

25 August 2016

To Corporate Relations Department. BSE Limited, 1 st Floor, New Trading Ring Rotunda Building, P J Tower Dalal Street, Mumbai 400 001 Email:corp.relations@bseindia.com Tel:022 2272 2066/1233 Fax:022 2272 3121 BSE Code: 532978	To Corporate Listing Department National Stock Exchange of India Ltd., Exchange Plaza, 5 th Floor Plot No.C-1, G Block Bandra-Kurla Complex Bandra (East), MUMBAI 400 051 Email:cmllist@nse.co.in Tel:022 2659 8452/8235 Fax:022 2659 8237/8238 NSE Code: BAJAJFINSV
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Dear Sir/Madam:

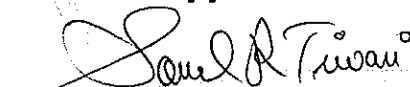
Sub: Submission of Annual Report under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 34(1), we submit herewith a soft copy of the Annual Report, as approved and adopted at our Annual General Meeting (AGM) held on 26 July 2016, for the year 2015-16, including Business Responsibility Statement, Form A and necessary documents and disclosures as stated under Regulation 34(2) and 34(3) of the above referred Regulations.

Please note that the above referred documents along with our letter dated 2 July 2016 had been submitted to you, when the same were sent to our shareholders prior to the AGM.

Kindly acknowledge receipt and take the same on record.

Thanking you,
Yours faithfully,
For Bajaj Finserv Limited,



Sonal R Tiwari
Company Secretary

Encl: as above



Bajaj Finserv Limited

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

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

www.bajajfinserv.in
Corporate ID No: L65923PN2007PLC130075

Regd. Office:

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

www.bajajfinserv.in

NOTICE

Notice is hereby given that the ninth annual general meeting of the shareholders of Bajaj Finserv Ltd. will be held on **Tuesday, 26 July 2016 at 4.15 p.m.** at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the standalone financial statements and the consolidated financial statements of the Company for the year ended 31 March 2016, together with the Directors' and Auditors' Reports thereon.
2. To declare interim dividend of ₹1.75 per equity share of face value of ₹5 each as final dividend for the financial year ended 31 March 2016.
3. To appoint a director in place of Madhur Bajaj (DIN 00014593), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
4. To ratify appointment of Dalal & Shah LLP, Chartered Accountants (registration number 102021W/W100110) as Statutory Auditors of the Company for the year 2016-17, and to fix their remuneration.

SPECIAL BUSINESS

5. Approval of remuneration to Cost Auditor

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

"RESOLVED that pursuant to provisions of section 148(3) of the Companies Act, 2013 and Rules made thereunder, approval of the shareholders be and is hereby accorded for the remuneration of ₹50,000 plus service tax, out-of pocket, travel and living expenses payable to Dhananjay V Joshi & Associates, (firm registration number 000030) Cost Accountants, appointed by the Board of Directors as cost auditor of the Company for the financial year 2016-17."

6. To approve an increase in limit under section 186

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

"RESOLVED that in accordance with the provisions of section 186 and other applicable provisions of the Companies Act, 2013, (the 'Act') (including any statutory modification or re-enactment thereof for the time being in force), read with Companies (Meetings of Board and its Powers) Rules, 2014 and also subject to the requisite permission(s)/consent(s) of appropriate authorities, where required, consent of the Company be and is hereby accorded to the Board of Directors for making loans to a body corporate(s), giving guarantee(s) or providing security in connection with a loan and to acquire by way of subscription, purchase or otherwise, the securities of bodies corporate, on such terms and conditions as may be decided by the Board upto an amount not exceeding ₹10,000 crore (Rupees ten thousand crore only) outstanding at any single point of time, regardless of the fact that the aggregate of the loans, guarantees, securities and investments in any body/bodies corporate may exceed the percentages prescribed under section 186 of the Act."

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



Sonal R Tiwari
Company Secretary

Pune: 24 May 2016

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 UPTO AND NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
- 2 During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
- 3 Explanatory Statement pursuant to section 102 of the Companies Act, 2013 forms part of this Notice.
- 4 An interim dividend at the rate of ₹ 1.75 per equity share (35%) of face value of ₹ 5 each declared by the Board at its meeting held on 9 March 2016 has been paid on 23 March 2016 to all the eligible members as on 17 March 2016, being the record date for the purpose of dividend.

The directors recommend for consideration of the shareholders the above referred interim dividend as final dividend for the financial year ended 31 March 2016.
- 5 Brief details of the director, who is seeking reappointment is annexed hereto as per requirements of regulation 36(3) of the SEBI Listing Regulations, 2015.
- 6 Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder and in terms of the approval given by the members at the AGM of the Company held on 16 July 2014, the current auditors of the Company, Dalal & Shah, Chartered Accountants are eligible to hold the office for a period of three years, upto 2017, subject to ratification by members at every subsequent AGM. With effect from 21 December 2015, the auditors' firm has been converted into a limited liability partnership, having registration number 102021W/W100110. The ratification of appointment of Dalal & Shah LLP, Chartered Accountants as auditors from the conclusion of this annual general meeting till the conclusion of the next annual general meeting along with their remuneration has hence been put up for the approval of members.
- 7 **To ensure timely credit of dividend through National Electronic Clearing Service (NECS) or dividend warrants/payment instruments, members are requested to notify change of address, or particulars of their bank account, if changed, along with the 9 digit MICR/NECS details, to the respective depository participants in case of shares held in demat mode/share transfer agent of the Company in case of shares held in physical mode.**
- 8 To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company i.e. Karvy Computershare Pvt. Ltd. ('Karvy'). Members are requested to keep the same updated.
- 9 The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every person dealing in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Karvy.
- 10 In terms of section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of annual general meeting and the annual report, including financial statements, board report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members, who have registered their email ids with their respective depository participants or with the share transfer agent of the Company.
- 11 **To receive shareholders' communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their email address with their respective depository participants, where shares are held in electronic form. If, however, shares are held in physical form, members are advised to register their e-mail address with Karvy on - mohsin.mohd@karvy.com**
- 12 With a view to help us serve the members better, those members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.
- 13 Members, who still hold share certificates in physical form are advised to dematerialise their shareholding to avail of the numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
- 14 Documents referred to in the Notice and in the Explanatory Statement shall be open for inspection by the members at the registered office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. except holidays, upto the date of the meeting.

- 15 The Company has been maintaining, inter alia, the following statutory registers at its registered office at Akurdi, Pune, which are open for inspection in terms of the applicable provisions of the Companies Act, 2013, by members and others as specified below:
 - i) Register of contracts or arrangements in which directors are interested under section 189 of the Companies Act, 2013, on all working days during business hours. The said register shall also be produced at the commencement of the annual general meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
 - ii) Register of directors and key managerial personnel and their shareholding under section 170 of the Companies Act, 2013, on all working days during business hours. The said register shall be kept open for inspection at the annual general meeting of the Company and shall be made accessible to any person attending the meeting.
- 16 Pursuant to section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 (a copy of which is available on the website of the Company) with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participants.
- 17 Corporate members are requested to send in advance, a duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend the annual general meeting.
- 18 Members/Proxies are requested to bring the attendance slip/proxy form duly filled and signed for attending the Meeting. Proxies are requested to bring their Identity proof at the meeting for the purpose of identification.
- 19 Please note that for security reasons, no article/baggage will be allowed at the venue of the meeting.
- 20 Route map for directions to the venue of the meeting is available on <https://www.bajajfinserv.in/downloads/route-map-for-agm.pdf>
- 21 For more details on shareholders' matters, please refer to the chapter on General Shareholder Information, included in the Annual Report.

22 Voting through electronic means –

In terms of the provisions of section 108 of the Companies Act, 2013 (the Act), read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and Regulation 44 of the SEBI Listing Regulations, 2015, the Company is providing 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 **20 July 2016** (end of day), being the **Cut-off date** for the purpose of Rule 20(4)(vii) of the Rules fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by Karvy or to vote at the annual general meeting. Person who is not a member as on the cut-off date should treat this Notice for information purpose only.

