	8.25
Accumulated depreciation			
Opening balance	2.49	2.36	2.23
Depreciation charge	0.13	0.13	0.13
Closing balance	2.62	2.49	2.36
Net carrying amount	5.63	5.76	5.89

Note: Investment property has been carried at the cost less accumulated depreciation as at 1 April 2017, as the cost and depreciation determined under the previous GAAP. Refer note 2C.4)

i) Amounts recognised in profit or loss for investment properties

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Rental income	2.05	1.87
Direct operating expenses from property that generated rental income	(0.03)	(0.03)
Direct operating expenses from property that did not generate rental income	-	-
Profit from investment properties before depreciation	2.02	1.84
Depreciation	(0.13)	(0.13)
Profit from investment property	1.89	1.71

ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing arrangements

Investment properties are leased out to tenants under operating leases. Disclosure on future rent receivable is included in Note 33.

iv) Fair value

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Investment property	39.29	38.06	35.95

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Investment properties leased out by the Company are cancellable leases. The market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

11 Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block (a)				Accumulated depreciation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year (a)	As at 31 March 2019	As at 31 March 2019
Land freehold (c)	18.95	-	-	18.95	-	-	-	-	18.95
Land leasehold	8.19	-	-	8.19	-	-	-	-	8.19
Buildings (b)	28.46	-	-	28.46	6.04	-	0.41	6.45	22.01
Computers	1.27	0.28	0.02	1.53	1.15	0.02	0.08	1.21	0.32
Electric fittings	0.47	-	-	0.47	0.34	-	0.06	0.40	0.07
Furniture	1.95	0.04	-	1.99	1.27	-	0.23	1.50	0.49
Office equipment	2.07	0.04	-	2.11	1.70	-	0.11	1.81	0.30
Vehicles	3.66	1.56	0.25	4.97	1.31	0.14	0.53	1.70	3.27
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	348.74	1.92	0.27	350.39	281.34	0.16	1.42	282.60	67.79

(a) Refer note 2C clause 3) of summary of significant accounting policies.

(b) Excludes premises held as investment properties and given on lease disclosed as an investment. Correspondingly depreciation for the year on investment property amounting to ₹ 0.13 crore (Previous year ₹ 0.13 crore) has been reduced from the said Investments under note 10.

(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.

Previous year

(₹ In Crore)

Particulars	Gross block (a)				Accumulated depreciation				Net block
	As at 1 April 2017	Additions	Deductions/ adjustments	As at 31 March 2018	As at 1 April 2017	Deductions/ adjustments	For the year (a)	As at 31 March 2018	As at 31 March 2018
Land freehold (c)	18.95	-	-	18.95	-	-	-	-	18.95
Land leasehold	8.19	-	-	8.19	-	-	-	-	8.19
Buildings (b)	28.46	-	-	28.46	5.63	-	0.41	6.04	22.42
Computers	1.16	0.11	-	1.27	1.11	-	0.04	1.15	0.12
Electric fittings	0.47	-	-	0.47	0.28	-	0.06	0.34	0.13
Furniture	1.64	0.31	-	1.95	1.05	-	0.22	1.27	0.68
Office equipment	2.01	0.07	0.01	2.07	1.62	-	0.08	1.70	0.37
Vehicles	3.57	0.09	-	3.66	0.89	-	0.42	1.31	2.35
Wind energy generators	283.72	-	-	283.72	269.53	-	-	269.53	14.19
Total	348.17	0.58	0.01	348.74	280.11	-	1.23	281.34	67.40

(a) Refer note 2C clause 3) of summary of significant accounting policies.

(b) Excludes premises held as investment properties and given on lease disclosed as an investment. Correspondingly depreciation for the year on investment property amounting to ₹ 0.13 crore (Previous year ₹ 0.13 crore) has been reduced from the said Investments under note 10.

(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.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

12 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Capital advances	6.80	1.23	2.49
VAT refund receivable	1.42	2.09	2.16
Others	0.74	0.38	0.48
	8.96	3.70	5.13

13 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Unclaimed dividend	0.30	0.29	0.25
Directors' remuneration and commission payable	5.94	3.77	3.64
Employee benefits payable	14.10	6.50	4.22
Security deposits	2.14	1.87	1.87
Others	1.94	0.11	0.01
	24.42	12.54	9.99

14 Provisions

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Provision for employee benefits [See note 30]			
Provision for gratuity	2.54	3.62	3.48
Provision for compensated absences	2.04	0.93	0.79
Provision for long-term incentive plan	5.28	6.69	5.21
	9.86	11.24	9.48

15 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Taxes and duties payable	1.31	2.80	0.09
Other payables	0.30	0.14	0.11
	1.61	2.94	0.20

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

16 Share capital

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
200,000,000 equity shares of ₹ 5 each	100.00	100.00	100.00
Issued, subscribed and fully paid-up shares			
159,136,111 (31 March 2018: 159,135,097 and 1 April 2017: 159,131,780) equity shares of ₹ 5 each	79.57	79.57	79.57
	79.57	79.57	79.57

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares						
At the beginning of the year	159,135,097	79.57	159,131,780	79.57	159,131,453	79.56
Equity shares earlier held in abeyance, issued during the year [See note 16 d.]	1,014		3,317		327	0.01
Outstanding at the end of the year	159,136,111	79.57	159,135,097	79.57	159,131,780	79.57

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	% Holding	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%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,270,784	9.60%	15,239,784	9.58%	15,110,824	9.50%

d. Shares reserved for issue at a subsequent date

15,750 (31 March 2018: 16,764 and 1 April 2017: 20,081) equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter.