The instructions for remote E-Voting are as under:

A. For members who receive notice of annual general meeting through e-mail:

- i. Use the following URL for e-voting: <https://evoting.karvy.com>
- ii. Enter the login credentials i.e., user id and password mentioned in your email. Your Folio No/DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your votes.
- iii. After entering the details appropriately, click on LOGIN.
- iv. You will reach the Password change menu, wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the EVENT i.e., **Bajaj Finserv Ltd.**
- vii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, then enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

- ix. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. **Once you confirm, you will not be allowed to modify your vote subsequently.** During the voting period, you can login multiple times, till you have confirmed that you have voted on the resolution.
- x. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the scrutiniser through e-mail cssdlimaye@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'Corporate Name_EVENT No.'
- xi. Remote e-voting facility where members can cast their vote online shall be open from **23 July 2016 (9.00 a.m.) till 25 July 2016 (5.00 p.m.)** and at the end of remote e-voting period, the facility shall forthwith be blocked.
- xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.karvy.com> or call Karvy on 1800 345 4001 (toll free).

B. For members who receive the notice of annual general meeting in physical form:

Members may opt for e-voting, for which the user id and initial password is provided on the attendance slip. Please follow steps from Sl. No. (i) to (xii) under heading A above to vote through e-voting platform.

C. Voting facility at Annual General Meeting:

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

D. General Instructions:

- i. The Board of Directors has appointed Shyamprasad D Limaye, Practising Company Secretary (FCS No. 1587 CP No.572) as the scrutiniser to the e-voting process and voting at the venue of the annual general meeting in a fair and transparent manner.
- ii. The scrutiniser shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unlock the votes through e-voting in the presence of at least two (2) witnesses, not in the employment of the Company and make, not later than three (3) days from the conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
- iii. The scrutiniser shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the scrutiniser's report shall be placed on the Company's website www.bajajfinserv.in and on the website of Karvy - <https://evoting.karvy.com> and shall also be communicated to the stock exchanges. The resolution shall be deemed to be passed at the annual general meeting of the Company, scheduled to be held on Tuesday, 26 July 2016.

ANNEXURE TO THE NOTICE

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

Item No. 3 of the Notice

Madhur Bajaj (DIN 00014593)

As regards reappointment of Madhur Bajaj referred to in item no. 3 of the Notice, following necessary disclosures are made for the information of the members:

Information about the appointee

Madhur Bajaj (born 19 August 1952) is an alumni of Doon School, Dehra Dun. 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 Past President of SIAM, the apex association of Indian automobile manufacturers as also the Past President of Maharashtra Chamber of Commerce, Industries and Agriculture (MCCIA), the apex Industries Association of Pune.

While he has been CII's Western Region Chairman, he is the current National Council Member of Confederation of Indian Industry (CII).

He was first appointed as director on the Board of the Company on 10 May 2007.

Directorships:

Maharashtra Scooters Ltd. – Chairman

Bajaj Auto Ltd.

Bajaj Finserv Ltd.

Bajaj Holdings & Investments Ltd.

Bajaj Electricals Ltd.

Bajaj Finance Ltd.

Emerald Acres Pvt. Ltd.

Madhur Securities Pvt. Ltd.

Sankalp Resort Pvt. Ltd.

Committee Chairmanships: Nil

Committee positions: Nil

Madhur Bajaj is not disqualified from being appointed as a Director in terms of section 164 of the Act. He holds 933,716 equity shares of ₹ 5 each in the Company as on 31 March 2016, and shall be eligible for payment of sitting fees and commission, as payable to other non-executive directors of the Company.

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

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

None of the directors, except Madhur Bajaj himself is concerned or interested in the said resolution.

The Board commends this ordinary resolution for approval by shareholders.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5 of the Notice

The Board of Directors, at its meeting held on 24 May 2016, on recommendation of the Audit Committee, approved the reappointment of Dhananjay V Joshi & Associates, (firm registration number 000030), Cost Accountants, as the Cost Auditor of the Company for the financial year 2016-17 at a remuneration of ₹ 50,000 plus service tax, out-of pocket, travel and living expenses.

Section 148(3) of the Companies Act, 2013 and Rules made thereunder require the Board to appoint an individual, who is a cost accountant in practice or a firm of cost accountants in practice, as cost auditor on the recommendations of the Audit Committee, which shall also recommend remuneration for such cost auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders. The Board has given the necessary approvals with due recommendation from the Audit Committee. The resolution contained in Item no. 5 of the accompanying Notice, accordingly, seeks members' approval for the remuneration of Cost Auditor of the Company for the financial year 2016-17.

None of the directors of the Company is concerned or interested in the proposed resolution.

The Board commends this ordinary resolution for approval by shareholders.

Item No. 6 of the Notice

Pursuant to provisions section 186 of the Companies Act, 2013, (the 'Act') the Board is authorised to, inter alia, make inter-corporate investments and give loans/guarantees/provide securities not exceeding the higher of the two:-

- i. 60% of paid-up capital and free reserves; and
- ii. 100% of the free reserves

except with the prior approval of shareholders by way of a special resolution passed at the general meeting of the Company.

Accordingly, at the annual general meeting of the Company held on 17 July 2012, the consent of the shareholders of the Company was granted to the Board of Directors for making loans to a body corporate(s), giving guarantee(s) or providing security in connection with a loan and to acquire by way of subscription, purchase or otherwise, the securities of bodies corporate, not exceeding ₹ 3,000 crore outstanding at any single point of time, regardless of the fact that the aggregate of the loans, guarantees, securities and investments in any body/bodies corporate may exceed the percentages prescribed under section 186 of the Act. As on 31 March 2016, the higher of the two limits under section 186 of the Act works out to ₹ 2,616.41 crore as per the latest audited financial statement of the Company.

Considering the future business plans and investment opportunities, apart from the need to fulfil the future financial requirements for growth, the Board at its meeting held on 24 May 2016 has approved a proposal for securing the approval of the shareholders for an increased limit of ₹ 10,000 crore as against the existing limit of ₹ 3,000 crore.

The Board commends this special resolution for approval by shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way interested in the said resolution either financially or otherwise, except to the extent of their equity holding in the Company, if any.

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



Sonal R Tiwari
Company Secretary

Pune: 24 May 2016

BAJAJ FINSERV LIMITED

(CIN: L65923PN2007PLC130075)

Registered office:Bajaj Auto Ltd. Complex,
Mumbai - Pune Road, Pune 411 035**Email:** investors@bajajfinserv.in**Website:** www.bajajfinserv.in**Phone:** (020)6610 7458, **Fax:** (020)2740 7380**9th Annual Report 2015-16****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 : _____
E-mail ID : _____
Folio No/Client ID : _____
DP ID : _____

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

(1) Name : _____ Address : _____
E-mail Id: _____ Signature : _____ or failing him

(2) Name : _____ Address : _____
E-mail Id: _____ Signature : _____ or failing him

(3) Name : _____ Address : _____
E-mail Id: _____ Signature : _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the NINTH annual general meeting of the Company, to be held on **Tuesday, 26 July 2016 at 4.15 p.m.** at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411035 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

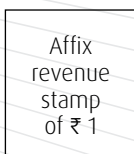
1. Adoption of standalone and consolidated financial statements for the year ended 31 March 2016 and the Directors' and Auditors' Reports thereon
2. To declare interim dividend of ₹ 1.75 per equity share of face value of ₹ 5 each as final dividend for the financial year ended 31 March 2016
3. Reappointment of Madhur Bajaj, who retires by rotation

4. Ratification of appointment of Dalal & Shah LLP, Chartered Accountants, as Statutory Auditors and fixing their remuneration for the year 2016-17

Special Business

5. Approval of remuneration to Cost Auditor for the year 2016-17
6. To approve an increase in limit under section 186

Signed this _____ day of _____ 2016



Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed, signed, stamped and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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****9th Annual Report 2015-16**

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 NINTH annual general meeting of the Company on **Tuesday, 26 July 2016** at **4.15 p.m.** at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035._____
Signature of First holder/Proxy/Authorised Representative_____
Signature of Joint holder(s)

Place:

Date:

Notes:

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

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

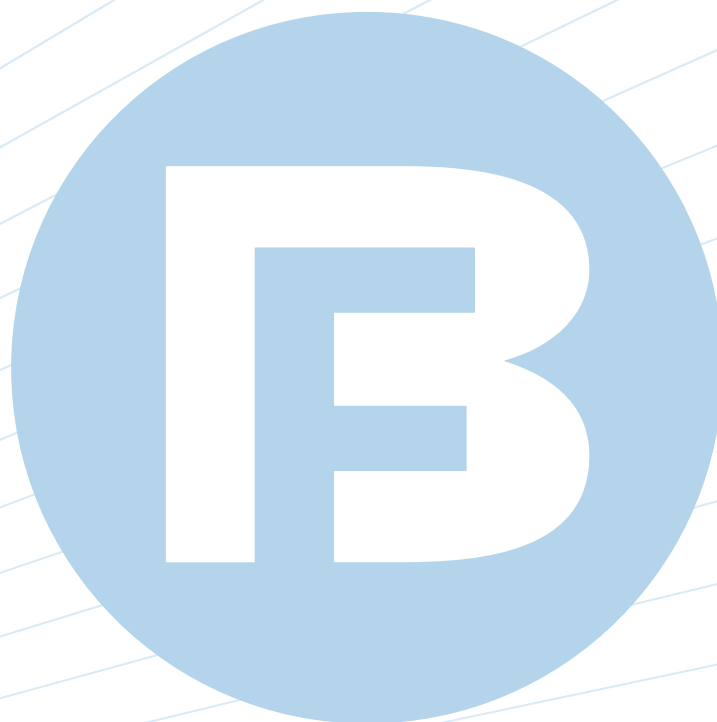
Please follow steps for remote e-voting procedure as given in the Notice of AGM by logging on to -
<https://evoting.karvy.com> and the same is available on Company's website **www.bajajfinserv.in**



**BAJAJ
FINSERV**

Bajaj Finserv Limited

9th ANNUAL REPORT 2015-16



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Board of Directors

Rahul Bajaj
Chairman

Nanoo Pamnani
Vice Chairman

Sanjiv Bajaj
Managing Director

Madhur Bajaj

Rajiv Bajaj

D J Balaji Rao

Naresh Chandra

Dr. Gita Piramal

S H Khan (upto 12.1.2016)

Audit Committee

Nanoo Pamnani
Chairman

D J Balaji Rao

Naresh Chandra

Stakeholders Relationship Committee

Dr. Gita Piramal
Chairman

Nanoo Pamnani

Sanjiv Bajaj

Rajiv Bajaj

Nomination and Remuneration Committee

Naresh Chandra
Chairman

D J Balaji Rao

Nanoo Pamnani

Rahul Bajaj

Corporate Social Responsibility Committee

Rahul Bajaj
Chairman

Nanoo Pamnani

Sanjiv Bajaj

Risk Management Committee

Nanoo Pamnani
Chairman

Sanjiv Bajaj

S Sreenivasan

Management

Sanjiv Bajaj
Managing Director

Ranjit Gupta
President (Insurance)

Kevin D'sa
President (Business Development)

V Rajagopalan
President (Legal)

Rajeev Jain
Managing Director, Bajaj Finance Ltd.

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

Anuj Agarwal
MD and CEO, Bajaj Allianz Life Insurance Company Ltd.

CFO

S Sreenivasan

Company Secretary

Sonal R Tiwari

Auditors

Dalal & Shah LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Cost Auditor

Dhananjay V Joshi & Associates
Cost Accountants

Bankers

Citibank N A
HDFC Bank

Registered under the Companies Act, 1956

Registered Office

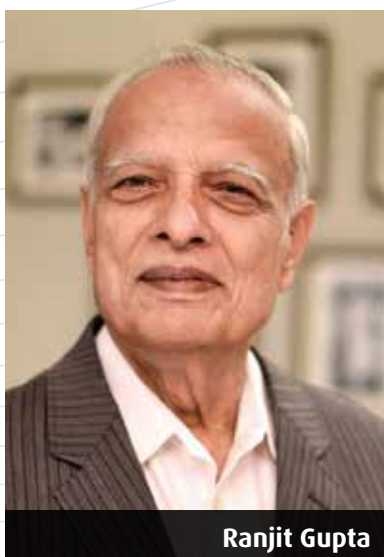
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Akurdi, Pune-411 035.

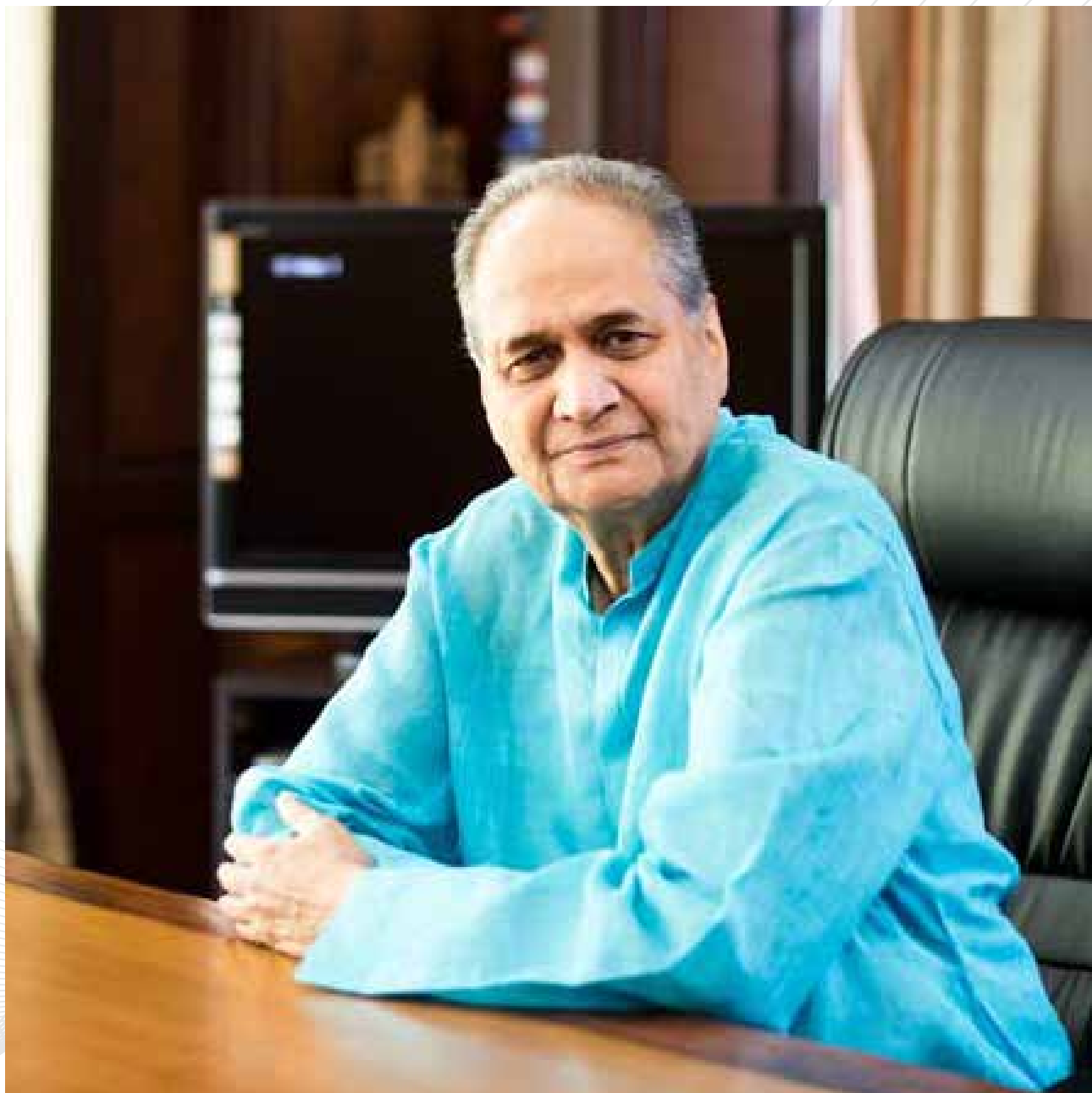
CIN: L65923PN2007PLC130075

Corporate Office

Bajaj Finserv House
Viman Nagar, Pune-411 014.

Leading the Way





Chairman's Letter

Dear Shareholder,

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

Let me briefly share with you the key achievements of your Company in FY2016 under BFL, BAGIC and BALIC.

Lending: Bajaj Finance Ltd. (BFL)

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

- Assets under management increased by 36% to ₹ 44,229 crore.
- Receivables under financing grew by 37% to ₹ 42,756 crore.
- Total income rose by 36% to ₹ 7,384 crore.
- Profit before tax was up by 45% to ₹ 1,965 crore.
- Profit after tax increased by 42% to ₹ 1,279 crore.
- Net non-performing assets (NPAs) was at 0.28%, which is among the lowest in banking and the NBFC industry.
- Capital adequacy as on 31 March 2016 was 19.50%, which was well above the RBI norms.