During the year, the Company issued and allotted 1,014 of such equity shares at the offered price of ₹ 650, thereby collecting ₹ 0.07 lakh as premium.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

17 Other equity

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
a. Reserves and surplus			
Securities premium			
Balance as at the beginning of the year	929.11	928.89	
Add: Received during the year (Refer note 16 d.)	0.07	0.22	
Balance as at the end of the year	929.18	929.11	928.89
General reserve			
Balance as at the beginning and the end of the year	1,197.14	1,197.14	1,197.14
Share based payments reserve			
Recognition of share based payments to employees	3.04	–	–
Retained earnings			
Balance as at the beginning of the year	673.93	560.42	
Profit for the year	307.17	141.62	
Items of other comprehensive income recognised directly in retained earnings			
Actuarial gains/losses of defined benefit plans	(1.27)	(0.26)	
Less: Appropriations			
Final dividend, declared and paid during the year	27.85	27.85	
Total appropriations	27.85	27.85	
Balance as at the end of the year	951.98	673.93	560.42
	3,081.34	2,800.18	2,686.45

b. Nature and purpose of reserve

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Comapnies Act, 2013.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

18 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Interest income on		
Fixed deposits	–	2.71
Investments (at amortised cost)	59.15	47.89
Others	0.16	0.25
	59.31	50.85

19 Windpower income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Income from power generation (within India)	59.11	47.87
Income from Renewable Energy Certificates (REC) (within India)	11.99	24.08
	71.10	71.95

20 Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Debt instrument at FVTPL	3.73	1.40
Others		
Gain on sale of debt instrument at amortised cost	0.10	1.42
Total net gain on fair value changes	3.83	2.82
Fair value changes		
Realised	3.82	2.80
Unrealised	0.01	0.02
	3.83	2.82

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

21 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Business support service	25.34	10.16
Miscellaneous receipts	0.03	0.02
Provision no longer required	0.14	0.18
	25.51	10.36

22 Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Salaries, wages and bonus to employees	47.60	24.98
Contribution to provident and other funds	2.52	1.63
Share based payments to employees	3.04	–
Staff welfare expenses	0.37	0.30
	53.53	26.91

23 Depreciation, amortisation and impairment

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Depreciation on property, plant and equipment	1.42	1.23
Depreciation on investment property	0.13	0.13
	1.55	1.36

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

24 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Rental charges payable under operating leases	0.39	0.06
Repairs to buildings	1.22	1.08
Repairs to machinery – windmill	8.10	8.02
Repairs to others	0.06	0.04
Energy generation expenses	40.90	32.39
REC registration, issuance and brokerage charges	0.33	0.72
Rates and taxes	0.67	0.61
Insurance	0.44	0.42
Payment to auditor	0.28	0.26
Directors' fees and travelling expenses	0.55	0.40
Commission to non-executive directors	0.62	0.32
Travelling (including foreign travel) expenses	0.48	0.46
Business support service expenses	0.99	0.69
Expenditure towards Corporate Social Responsibility (CSR) activities	1.53	1.90
Legal and professional charges	1.76	3.78
Miscellaneous expenses	9.17	5.63
	67.49	56.78
Payment to auditor		
As auditor		
Audit fee	0.11	0.08
Tax audit fee	0.02	0.02
Limited review	0.08	0.08
Other services (certification fees and other matters)	0.04	0.04
Reimbursement of expenses	0.02	0.02
GST/Service tax, on above	0.01	0.02
	0.28	0.26
Expenditure towards Corporate Social Responsibility (CSR) activities		
Gross amount required to be spent by the Company during the year	1.44	1.83
Amount spent in cash during the year on:		
Construction/acquisition of any asset	–	–
On purpose other than (i) above	1.53	1.90
	1.53	1.90

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

25 Tax expense

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(a) Tax expense		
Current tax		
Current tax on profits for the year	18.02	27.60
Total current tax expense	18.02	27.60
Deferred tax		
Decrease/(increase) in deferred tax assets	0.64	0.11
(Decrease)/increase in deferred tax liabilities	0.16	(2.12)
Total deferred tax expenses/(benefit)	0.80	(2.01)
Tax expense	18.82	25.59
(b) Reconciliation of tax expenses and the accounting profit multiplied by Statutory tax rate		
Profit before tax	325.99	167.21
Tax at the Indian tax rate of 29.12% (Previous year – 34.608%)	94.93	57.87
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	0.34	0.47
Disallowance under section 14A	6.14	7.30
Others	1.08	–
Tax effect of amounts which are deductible (non taxable) in calculating taxable income:		
Dividend income	(83.50)	(39.60)
Disallowance of expenditure incurred on rented property (net)	(0.17)	(0.19)
Others	–	(0.26)
Tax expense	18.82	25.59

26 Earnings per share (EPS)

Particulars	For the year ended 31 March 2019	2018
Profit for the year (₹ In Crore)	307.17	141.62
Weighted average number of shares outstanding during the year (Nos)	159,135,642	159,133,298
Weighted average number of shares outstanding during the year (Nos) – Diluted	159,159,216	159,133,298
Earnings per share (Basic) ₹	19.3	8.9
Earnings per share (Diluted) ₹	19.3	8.9
Face value per share ₹	5.0	5.0

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

27 Contingent liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
a. Claims against the Company not acknowledged as debts	8.53	8.70	9.46
b. Income-tax matters under dispute Appeal by Company	2.24	29.18	29.18
c. Value Added Tax (VAT) and service tax matters under dispute	1.82	2.40	3.09

In all the cases mentioned above, outflow is not probable and hence not provided by the Company.

28 Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Capital commitments, net of capital advances	11.07	14.10	4.42

29 Details of windpower generation and turnover

Particulars	For the year ended 31 March 2019	2018
Credit for units brought forward from previous year		
In units (In Lakh)	48	38
In value (₹ In Crore)	2.75	2.13
Generated, during the year		
In units (In Lakh)	876	734
In value (₹ In Crore)	59.11	47.87
Sold, during the year		
In units (In Lakh)	851	724
In value (₹ In Crore)	57.33	47.25
Credits receivable		
In units (In Lakh)	73	48
In value (₹ In Crore)	4.53	2.75

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

30 Employee benefits plan

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

Funded schemes

Gratuity

The Company provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Company is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Company makes contributions to approved gratuity fund.

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Amount recognised in Balance Sheet			
Present value of funded defined benefit obligation	11.64	7.06	5.95
Fair value of plan assets	9.10	3.44	2.47
Net funded obligation	**2.54**	**3.62**	**3.48**
Expense recognised in the Statement of Profit and Loss			
Current service cost	0.48	0.34	–
Interest on net defined benefit liability/(asset)	0.24	0.24	–
Total expense charged to statement of profit and loss	**0.72**	**0.58**	**–**
Amount recorded as Other Comprehensive Income			
Opening amount recognised in OCI outside statement of profit and loss	0.40	–	–
Remeasurements during the period due to			
Changes in financial assumptions	0.05	(0.23)	–
Change in demographic assumptions	0.01	–	–
Experience adjustments	1.90	0.63	–
Actual return on plan assets less interest on plan assets	(0.16)	–	–
Closing amount recognised in OCI outside statement of profit and loss	**2.20**	**0.40**	**–**
Reconciliation of net liability/(asset)			
Opening net defined benefit liability/(asset)	3.62	3.48	–
Expense charged to statement of profit and loss	0.72	0.58	–
Amount recognised outside statement of profit and loss	1.80	0.40	–
Employer contributions	(3.60)	(0.84)	–
Closing net defined benefit liability/(asset)	**2.54**	**3.62**	**3.48**

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

30 Employee benefits plan (Contd.)

Funded schemes (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Movement in benefit obligation			
Opening of defined benefit obligation	7.06	5.95	–
Current service cost	0.48	0.34	–
Interest on defined benefit obligation	0.47	0.37	–
Remeasurements due to			
Actuarial loss/(gain) arising from change in financial assumptions	0.05	(0.23)	–
Actuarial loss/(gain) arising from change in demographic assumptions	0.01	–	–
Actuarial loss/(gain) arising on account of experience changes	1.90	0.63	–
Benefits paid	1.67	–	–
Closing of defined benefit obligation	**11.64**	**7.06**	**5.95**
Movement in plan assets			
Opening fair value of plan assets	3.44	2.47	–
Employer contributions	3.60	0.84	–
Interest on plan assets	0.23	0.13	–
Administration expenses	–	–	–
Remeasurements due to	–		
Actual return on plan assets less interest on plan assets	0.16	–	–
Benefits paid		–	–
Assets acquired/(settled)*	1.67	–	–
Assets distributed on settlements	–	–	–
Closing fair value of plan assets	**9.10**	**3.44**	**2.47**
Disaggregation of assets			
Category of assets			
Insurer managed funds.	9.10	3.44	–
Others	–	–	–
Grand Total	**9.10**	**3.44**	**–**

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

30 Employee benefits plan (Contd.)

Funded schemes (Contd.)

Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	As at 31 March 2019		As at 31 March 2018	
Particulars	**Discount rate**	**Salary escalation rate**	**Discount rate**	**Salary escalation rate**
Senior staff				
Impact of increase in 50 bps on DBO	(3.77%)	3.89%	(3.68%)	3.82%
Impact of decrease in 50 bps on DBO	3.99%	(3.71%)	3.92%	(3.62%)
Junior staff				
Impact of increase in 50 bps on DBO	(8.70%)	9.57%	(7.93%)	8.65%
Impact of decrease in 50 bps on DBO	9.84%	(8.57%)	8.89%	(7.81%)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Funding arrangement and policy

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 0.95 crore

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

30 Employee benefits plan (Contd.)

Funded schemes (Contd.)

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan

Particulars	Less than a year	Between 1 – 2 years	Between 2 – 5 years	Over 5 years	Total
31 March 2019					
Senior staff	2.58	0.11	0.43	19.12	22.24
Junior staff	0.04	–	0.02	2.38	2.44
31 March 2018					
Senior staff	1.94	0.39	0.23	11.33	13.89
Junior staff	–	0.03	0.01	1.07	1.11

Particulars	As at 31 March 2019	2018
Weighted average duration of defined benefit obligation (in years)		
Senior Staff	7.76	7.59
Junior Staff	18.49	16.78

Principal Actuarial Assumptions (Expressed as Weighted Averages)

Particulars	As at 31 March 2019	2018
Discount rate (p.a.)	7.70%	7.75%
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.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

30 Employee benefits plan (Contd.)

Unfunded schemes

Particulars	As at 31 March 2019		As at 31 March 2018	
	Compensated Absences	Long-term incentive plan	Compensated Absences	Long-term incentive plan
Present value of unfunded obligations	2.04	5.28	0.93	6.69
Expense recognised in the Statement of profit and loss	1.28	0.42	0.37	2.53
Amount recorded as Other Comprehensive Income	–	–	–	–
Discount rate (p.a.)	7.70%	7.70%	7.75%	7.75%
Salary escalation rate (p.a.) – senior staff	10.00%	N.A	10.00%	N.A.
Salary escalation rate (p.a.) – junior staff	10.00%	N.A	10.00%	N.A.

Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	As at 31 March	
	2019	2018
Defined contribution plans		
Provident fund paid to Government authorities	1.29	0.68
Superannuation paid to trust	0.43	0.33
Pension fund paid to Government authorities	0.06	0.03
Others	–	–
Defined Benefit Plans		
Gratuity	0.72	0.58
Others	0.02	0.01
Total	2.52	1.63

31 Segment Information

Segment information based on consolidated financial statements is given in note 43 to consolidated financial statements.

The Company has disclosed the business segments as primary reporting segment on the basis that risks and returns are primarily determined by the nature of products and services. Consequently, geographical segment has been considered as a secondary segment.

The business segments have been identified on the basis of the nature of products and services, the risks and returns and internal performance reporting systems.

The business segments comprise the following:

i. Insurance
ii. Windmill
iii. Retail financing
iv. Investments and others

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

32 Disclosure of transactions with related parties as required by Ind AS 24

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2018-19 Transaction value	2018-19 Outstanding amounts carried in Balance Sheet	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet
A. Subsidiaries:					
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
	Dividend received	81.57	-	-	-
	Rent received	2.03	-	1.87	-
	Deposit received	0.27	(2.14)	-	(1.87)
	Insurance premium paid	0.35	0.37	0.37	0.34
	Business support service rendered	3.54	-	-	-
	Revenue expenses reimbursement received	1.03	-	-	-
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
	Dividend received	78.07	-	-	-
	Business support service rendered	3.83	2.52	-	-
	Revenue expenses reimbursement received	1.03	-	-	-
Bajaj Finance Ltd. (54.99% shares held by Bajaj Finserv Ltd.)	Contribution to equity (317,816,130 shares of ₹ 2 each)	-	1,910.73	-	1,910.73
	Investment/(Redeemed) in non-convertible debentures/ Commercial Paper	-	751.00	-	635.00
	Investment/(maturity) in fixed deposits	-	-	(50.00)	-
	Redemption of Non-convertible Debenture	10.00	-	-	-
	Interest received on non-convertible debentures	64.01	-	39.12	-
	Interest accrued on fixed deposits	-	-	2.71	-
	Dividend received	127.12	-	114.41	-
	Employee car transfer	0.51	-	0.09	-
	Licencse fee received (Current year: ₹ 505; previous year: ₹ 505)		-		-
	Business support services received	0.34	-	0.31	-
	Business support services rendered	16.55	4.35	10.07	-
	Revenue expenses reimbursement paid	0.07	-	-	-
	Revenue expenses reimbursement received	0.86	-	-	-
Bajaj Finserv Direct Ltd. (formerly Bajaj Financial Holdings Ltd.) (Fully owned subsidiary)	Contribution to equity (2,500,000 shares of ₹ 10 each)	-	2.50	-	2.50
	Loan given to Bajaj Finserv Direct Ltd	70.00	70.00	-	-
	Security deposit paid and refunded	0.01	-	-	-
	Licencse fee received (Current year: ₹ 3,033; previous year: ₹ Nil)		-		-
	Business Support Service received	0.14	-	-	-
	Rent received	0.02	-	-	-
	Revenue expenses reimbursement received	0.07	-	-	-
B. Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party)	Shares of BFS held by BHIL (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	10.90	-	10.90	-
	Business support services received	0.08	-	0.06	-
	Revenue expenses reimbursement received	0.04	-	-	-
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	1.05	-	0.68	-
	Business support services rendered	0.03	-	0.08	-
C. Key management personnel and their relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.05	-	0.05	-
	Commission	0.05	(0.05)	0.05	(0.05)
Madhur Bajaj	Sitting fees	0.03	-	0.03	-
	Commission	0.03	(0.03)	0.03	(0.03)

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

32 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2018-19 Transaction value	2018-19 Outstanding amounts carried in Balance Sheet	2017-18 Transaction value	2017-18 Outstanding amounts carried in Balance Sheet
Rajiv Bajaj	Sitting fees	0.03	-	0.02	-
	Commission	0.03	(0.03)	0.02	(0.02)
Sanjiv Bajaj (Managing Director & CEO) (Also Key management personnel)	Short-term employee benefits (including commission)	7.30	(5.31)	4.62	(3.40)
	Post-employement benefits	0.63	-	0.40	-
	Deposit paid	0.39	0.39	-	-
	Rent paid	0.33	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Niraj Bajaj	Nil	-	-	-	-
D. Other entities/persons:					
Bajaj Auto Ltd.	Sale of windpower	13.82	-	7.68	-
	Business support services received	0.41	-	0.30	-
Bajaj Electricals Ltd.	Purchases	-	-	-	-
Bajaj Auto Holdings Ltd.	Shares of BFS held by BAHL (209,005 shares of ₹ 5 each)	-	(0.10)	-	(0.10)
	Dividend paid	0.04	-	0.04	-
Hind Musafir Agency Ltd.	Services received	0.39	0.04	0.43	(0.03)
Mukand Ltd.	Sale of windpower	43.41	0.29	39.37	1.80
	Rent paid	0.06	-	0.06	-
	Security deposit paid	-	4.00	-	4.00
	Interest received	0.06	-	0.19	-
Maharashtra Scooters Ltd.	Shares of BFS held by MSL (3,725,740 shares of ₹ 5 each)	-	1.86	-	1.86
	Dividend paid	0.65	-	0.65	-
Bajaj Housing Finance Ltd. (Fellow Subsidiary)	Revenue expenses reimbursement received	0.03	0.03	-	-
Bajaj Financial Securities Ltd. (Fellow Subsidiary)	Nil	-	-	-	-
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.43	-	0.33	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	0.02	-	-	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity contribution	3.60	-	0.85	-
Bajaj Finsev Charitable Trust	CSR payment	0.25	-	-	-
Nanoo Pamnani	Sitting fees	0.09	-	0.07	-
	Commission	0.29	(0.29)	0.07	(0.07)
D J Balaji Rao	Sitting fees	0.08	-	0.06	-
	Commission	0.08	(0.08)	0.06	(0.06)
Late Naresh Chandra	Sitting fees	-	-	0.02	-
	Commission	-	-	0.02	(0.08)
Dr. Gita Piramal	Sitting fees	0.08	-	0.06	-
	Commission	0.08	(0.08)	0.06	(0.06)
Naushad Forbes	Sitting fees	0.05	-	0.03	-
	Commission	0.05	(0.05)	0.03	(0.03)
Manish Kejriwal	Sitting fees	0.01	-	-	-
	Commission	0.01	(0.01)	-	-
Anami Roy	Sitting fees	0.01	-	-	-
	Commission	0.01	(0.01)	-	-