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

BAGIC is a composite insurer offering various types of general insurance including motor, marine, health and various forms of corporate insurances. FY2016 was a tough year for the general insurance industry and BAGIC on account of unprecedented floods in Tamil Nadu especially at Chennai. BAGIC expeditiously settled over 6,000 claims worth ₹ 164 crore. After reinsurance, the net pre-tax impact of this event on BAGIC's results was ₹ 80 crore.

Despite this, BAGIC has performed well, as the results below show:

- Gross written premium (GWP) for FY2016 was up by 11.3% to ₹ 5,901 crore.
- BAGIC maintained its market share at 6.7%, excluding specialised and standalone health insurers.
- In FY2016, BAGIC was ranked 2nd among all private sector general insurers in terms of its top-line; and 1st in profits.
- Net earned premium for FY2016 increased by 10% to ₹ 4,224 crore.
- 8.4 million policies were issued in the year, versus 7.3 million in FY2015.
- Profit before tax was ₹ 771 crore, marginally below the previous year's.
- Profit after tax was ₹ 564 crore, which was slightly above that of FY2015.
- Despite huge claims on account of the floods, BAGIC's solvency ratio was 251%, which was well above the regulatory mandate of 150%.
- Return on average equity was 22.5%.

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

BALIC's growth has been positive, though lower than the industry and private sector growth rates. With savings rates being lower than the historical peaks, growth has tended to favour bank-sponsored insurance companies who have a natural advantage of bundling insurance with their loan and savings products through bancassurance.

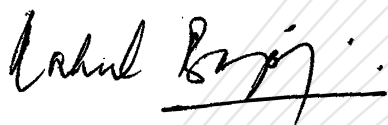
Even so, BALIC has performed creditably, as the figures below show:

- New business premium grew by 7% in FY2016 to ₹ 2,885 crore.
- BALIC was ranked 4th among private companies on the basis of new business premium, thus being the largest non-bank promoted life insurer.
- It maintained a healthy product mix on its individual new business premium, with 59% contributed by unit-linked premium and 41% by non-unit-linked business.
- Gross written premium was ₹ 5,897 crore.
- Assets under management were stable at ₹ 44,108 crore.
- Shareholders' profits after tax were stable at ₹ 879 crore.

Among the three key businesses of your Company, it is clear that BFL has done extraordinarily well — continuing with the outstanding performance that it has been delivering over the past few years. BAGIC has also done well, growing by 12% in a generally muted market. BALIC, however, faces some growth challenges and needs to do better, which I hope it shall do in FY2017.

Thank you for your support.

Yours sincerely,



Rahul Bajaj
Chairman

24 May 2016

Management Discussion and Analysis

During the year, Bajaj Finserv Ltd. ('Bajaj Finserv' or 'the Company') became a Core Investment Company (CIC) under the regulations of the Reserve Bank of India (RBI). It is the holding company for the various financial services businesses under the Bajaj Group. It serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance and retirement and savings solutions. More specifically, the areas are:

Lending

- Bajaj Finance Ltd. (BFL), is a company listed on The Stock Exchange, Mumbai (the BSE) and the National Stock Exchange (NSE). During the year BFL made a Qualified Institutional Placement (QIP) of ₹ 1,400 crore; and further raised ₹ 102 crore by way of warrants issued to the Company, which was 25% of the payment due on the convertible warrants issued by BFL to Bajaj Finserv. As a consequence, Bajaj Finserv's holding in BFL, which was 61.53% at 31 March 2015, became 57.28%. When the warrants are exercised, Bajaj Finserv's holding in Bajaj Finance Ltd. will increase to 58%.

Protection and Savings

- Life insurance and retirement plans through Bajaj Allianz Life Insurance Company Ltd. (BALIC).
- General insurance including health insurance through Bajaj Allianz General Insurance Company Ltd. (BAGIC).
BAGIC and BALIC are both joint ventures with Allianz SE, one of the world's leading composite insurers. As on 31 March 2016, the Company held 74% of the equity capital in BAGIC and BALIC, the balance being held by Allianz.

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

The financial year 2015-16 (FY2016) began on a positive note with high expectations of a robust economic performance, given the various initiatives announced by the Central Government coupled with a growth in gross value added (GVA), low oil prices, significant drop in inflation levels, reduced policy rates and a comfortable current account deficit. The RBI also cut interest rates by 100 basis points between April 2015 and April 2016. These did translate to a real GDP growth of 7.6% for FY2016, and a growth of real GVA of 7.3%, as per the advance estimates released by the Central Statistical Office of the Government of India. It is a fact that such growth is the highest compared to all developed countries and major emerging markets including China.

However, it is also true that we have not seen concomitant credit growth, which remained at its lowest level in many years. Thanks to lack of overall demand, capital investments by the corporate sector continued to remain sluggish. Despite favourable liquidity conditions and lower interest rates, banks have found it difficult to increase lending as they have struggled with large non-performing assets (NPAs) from their loan books. Moreover, a second consecutive year of poor monsoons, weakening currency and falling exports due to deflationary conditions in many importing countries dampened economic sentiments.

Overall, the key factors that drive our businesses — credit growth, capital investments and savings — were muted, resulting in another challenging year despite real macroeconomic growth in excess of 7%. Under these conditions:

- BFL has performed extraordinarily well and has been able to continue the stellar growth that it has been delivering over the past few years;
- BAGIC has also done well, growing by 12% in a generally muted market; and
- BALIC, which has been facing growth challenges, modestly grew its new business premium.

Lending

Bajaj Finance Ltd. (BFL)

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

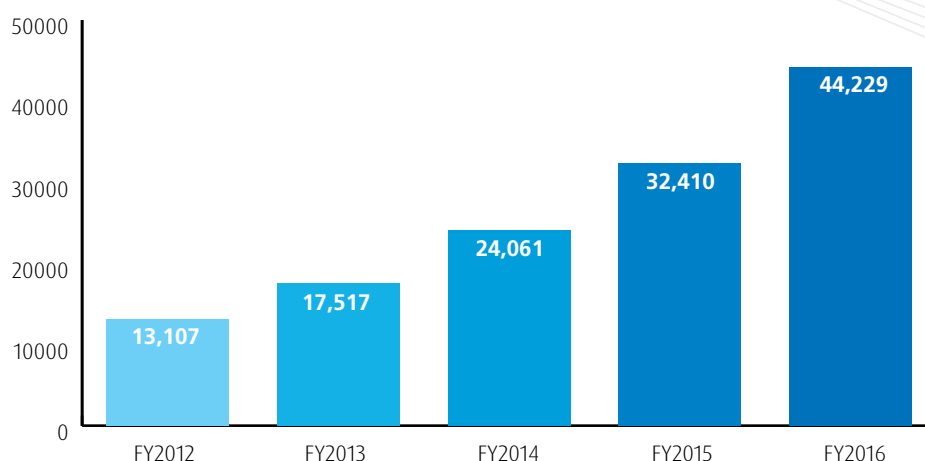
BFL had a strong year aided by a diversified product mix, robust volume growth, prudent operating cost management and low NPAs. With assets under management of ₹ 44,229 crore, BFL has emerged as one of the leading NBFCs in the country. The Company delivered strong all-round results in FY2016, the highlights of which are given below.

Bajaj Finance: Performance Highlights FY2016

- Assets under management: up 36% to ₹ 44,229 crore.
- Receivables under financing: up 37% to ₹ 42,756 crore.
- Total income: up 36% to ₹ 7,384 crore.
- Total operating cost: up by 36% to ₹ 1,949 crore.
- Loan losses and provisions: ₹ 543 crore.
- Profit before tax: up 45% to ₹ 1,965 crore.
- Profit after tax: up 42% to ₹ 1,279 crore.
- Capital adequacy as on 31 March 2016: 19.50%, which is well above the RBI norms.

BFL focuses on six broad categories: (i) Consumer lending, (ii) SME lending, (iii) Commercial lending, (iv) Rural lending, (v) Fixed deposits; and (vi) Value added services. Chart A depicts BFL's assets under management (AUM) over the last five years, while Table 1 gives its break down across major business verticals.