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 para 9 of Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

33 Lease

As a Lessor

The Company has given a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
i) Office premise			
Gross carrying amount	8.25	8.25	8.25
Depreciation for the year	0.13	0.13	0.13
Accumulated depreciation	2.62	2.49	2.36
ii) The total future minimum lease rentals receivable at the balance sheet date is as under			
Receivable			
Within one year	2.14	2.03	1.87
After one year but not more than five years	0.89	3.03	5.06
More than five years	–	–	–
	3.03	5.06	6.93

As a Lessee

The Company has taken a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

The total future minimum lease rentals payable at the Balance Sheet date is as under:

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Payable			
Within one year	0.13	0.06	0.06
After one year but not more than five years	0.03	0.09	0.15
More than five years	–	–	–
	0.16	0.15	0.21

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

34 Fair value measurement (Contd.)

ii) Fair value hierarchy (Contd.)

Assets disclosed at fair value - at 31 March 2019

₹ In Crore

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	10	-	39.29	-	39.29

Financial assets measured at fair value - recurring fair value measurements at 31 March 2018

₹ In Crore

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
Liquid mutual funds	7B	13.53	-	-	13.53
Total financial assets		13.53	-	-	13.53

Financial assets which are measured at amortised cost for which fair values as at 31 March 2018 are disclosed below.

₹ In Crore

Particulars	Notes	Level 1	Level 2	Level 3	Total
Bonds and debentures	7B	637.26	-	-	637.26
Commercial papers	7B	-	-	-	-
Total financial assets		637.26	-	-	637.26

Assets disclosed at fair value - at 31 March 2018

₹ In Crore

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	10	-	38.06	-	38.06

Financial assets measured at fair value - recurring fair value measurements at 1 April 2017

₹ In Crore

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
Liquid mutual funds	7B	18.65	-	-	18.65
Total financial assets		18.65	-	-	18.65

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

34 Fair value measurement (Contd.)

ii) Fair value hierarchy (Contd.)

Financial assets which are measured at amortised cost for which fair values as at 1 April 2017 are disclosed below.

₹ In Crore

Particulars	Notes	Level 1	Level 2	Level 3	Total
Bonds and debentures	7B	474.53	-	-	474.53
Commercial papers	7B	-	24.47	-	24.47
Certificate of deposit	7B	-	50.00	-	50.00
Total financial assets		474.53	74.47	-	547.00

Assets disclosed at fair value - at 1 April 2017

₹ In Crore

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	10	-	35.95	-	35.95

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation techniques used to determine fair value

Valuation techniques used to determine fair value include

- Open ended mutual funds and certain bonds and debentures at NAV's/rates declared and/or quoted
- Close ended mutual funds at NAV's declared by AMFI
- For other bonds and debentures values with references to prevailing yields to maturity matching tenures, quoted on sites of credible organisation such as FIMMDA (Fixed Income Money Market and Derivative Association of India)
- Commercial papers and certificate of deposits, being short term maturity papers, amortised cost is assumed to be the fair value

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

34 Fair value measurement (Contd.)

iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ In Crore)

Particulars	31 March 2019		31 March 2018		1 April 2017	
	Carrying Amount	Fair value	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets						
Investments						
Bonds and debentures	750.65	749.74	637.06	637.26	465.42	474.53
Total financial assets	750.65	749.74	637.06	637.26	465.42	474.53

The carrying amounts of commercial papers, certificates of deposits, trade receivables, trade payables, other financial assets/liabilities, loans and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

35 Financial risk management

The Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through a risk management framework, including ongoing identification, measurement and monitoring subject to risk limits and other controls. The Company's activities expose it to credit risk, liquidity risk and market risk.

This note explains the sources of risk which the Company is exposed to and how the entity manages the risk

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at amortised cost and fair value through profit or loss	Credit ratings	Setting limits on the amount of acceptable risk, diversification of investment limits, monitoring of counterparties basis credit rating
	Trade receivables	Credit Limit & Aging analysis	No. of overdue days, monitoring of credit limits
Liquidity Risk	Other liabilities	Maturity analysis	Maintaining sufficient cash/cash equivalents and marketable securities

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk, and investment of available funds. The Company's risk management is carried out by its Risk Management Committee as per such policies approved by the Board of Directors. Accordingly, Company's Risk Management Committee identifies, evaluates and manages financial risks

A. Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Company. Credit risk primarily arises from cash equivalents, financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and trade receivables.

Credit Risk Management

In regard to Trade receivables, which are typically unsecured, credit risk is managed through credit approvals, establishing credit and exposure limits and continuously monitoring the credit worthiness of customers to whom credit is extended (substantially through Debt securities) in the normal course of business.

For other financial assets the Company has an investment policy which allows the Company to invest only with counterparties having a credit rating equal to or above AA+ and P1+. The Company reviews the creditworthiness of these counterparties on an on-going basis. Counter party limits maybe updated as and when required, subject to approval of Board of Directors.

B. Liquidity Risk

The Company's principal sources of liquidity are 'cash and cash equivalents' and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period.

C. Other risk (Market Risk)

The Company has deployed its surplus funds in debt instruments (including through mutual funds) and money market instruments. The Company is exposed to price risk on such investments; which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

The Company has invested its surplus funds primarily in debt instruments of its subsidiary with CRISIL AAA & STABLE A1+ rating and thus the Company does not have significant risk exposure here.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

36 Capital management

a) Objectives, policies and processes of capital management

The Company is cash surplus and has only equity capital. 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 exposed to any regulatory imposed capital requirements.

The cash surpluses are currently invested in income generating debt instruments (including through mutual funds) and money market instruments depending on economic conditions in line with the CIC guidelines set out by the RBI and investment policy set by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Company does not have any borrowings.

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Equity	3,160.91	2,879.75
Less: Tangible and other assets	106.76	81.35
Working capital	108.67	31.92
Deferrred tax assets (net)	8.08	8.36
Investments in subsidiaries and joint venture	2,177.53	2,107.53
Investments in debt and similar investments	**759.87**	**650.59**

No changes were made in the objectives, policies and processes of capital management during the year.

b) Dividends distributed and proposed

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Dividends recognised in the financial statements		
Final dividend for the year ended 31 March 2018 of ₹ 1.75 (31 March 2017 - ₹ 1.75) per equity share, declared and paid	27.85	27.85
Dividends not recognised at the end of the reporting period		
Directors have recommended the payment of a final dividend of ₹ 2.50 per equity share (31 March 2018 – ₹ 1.75). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	39.79	27.85

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

37 Maturity analysis of assets and liabilities

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	59.97	-	59.97	12.11	-	12.11	1.30	-	1.30
Bank balance other than cash and cash equivalents	-	0.30	0.30	-	0.29	0.29	-	0.25	0.25
Trade receivables	0.29	-	0.29	3.96	-	3.96	0.63	-	0.63
Loans	-	25.85	25.85	-	-	-	-	-	-
Investment in subsidiaries and a joint venture	-	2,177.53	2,177.53	-	2,107.53	2,107.53	-	2,107.53	2,107.53
Other investments	149.69	610.18	759.87	28.61	621.98	650.59	182.25	376.29	558.54
Other financial assets	46.05	4.85	50.90	39.80	4.33	44.13	35.41	4.33	39.74
Non-financial assets									
Current tax assets (net)	-	20.39	20.39	-	14.71	14.71	-	10.17	10.17
Deferred tax assets (net)	-	8.08	8.08	-	8.36	8.36	-	6.21	6.21
Investment property	-	5.63	5.63	-	5.76	5.76	-	5.89	5.89
Property, plant and equipment	-	67.79	67.79	-	67.40	67.40	-	68.06	68.06
Capital work-in-progress	-	33.34	33.34	-	8.19	8.19	-	1.19	1.19
Other non-financial assets	1.42	7.54	8.96	0.37	3.33	3.70	0.47	4.66	5.13
Total	**257.42**	**2,961.48**	**3,218.90**	**84.85**	**2,841.88**	**2,926.73**	**220.06**	**2,584.58**	**2,804.64**
Liabilities									
Financial liabilities									
Trade payables	4.69	-	4.69	2.85	-	2.85	1.54	-	1.54
Other financial liabilities	21.98	2.44	24.42	10.38	2.16	12.54	7.87	2.12	9.99
Non-financial liabilities									
Current tax liabilities (net)	-	17.41	17.41	-	17.41	17.41	-	17.41	17.41
Provisions	3.08	6.78	9.86	2.74	8.50	11.24	0.79	8.69	9.48
Other non-financial liabilities	1.61	-	1.61	2.94	-	2.94	0.20	-	0.20
Total	**31.36**	**26.63**	**57.99**	**18.91**	**28.07**	**46.98**	**10.40**	**28.22**	**38.62**
Net	**226.06**	**2,934.85**	**3,160.91**	**65.94**	**2,813.81**	**2,879.75**	**209.66**	**2,556.36**	**2,766.02**

38 Share-based payments (Employee option plan)

The Company has established employees stock options plan, 2018 (ESOP Scheme) for its employees pursuant to the special resolution passed by shareholders at the annual general meeting held on 19 July 2018.The employee stock option plan is designed to provide incentives to the employees of the Company to deliver long-term returns and is an equity settled plan. The ESOP Scheme is administered by the Compensation committee of the Board. Participation in the plan is at the Compensation committee's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options granted under ESOP scheme would vest in not less than one year and not more than four years from the date of grant of the options. The Compensation committee of the Company has approved grant with related vesting conditions. Vesting of the options would be subject to continuous employment with the Company and hence the options would vest with passage of time. In addition to this, the Compensation committee may also specify certain performance parameters subject to which the options would vest. Such options would vest when the performance parameters are met

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

38 Share-based payments (Employee option plan) (Contd.)

Once vested, the options remain exercisable for a period of one year. Options granted under the plan are for no consideration and carry no dividend or voting rights. On exercise, each option is convertible into one equity share

Set out below is a summary of options granted under the plan:

Particulars	31 March 2019 Number of options
Opening balance	-
Granted during the year	94,397
Exercised during the year	-
Forfeited during the year	-
Closing balance	**94,397**
Vested and exercisable	-

No options expired during the year

Fair value of options granted

Tranche I

The fair value at grant date of options granted on 19 July 2018 was ₹ 1,520 per option. The fair value at grant date is determined using the Black Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Tranche II

The fair value at grant date of options granted on 29 January 2019 was ₹ 1,434 per option. The fair value at grant date is determined using the Black Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 March 2019 included

Particulars	Tranche I	Tranche II
a) options are granted for no consideration and vesting period is	4 years	2 to 4 years
b) exercise price	₹ 6,365.70 per option	₹ 6,050.90 per option
c) grant date	19 July 2018	29 January 2019
d) expiry date	18 July 2026	28 January 2027
e) share price at grant date	₹ 6,296.90	₹ 6,233.05
f) expected price volatility of the Company's shares	29.65%	30.50%
g) expected dividend yield	0.03%	0.03%
h) risk-free interest rate	8.07%	7.45%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Notes to standalone financial statements for the year ended 31 March 2019 (Contd.)

39 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 as at 31 March 2019, 31 March 2018 and 1 April 2017 and hence no disclosures have been made in this regard.

40 Standards issued but not effective

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Standalone Financial Statements.

41 Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements

42 Miscellaneous

Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 16 May 2019

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

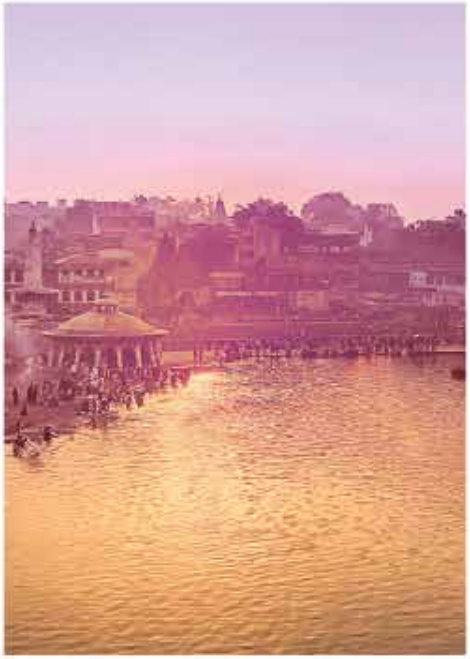
Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman – Audit Committee

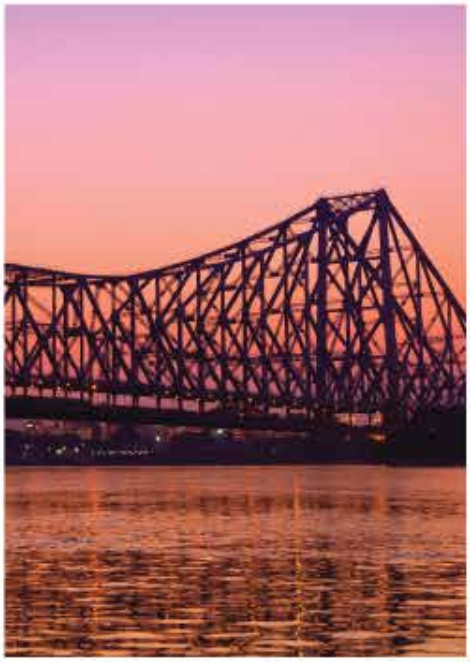
Ganga, Varanasi

Yamuna, Agra

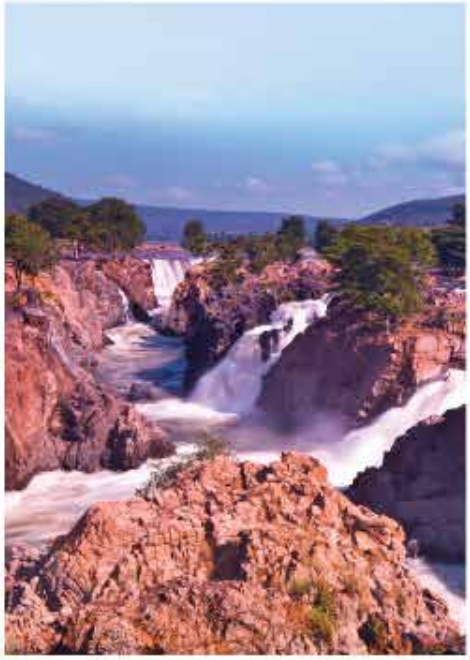
Indus, Ladakh



Godavari, Nashik



Hooghly, Kolkata



Kaveri, Hogenakkal Falls

Just as rivers and their network of tributaries keep our habitat alive and dynamic,
our companies and their products reach far and wide, providing smart financial solutions for India.

BAJAJ FINSERV

BAJAJ FINSERV LIMITED
Akurdi, Pune - 411 035, India
www.bajajfinserv.in

Section D	BR information	
1a	Details of Director(s) responsible for BR	DIN 00014615
		Sanjiv Bajaj
		Managing Director & CEO
1b	Details of BR Head	DIN: 03206811
		S Sreenivasan
		CFO
		(020) 3040 5711
		s.sreenivasan@bajajfinserv.in
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report

Section E	Principle-wise performance	
1	Principle-wise performance	Included in this report

Preface

As mandated by the 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 2018-19. This report is required to be in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

Bajaj Finserv Ltd. ('BFS', 'the Company'), to whom the said requirement became applicable for the first time in 2015-16, presents its fourth BRR in line with the NVGs and the BRR requirement of SEBI. The business responsibility performance of the Company is assessed annually by BFS's Board of Directors.