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





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Table 1: BFL's assets under management

Particulars	(₹ In Crore)		
	FY2016	FY2015	% Change
Consumer lending	18,996	13,202	44%
SME lending	18,692	15,550	20%
Commercial lending	5,202	3,325	56%
Rural lending	1,339	333	302%
Total	44,229	32,410	36%

Business update

Consumer lending

- BFL is one of the largest consumer durable lenders in India. Present in 192 cities and over 9,200 points of sale across the country, it deployed ₹ 12,972 crore in FY2016 — registering a growth of 29% over the previous year. Its unique Existing Member Identification (EMI) card, with a base of over 5.6 million, enables customers to avail instant credit after the first purchase. In April 2016, BFL has expanded its EMI card proposition with finance offerings in retail fashion, travel and small appliances.
- Operating at the premises of 3,500 Bajaj Auto dealers and sub-dealers across the country, BFL is the largest financier of Bajaj motorcycles and three-wheelers in FY2016. Its unique Direct Cash Collection (DCC) model in rural and semi-urban markets enabled customers with no banking habits to repay their EMIs in cash.
- BFL launched a first of its kind consumer durable mobile app for its customers in FY2016. This app provides the customer ease and convenience of 'anytime anywhere' loan approval with minimal data entry, and is available across all mobile platforms.
- Over the years, BFL has expanded its consumer durable financing to digital and lifestyle products. It has tied up with leading global manufacturers for its digital products financing. It has rolled out lifestyle products financing (for furniture, home furnishings, etc.) and digital product financing nation-wide across some 6,400 dealer counters.
- An e-commerce finance business was launched with a 'Seller Finance' offering for registered sellers of Flipkart and Snapdeal in FY2016. This offers customers the ease and convenience of EMI-based purchasing on the online platforms.
- Personal loans cross-sell and salaried personal loan deployments increased, respectively, by 63% and 75% over FY2015.

SME lending

- SME lending offers secured and unsecured loans to its customers. Secured lending is done through three product offerings: loan against property, lease rental discounting and home loans. During the year, BFL transitioned its retail mortgage business to a 100% 'Direct to Customer' model, to lower costs and build sustainable return on equity.
- Unsecured lending is done through two product offerings: business loans and professional loans. During the year, BFL launched a decision support system for underwriting SME customers for unsecured loans. This aids in removing personal judgment in underwriting and significantly reduces processing costs and allows for higher volume growth.

Commercial lending

- The commercial lending business expanded its offerings in the mid-market client segment through launch of a structured finance business and identified three new industry verticals to expand coverage. These were corporate finance, financial institutions group (FIG) lending business and the light engineering business. BFL auto component manufacturers' financing business remained stable in FY2016.

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Rural lending

- BFL widened its rural footprint by setting up branches in Karnataka, Madhya Pradesh and Rajasthan, and launched a medium and small enterprise (MSME) business as a part of its rural operations. The rural lending consumer business is done through six product offerings: Consumer durable finance, digital product finance, personal loan cross-sell, salaried personal loans, gold loans and refinance loans. The newly launched MSME business is done through three product offerings: business loans, professional loans and loan against property.
- BFL disbursed ₹ 1,985 crore to 4.47 lakh rural customers in FY2016. Assets under management of the rural business as at 31 March 2016 was ₹ 1,339 crore, versus ₹ 333 crore in FY2015.

Financial performance

Table 2 gives BFL's abridged financial performance in FY2016 versus the previous year.

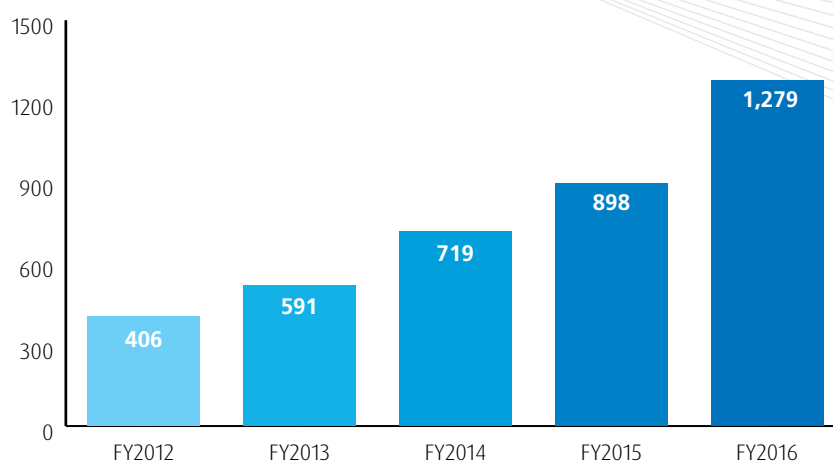
Table 2: BFL's financials

Particulars	(₹ In Crore)		
	FY2016	FY2015	% Change
Total income	7,384	5,418	36%
Interest and finance charges	2,927	2,248	30%
Net interest income	4,457	3,170	41%
Profit before tax (PBT)	1,965	1,357	45%
Profit after tax (PAT)	1,279	898	42%
Earnings per share (EPS) basic, in ₹	242.30	179.94	35%
Earnings per share (EPS) diluted, in ₹	238.83	177.70	34%
Book value per share, in ₹	1,386.87	959.93	45%

BFL's capital adequacy at 31 March 2016 was well above the RBI norms at 19.50%, of which 16.06% was Tier I capital.

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

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



Protection and Savings

General Insurance:

Bajaj Allianz General Insurance Company Ltd. (BAGIC)

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

Industry update

The general insurance industry posted a growth of 12.6% for FY2016, which was higher than 10% growth recorded in FY2015. A major reason for higher growth across the industry during FY2016 was increased business in the health and motor insurance segments. The growth rates in gross direct premium in India (excluding reinsurance accepted) of the industry and of BAGIC are shown in Table 3.

Table 3: Gross direct premium in India

Particulars	(₹ In Crore)	
	FY2016	FY2015
Bajaj Allianz	5,832	5,230
Private sector	39,701	35,149
Public sector	47,717	42,514
Industry	87,418	77,663
Growth rates		
Bajaj Allianz	12%	16%
Private sector	13%	10%
Public sector	12%	10%
Industry	13%	10%

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

Business update

FY2016 was a tough year in terms of claims for the industry as well as BAGIC. November 2015 witnessed unprecedented floods in the state of Tamil Nadu, with Chennai being hit the most. BAGIC expeditiously settled over 6,000 claims worth ₹ 164 crore. After reinsurance, the net pre-tax impact of this event on BAGIC's results was ₹ 80 crore.

In the year, BAGIC continued to participate in the National Crop Insurance Programme which is primarily a weather-based crop insurance scheme. BAGIC wrote business of ₹ 368 crore (previous year was ₹ 459 crore) issuing over 50,000 policies across 22 districts covering more than four million farmers. Limited opportunity for the private insurance companies to get into the crop insurance programme of the states and deficient monsoon conditions affected the growth as well as profitability of this agriculture-based business for FY2016.

Despite these losses, BAGIC has been able to remain the most profitable general insurance company among peers of comparable size, thus demonstrating its ability to absorb large losses without impairing financial security. Its solvency margin remains healthy and well above the minimum required by regulations.

During FY2016, BAGIC initiated a low-cost channel which works solely through electronic hand-held devices with minimum paperwork. This initiative contributed over 1.25% of the Company's total gross written premium.

Effective 1 April 2016, the Insurance Regulatory and Development Authority of India (IRDA) has dismantled the Indian Motor Third Party Declined Insurance Pool. This is not expected to have a material impact on the Company's profitability as BAGIC had met its obligations under that pool for the last three years.

In FY2016, BAGIC continued its focus on balancing growth with profitability supported by expanded geographical reach and a strong customer orientation. It did so by:

- Robust and prudent underwriting practices.
- Generation of cash flows through strong retention of premiums and judicious investments of the proceeds.
- Strong focus on social media and digital brand building.

Bajaj Allianz General Insurance: Performance Highlights FY2016

- Gross written premium (GWP), including reinsurance accepted, for FY2016 was ₹ 5,901 crore versus ₹ 5,301 crore in FY2015.
- BAGIC maintained its market share at 6.7%, excluding specialised and standalone health insurers.
- Net earned premium for FY2016 was ₹ 4,224 crore, an increase of 10% over the previous year's figure of ₹ 3,832 crore.
- 8.4 million policies were issued in the year, versus 7.3 million in FY2015.
- 784,411 claims were reported in the year, compared to 716,920 in FY2015.

BAGIC's focus continues to be on retail business, where it has strengths in distribution and claims handling capabilities. With its strong retail focus, BAGIC wrote 70% of its GWP from motor and health insurance, with the rest coming from fire, marine, agricultural insurance and miscellaneous lines.

Retail channels like agency, motor and bancassurance continue to be the mainstay of BAGIC's channel mix, contributing to around 69% of the business. It has one of the largest networks of independent partner banks, including nationalised banks with strong regional presence, as well as cooperative and rural banks. BAGIC's online sales channel, which offers 24x7 ease of buying, grew by over 15% during FY2016. It is ideally suited for off-the-shelf retail products like motor and health.

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Financial performance

The financial performance for FY2016 is summarised in Table 4.

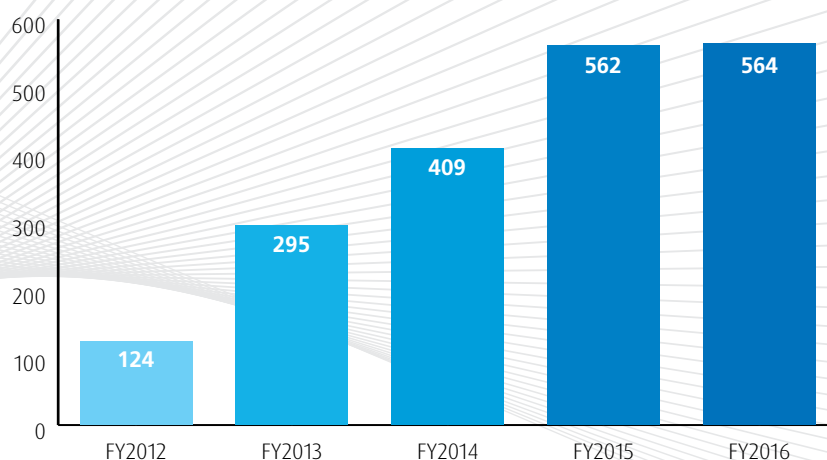
Table 4: BAGIC's financials

Particulars	(₹ In Crore)	
	FY2016	FY2015
Gross written premium	5,901	5,301
Net earned premium	4,224	3,832
Underwriting results	(65)	83
Profit before tax	771	777
Profit after tax	564	562
Claims ratio	72.3%	71.9%
Combined ratio	99.3%	96.7%
Return on average equity	22.5%	28.9%

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

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

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



Capital and solvency

- Paid up capital, including share premium, stood at ₹ 277 crore as on 31 March 2016. No fresh capital was infused in FY2016.
- Shareholders' equity of BAGIC was at ₹ 2,790 crore as on 31 March 2016, compared to ₹ 2,225 crore a year earlier, growing by 25.4%.
- As on 31 March 2016, BAGIC's solvency margin was at 251%, which is well above the normal regulatory requirement of 150% in spite of the natural catastrophe in Tamil Nadu.

Investments

BAGIC's cash and investments as on 31 March 2016 stood at ₹ 9,211 crore versus ₹ 7,859 crore in the previous year, growing by 17.2%. Cash flow generation continues to be strong.

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

Industry update

The insurance industry registered a growth in new business premium of 22.6% in FY2016 after a degrowth of 5.8% in FY2015. Table 5 gives the data on new business premium over the last two years of the industry and BALIC.

Table 5: New business premium

Particulars	(₹ In Crore)	
	FY2016	FY2015
BALIC	2,885	2,702
Private sector	40,983	34,838
LIC	97,674	78,303
Industry	138,657	113,141
Growth rates		
BALIC	7%	4%
Private sector	18%	18%
LIC	25%	-14%
Industry	23%	-6%
Market share		
Private sector	30%	31%
LIC	70%	69%

Source: IRDA Annual Report, IRDA Handbook and IRDA website.

As indicated in the table above, though there has been growth in the industry of 23%, the private sector grew by 18%. Individual new business during 9 months of FY2016 continued to be dominated by unit-linked insurance, with share of this segment increasing from 38% of new business premium in FY2015 to 44% in FY2016.

Business update

BALIC's growth has been positive, albeit lower than the industry and private sector growth rates. In a market where savings rates have been below historical peaks, growth has favoured bank-sponsored insurance companies who have a natural advantage of bundling insurance with their loan and savings products through bancassurance. BALIC's new business premium increased by 7% in FY2016, compared to a growth of 4% in the previous year.

Bajaj Allianz Life Insurance: Performance Highlights FY2016

- New business premium grew by 7% in FY2016 to ₹ 2,885 crore versus ₹ 2,702 crore in FY2015.
- BALIC was ranked 4th among private companies on the basis of new business premium, thus retaining its position of being the largest non-bank promoted life insurer.
- It maintained a healthy product mix on its individual new business premium in FY2016 with 59% contributed by unit-linked premium and 41% by non-unit-linked business.
- Gross written premium was ₹ 5,897 crore, compared to the previous year's figure of ₹ 6,017 crore.
- Net worth as at 31 March 2016 was ₹ 7,631 crore, compared to ₹ 6,749 crore a year earlier.

Financial performance

BALIC's financial performance in FY2016 is summarised in Table 6.

Table 6: BALIC's financials

Particulars	(₹ In Crore)	
	FY2016	FY2015
Gross written premium	5,897	6,017
New business premium	2,885	2,702
Renewal premium	3,012	3,315
Policyholders' surplus	394	428
Shareholders' profit after tax	879	876
Assets under management	44,108	43,554
Solvency ratio	793%	761%

Despite challenges on growth, BALIC has been able to maintain the profit after tax at marginally higher levels compared to FY2015.

Investments

As on 31 March 2016, BALIC's assets under management (AUM) stood at ₹ 44,108 crore — up from ₹ 43,554 crore on 31 March 2015. Table 7 gives the data.

Table 7: BALIC's assets under management

Particulars	(₹ In Crore)	
	FY2016	FY2015
Shareholders' funds	7,565	7,187
Policyholders' linked funds	19,221	21,645
Policyholders' non linked funds	17,322	14,722
Total AUM	44,108	43,554

BALIC's unit-linked funds have performed well, with many generating returns that are in line with the benchmark. The traditional funds are managed based on the inputs from the asset-liability management framework.

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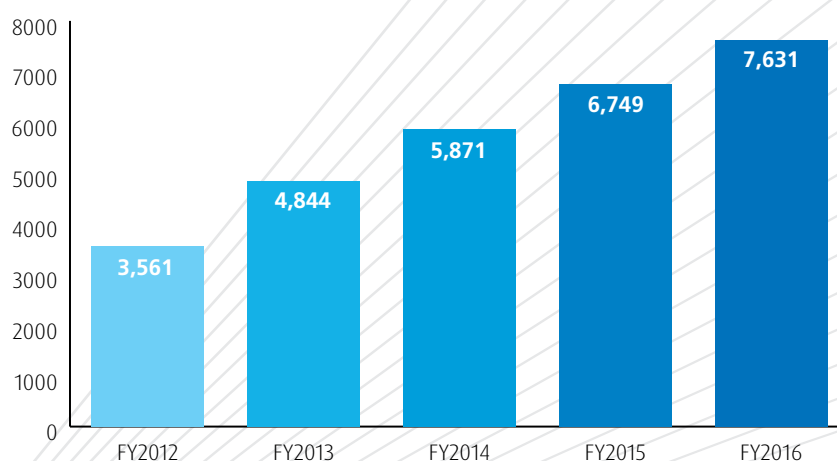


Capital and solvency

- The total capital infused by the shareholders' in BALIC was ₹ 1,211 crore as on 31 March 2016.
- Including accumulated profits of ₹ 6,412 crore as on 31 March 2016, the shareholders' net worth was ₹ 7,631 crore. For the previous year, accumulated profits were ₹ 5,533 crore, and shareholders' net worth was ₹ 6,749 crore.
- BALIC is soundly capitalised with a solvency ratio of 793% as on 31 March 2016, which is well in excess of the minimum regulatory requirement of 150%.

Chart D plots net worth over the last five years.

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



Renewable energy

Bajaj Finserv Ltd. has 138 windmills in Maharashtra with total installed capacity of 65.2 MW. During FY2016, the project generated net wind energy of 772 lakh units of electricity compared to 746 lakh units in FY2015. Revenue generated from wind-farm activity in FY2016 was ₹ 58 crore versus ₹ 50 crore in the previous year.