BFS is the holding company for the various financial services businesses under the Bajaj Group of Companies. Through its subsidiaries, viz. Bajaj Finance Ltd. (listed material subsidiary), Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. (unlisted material subsidiaries), BFS serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance, and retirement and savings solutions. BFS also has investments in renewable energy in the form of 138 windmills situated in Maharashtra, with an aggregate installed capacity of 65.2 MW.

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

BFS strives to adopt high standards of corporate governance, adhering to all applicable guidelines with transparent disclosures about the Company's performance. As the holding company of the financial services businesses under the Bajaj Group, the values of ethics, transparency and accountability are ingrained into its daily operations. BFS regularly engages with the management teams of its subsidiaries to reinforce the Group values.

To enable the functioning of the Company in an ethical manner, BFS has a Code of Conduct for the Company's directors and Senior Management. A declaration of the directors and Senior Management's affirmation to this Code of Conduct is communicated to all stakeholders by the Managing Director & CEO in the Annual Report.

The Company is a signatory to the Model Code of Conduct developed by the Confederation of Indian Industry (CII) and has also adopted two CII Charters, viz., Charter on Fair and Responsible Workplace Guidelines for Contract Labour and Charter on Fair and Responsible Workplace Guidelines for Collaborative Employee Relations.

In order to ensure compliance with the Code of Conduct, BFS has established a Whistle Blower Policy which lays down the process to report any unethical behaviour or violation of the Code of Conduct. Also, the Company adheres to the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI). Instances of unethical behaviour, suspected fraud or violation of the Code of Conduct or ethics policy can be reported to the Management by any employee. Sufficient measures have been put in place to safeguard employees, who report any unethical behaviour, against victimisation. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases. All whistle blower complaints are investigated and action initiated, where required.

No stakeholder complaints linked to adherence of Code of Conduct 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

Besides being the holding company of the financial services businesses in the Bajaj Group, BFS also has direct investment in 138 windmills with a total installed capacity of 65.2 MW. This enables the Company to promote renewable energy production and sustainable growth, thereby contributing to India's National Climate Action Plan.

The wind-farms are maintained under the supervision of BFS engineers and supported by comprehensive maintenance contracts. They are certified for management systems such as ISO 9001, ISO 14001 and OHSAS 18001 for quality, environment and health & safety respectively. In 2018-19, the windmills generated 876.42 lakh units of net power which was wheeled to third party consumers.

As a step towards further reducing our environmental impact, all Board/committee meetings and most internal review meetings for the Company and its major subsidiaries are conducted in a paperless manner, with directors and other participants accessing relevant material electronically through a secured application.

Principle 3: Businesses should promote the well-being of all employees

As of 31 March 2019, BFS had a total of 50 employees, including nine permanent female employees. The Company did not have any specially-abled employee or a recognised employee association.

BFS considers its employees an integral pillar of its success and continually endeavours to attract qualified personnel and invest in their growth and development. The Company regularly engages its employees, conducts learning and development programmes and provides them opportunities to move across the subsidiaries in order to gain wider exposure.

In order to prevent any kind of discrimination, BFS has various policies and procedures in place. The 'Policy on Prevention of Sexual Harassment at Workplace' ensures the safety and security of its female employees. The Company did not receive any complaints relating to child labour, forced labour, involuntary labour or sexual harassment in 2018-19 and none are pending as of 31 March 2019.

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 and ensures that its remuneration practices are based on merit, irrespective of the person's ethnic background or gender. These are updated on a regular basis and are in line with the market benchmarks. In addition, the Company practices affirmative action and ensures there is no discrimination of any type against socially disadvantaged sections at the work place.

Principle 5: Businesses should respect and promote human rights

BFS ensures strict compliance with all applicable laws of the land that pertain to human rights and is dedicated to safeguarding the human rights of all its employees. The Company did not receive any complaints relating to violation of human rights in 2018-19.

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 environment. As a holding company with no direct business operations and a small number of employees, BFS does not have any significant direct environmental impacts.

The wind energy produced by BFS considerably exceeds its electricity consumption, thus BFS makes a positive contribution towards sustainability and environment conservation.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

BFS is a member of World Economic Forum (WEF) and CII, through which it actively engages in policy advocacy. In addition, Sanjiv Bajaj, MD & CEO, was the Deputy Chairman of CII, Western Region for the year 2018-19 and has been appointed as Chairman of CII Western Region 2019-20.

The Company proactively contributes to the discussions and resolutions within the scope of the above mentioned associations. Through these associations, BFS routinely puts forward its views on formulation of new industry standards and regulatory developments pertaining to the non-banking finance and insurance sectors. Through its participation in these bodies, BFS covers areas such as governance, administration, economic reforms and inclusive development policies, among others. Furthermore, the Company consistently attempts to balance the interests of various stakeholders while making any recommendations.

Principle 8: Businesses should support inclusive growth and equitable development

The vision and philosophy of late Shri Jamnalal Bajaj, founder of the Bajaj Group, guide the Corporate Social Responsibility (CSR) activities of the Group. He embodied the concept of trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

The Bajaj Group believes that 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 makes to the lives of people.

In 2018-19, under section 135 (Schedule VII) of the Companies Act, 2013, the Company has spent ₹ 1.53 crore (as against ₹ 1.49 required mandatory spend), for several projects, mainly in the field of education, which were implemented directly and 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 2018-19.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

As a holding company, BFS does not have any direct customers or consumers under the scope of this BRR.