Financials of Bajaj Finserv

Standalone financials

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

Table 8: Standalone financials of Bajaj Finserv

Particulars	(₹ In Crore)	
	FY2016	FY2015
A. Income from Wind-farm activity	58	50
Administrative expenses	23	19
Profit from Wind-farm activity	35	31
B. Income from investments and others	193	161
Other expenses	33	34
Profit before tax	195	158
Tax expense	32	32
Profit after tax	163	126

Consolidated financials

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

Table 9: Consolidated financials of Bajaj Finserv

(₹ In Crore)

Segment revenue			Segment results-profit from each segment		
Particulars	FY2016	FY2015	Particulars	FY2016	FY2015
Insurance	13,029	12,385	Insurance	1,754	1,784
Wind-farm	58	50	Wind-farm	35	31
Retail finance	7,384	5,418	Retail finance	1,988	1,368
Investments and others	321	280	Investments and others	27	63
	20,792	18,133		3,804	3,246
Less: inter-segment	171	82	Tax expense	1,030	842
			Tax credits of earlier years	-	5
			Minority interest	911	719
Total	20,621	18,051	Total	1,863	1,690

Cautionary Statement

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

Corporate Governance

SEBI vide its notification no. SEBI/LAD-NRO/GN/2015-16/013 dated 2 September 2015 notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'SEBI Listing Regulations, 2015'), which were made applicable with effect from 1 December 2015, and repealed the erstwhile Listing Agreement with the stock exchanges.

This Report, therefore, states the compliance status as per requirements of Companies Act, 2013 and SEBI Listing Regulations, 2015.

Given below are the Company's corporate governance policies and practices for 2015-16. As will be seen, Bajaj Finserv's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws, including SEBI Listing Regulations, 2015.

Philosophy

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

Board of Directors

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

Composition

As on 31 March 2016, the Board of the Company consisted of eight directors, of whom one was executive (Managing Director), four were non-executive independent (including one woman director) and three were non-executive and non-independent. The Board has no institutional nominee director. The Company has a non-executive Chairman.

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

Number of meetings of the Board

During the financial year 2015-16, the Board of Directors met seven times, viz. 20 May 2015, 22 July 2015, 14 September 2015, 20 October 2015, 3 February 2016, 9 March 2016 and 15 March 2016. 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 2015-16

Name of the 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	7/7	Yes
Nanoo Pamnani	Vice Chairman (non-executive, independent)	-	6/7	Yes
Sanjiv Bajaj	Managing Director, executive	Son of Rahul Bajaj and brother of Rajiv Bajaj	7/7	Yes
Madhur Bajaj	Non-executive	-	6/7	Yes
Rajiv Bajaj	Non-executive	Son of Rahul Bajaj and brother of Sanjiv Bajaj	5/7	Yes
D J Balaji Rao	Non-executive, independent	-	6/7	Yes
S H Khan*	Non-executive, independent	-	4/4	Yes
Naresh Chandra	Non-executive, independent	-	6/7	Yes
Dr. Gita Piramal	Non-executive, independent	-	5/7	Yes

*S H Khan expired on 12 January 2016.

Non-executive directors' compensation

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

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

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

Information supplied to the Board

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. The directors have separate and independent access to officers of the Company.

In addition to items which are required to be placed before the Board for its noting and/or approval, information is provided on various significant items.

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

to the SEBI Listing Regulations, 2015. As stated elsewhere, the independent directors of the Company at their meeting held on 15 March 2016 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Orderly succession to Board and Senior Management

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

Directorships and memberships of Board Committees

Table 2: Number of directorships/committee positions of directors as on 31 March 2016

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

S H Khan expired on 12 January 2016.

Notes: None of the directors holds office as a director, including as alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorship of private companies that are either holding or subsidiary company of a public company are included.

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

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

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

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

Review of legal compliance reports

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

Code of Conduct

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

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

All Directors and Senior Management Personnel have affirmed compliance with the new code for 2015-16. A declaration to this effect signed by the Managing Director (CEO) is given in this Annual Report.

Maximum tenure of independent directors

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

Formal letter of appointment to independent directors

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

Performance evaluation

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

- Performance evaluation criteria for Board, Committees of the Board and Directors were approved by the Board at its meeting held on 10 September 2014. The criteria are placed on the Company's website www.bajajfinserv.in
- Based on the said criteria, rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of performance of the Board, its Committees and Directors (except for the director being evaluated) for the year under review.
- A consolidated summary of the ratings given by each of the 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 and Directors during the year under review.
- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and Board at their meetings held on 15 March 2016.
- Under law, as per the report of performance evaluation, the Board shall determine, inter alia, whether to continue the term of appointment of the independent director. During the year under review, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors and hence, the question of taking a decision on their reappointment did not arise.

Details on the evaluation carried out by the independent directors at their meeting held in March 2016 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 detailed Remuneration Policy is placed on <https://www.bajajfinserv.in/downloads/remuneration-policy.pdf>

Board Diversity Policy

In compliance with the provisions of the SEBI Listing Regulations, 2015, the Board through its Nomination and Remuneration Committee has devised a Policy on Board Diversity.

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

Familiarisation programmes

With a view to familiarising the independent directors with the Company's operations, as required under regulation 25(7) of the SEBI Listing Regulations, 2015, the Company has held various familiarisation programmes for the independent directors throughout the year on an ongoing and continuous basis.

The details of such familiarisation programmes are placed on <https://www.bajajfinserv.in/downloads/familiarisation-programme-for-directors.pdf>

Whistle Blower Policy/Vigil mechanism

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

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

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

Subsidiary companies

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

A Policy on 'material subsidiaries' in terms of clause 49 of the erstwhile Listing Agreement has been formulated by the Board at its meeting held on 10 September 2014.

Pursuant to regulation 16(1)(c) of the SEBI Listing Regulations, 2015, the Board of Directors at its meeting held on 3 February 2016 modified the aforesaid Policy. The same is placed on <https://www.bajajfinserv.in/downloads/policy-for-material-subsidaries.pdf>

Provisions under the SEBI Listing Regulations, 2015, with reference to subsidiary companies were duly complied with.

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

Related party transactions

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

During the year 2015-16, as required under section 177 of the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for approval.

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

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

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

Disclosures

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

Audit Committee

Constitution and composition

The Company had set up its Audit Committee on 30 January 2008 under the erstwhile Companies Act, 1956 and clause 49 of the Listing Agreement. To meet the additional requirement of the Companies Act, 2013 and clause 49 (now corresponding to regulation 18 of the SEBI Listing Regulations, 2015), the terms of reference of Committee were amended by the Board at its meeting held on 14 May 2014. The Board has been reviewing the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

Meetings and attendance

During 2015-16, the Audit Committee met four times: 20 May 2015, 22 July 2015, 20 October 2015 and 3 February 2016. The meetings were scheduled well in advance. The gap between any two meetings has been less than one hundred and twenty days.

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

The terms of reference of the Audit Committee are approved by the Board of Directors of the Company.

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

Table 3: Composition of the Audit Committee and attendance record of members for 2015-16

Name of the director	Category	Meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	4/4
S H Khan*	Non-executive, independent	3/3
D J Balaji Rao	Non-executive, independent	4/4
Naresh Chandra	Non-executive, independent	4/4

*S H Khan expired on 12 January 2016.

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

Nanoo Pamnani, Chairman of the Audit Committee was present to answer shareholders' queries at the annual general meeting of the Company held on 22 July 2015.

Nomination and Remuneration Committee

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

The Board of Directors at its meeting held on 14 May 2014 renamed the Committee as Nomination and Remuneration Committee and revised the terms of reference for this Committee at its meeting held on 10 September 2014, in compliance with section 178 of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement.

In view of the vacancy arising out of the sad demise of S H Khan (erstwhile Chairman of the Nomination and Remuneration Committee), the Board at its meeting held on 3 February 2016 appointed Naresh Chandra as the Chairman of the Nomination and Remuneration Committee of the Company.

During the year under review, the Committee met twice on 20 May 2015 and 15 March 2016.

Table 4: Composition of the Nomination and Remuneration Committee and attendance record of members for 2015-16

Name of the director	Category	Meetings attended
Naresh Chandra	Chairman, non-executive and independent	2/2
D J Balaji Rao	Non-executive, independent	2/2
Nanoo Pamnani	Non-executive, independent	2/2
S H Khan*	Non-executive, independent	1/1
Rahul Bajaj	Chairman of the Board, non-executive	2/2

*S H Khan expired on 12 January 2016.

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

On 20 May 2015, the Committee, inter alia, approved and recommended to the Board:

- i) Revision in the remuneration of Managing Director; and
- ii) Review of change in remuneration to Senior Managerial Personnel.

On 15 March 2016, the Committee, inter alia, recommended for consideration of the Board its report on evaluation of the Board, Committees and the Directors.

S H Khan, the then Chairman of Nomination and Remuneration Committee was present to answer shareholders' queries at the annual general meeting of the Company held on 22 July 2015.

Risk Management Committee

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

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

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

- 1. Nanoo Pamnani, Chairman
- 2. Sanjiv Bajaj
- 3. S Sreenivasan

The Committee held two meetings on 20 October 2015 and 15 March 2016. All the members attended these meetings. Further, on invitation, directors who are not members of the Committee also attended the meetings of the Committee.

At these meetings, inter alia, the risk aspects of the insurance subsidiaries, viz; Bajaj Allianz General Insurance Company Ltd. (BAGIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC) and the consumer finance subsidiary, Bajaj Finance Ltd., covering, inter alia, liquidity risk, credit risk, technology risk and human resources risk were discussed at length.

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

Stakeholders Relationship Committee

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

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

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

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

During the year under review, Nanoo Pamnani, an independent director of the Company, relinquished his chairmanship in the Stakeholders Relationship Committee of the Company, while continuing as its member. In view of the vacancy thus arising, the Board of Directors at its meeting held on 3 February 2016 appointed Dr. Gita Piramal, an independent director of the Company and member of the Stakeholders Relationship Committee, as its Chairperson in place of Nanoo Pamnani.

During the year under review, the Committee met on 15 March 2016 to, inter alia, review the status of investors' services rendered.

Table 5: Composition of the Stakeholders Relationship Committee and attendance record of members for 2015-16

Name of the director	Category	Attended at the meeting held on 15 March 2016
Dr. Gita Piramal*	Chairperson, non-executive and independent	Yes
Nanoo Pamnani	Non-executive, independent	Yes
Sanjiv Bajaj	Managing Director, executive	Yes
Rajiv Bajaj	Non-executive	No

*Dr. Gita Piramal took over as Chairperson from Nanoo Pamnani w.e.f. 3 February 2016.

Company Secretary, Sonal R Tiwari acts as the Compliance Officer.

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

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

Nanoo Pamnani, the then Chairman of Stakeholders Relationship Committee was present to answer shareholders' queries at the annual general meeting of the Company held on 22 July 2015.

Table 6: Investors' complaints attended and resolved during 2015-16

Investors' complaints	Attended/resolved during 2015-16
Pending at the beginning of the year	Nil
Received during the year	14
Disposed of during the year	14
Remaining unresolved at the end of the year	Nil

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

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

Independent Directors' meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, the independent directors held their separate meeting on 15 March 2016, without the attendance of non-independent directors and members of the Management, inter alia, to discuss the following:

- i) review the performance of non-independent directors and the Board as a whole;
- ii) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- iii) assess 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; and
- iv) review the responsibility of independent directors with regard to internal financial controls.

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

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

Remuneration of directors

Pecuniary transactions with non-executive directors

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

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

Criteria of making payments to non-executive directors

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

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

Non-executive directors

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

Managing Director

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

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

Pursuant to section 197(14) of the Companies Act, 2013, Sanjiv Bajaj, Managing Director who is also the Non-executive Vice-Chairman of Bajaj Finance Ltd. (BFL) has been paid sitting fee of ₹ 9 lakh and is being given commission of ₹ 18 lakh from subsidiary, BFL for the year 2015-16, in the same manner as is done for the other non-executive directors of BFL.

Details of remuneration to directors

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

In 2015-16, the Company did not advance any loans to any of the non-executive directors and/or Managing Director. Details of remuneration paid/payable to directors during 2015-16 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 2016 is provided in the 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 separate chapter in the Annual Report.

Disclosure of material transactions

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

Compliances regarding insider trading

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

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

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

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

Means of Communication

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

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

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

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

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

During the previous three years, the Annual General Meeting (AGM) of the Company has been held at the registered office of the Company on the following dates and time:

6th AGM	18 July 2013 at 4.15 p.m.
7th AGM	16 July 2014 at 4.15 p.m.
8th AGM	22 July 2015 at 4.15 p.m.

No special resolution was passed at the general meetings held during the years 2013, 2014 and 2015.

During the year under review, the Company did not adopt postal ballot for passing any resolution by the shareholders and the same is not prepared for the ensuing AGM.

Details of capital market non-compliance, if any

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

Compliance certificate

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

Report on corporate governance

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on corporate governance during 2015-16. The Company has been regularly submitting the quarterly compliance report to the stock exchanges as required under regulation 27 of the SEBI Listing Regulations, 2015.

Auditors' certificate on corporate governance

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

Compliance of mandatory and discretionary requirements

Mandatory

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

Discretionary

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

A. The Board

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

B. Shareholder rights

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

C. Modified opinion(s) in audit report

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

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

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

E. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

General Shareholder Information

9th Annual General Meeting

Date	26 July 2016
Time	4.15 p.m.
Venue	Bajaj Auto Ltd. Complex, Mumbai - Pune Road, Akurdi, Pune - 411 035.

Financial calendar

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

Dividend

The Board of Directors of the Company at its meeting held on 9 March 2016 declared an interim dividend of ₹ 1.75 per equity share (35%) of face value of ₹ 5 each for the financial year 2015-16. The same was credited/dispatched to the shareholders on 23 March 2016.

The Board of Directors of the Company has proposed the above-referred interim dividend as final dividend for the financial year ended 31 March 2016, subject to approval by the shareholders at the ensuing annual general meeting.

Dividend paid in the previous year was ₹ 1.75 per equity share (35%).

Payment of dividend

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

For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish updated particulars of their bank account to the share transfer agent of the Company, i.e., Karvy Computershare Pvt. Ltd. ('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 make sure that such changes are recorded by them correctly. 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.

Unclaimed dividends

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

Unpaid/unclaimed dividend for the financial year 2008-09 shall become due for transfer to the said Fund in September 2016. Members are requested to verify their records and send claim, if any, for the financial year 2008-09, before the amount becomes due for transfer to the Fund. Communication has been sent to the members having unclaimed dividend for the financial year 2008-09 requesting them to claim the same.

Further, the Ministry of Corporate Affairs vide its notification dated 10 May 2012 prescribed the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, which mandates all the companies to file the particulars of all the unclaimed and unpaid amounts through e-Form 5 INV on the web portal of Ministry of Corporate Affairs <http://www.iepf.gov.in/IEPF/index.html> and subsequently also upload the data on the website of the Company. During the year under review, the Company has accordingly filed the necessary e-Form on 15 October 2015 for the financial year ended 31 March 2015. The details of unclaimed dividends for the financial years 2007-08 to 2013-14 have been uploaded on the Company's website www.bajajfinserv.in

Share transfer agent

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

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

Share transfer system

Share transfers received by the share transfer agent/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. Total number of shares transferred in physical category during 2015-16 was 58,444 shares versus 33,570 shares during 2014-15.

Dematerialisation/rematerialisation of shares and liquidity

During 2015-16, 1,856,857 shares were dematerialised, compared to 136,754 shares during 2014-15. Shares held in physical and electronic mode as on 31 March 2016, are as given in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2016		Position as on 31 March 2015		Net change during 2015-16	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	7,562,566	4.75	9,427,435	5.92	(1,864,869)	(1.17)
Demat						
NSDL	148,450,422	93.29	146,674,239	92.18	1,776,183	1.12
CDSL	3,118,465	1.96	3,023,510	1.90	94,955	0.06
Sub-total	151,568,887	95.25	149,697,749	94.08	1,871,138	1.18
Total	159,131,453	100.00	159,125,184	100.00	6,269	

Outstanding convertible instruments/ADRs/GDRs/Warrants

The Company issued and allotted GDRs on 3 April 2008 to the shareholders of BHIL (formerly BAL) pursuant to the scheme of demerger sanctioned by the Hon'ble High Court vide its order dated 18 December 2007 and the underlying shares against each GDR were issued in the name of the overseas depository, i.e., Deutsche Bank Trust Company Americas. The Company has entered into a deposit agreement with Deutsche Bank Trust Company Americas on 21 August 2008 in respect of these GDRs. Outstanding GDRs as on 31 March 2016 were 37,532. The Company did not have any other outstanding convertible instruments/ADRs/GDRs/Warrants as on 31 March 2016.

Stock code

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

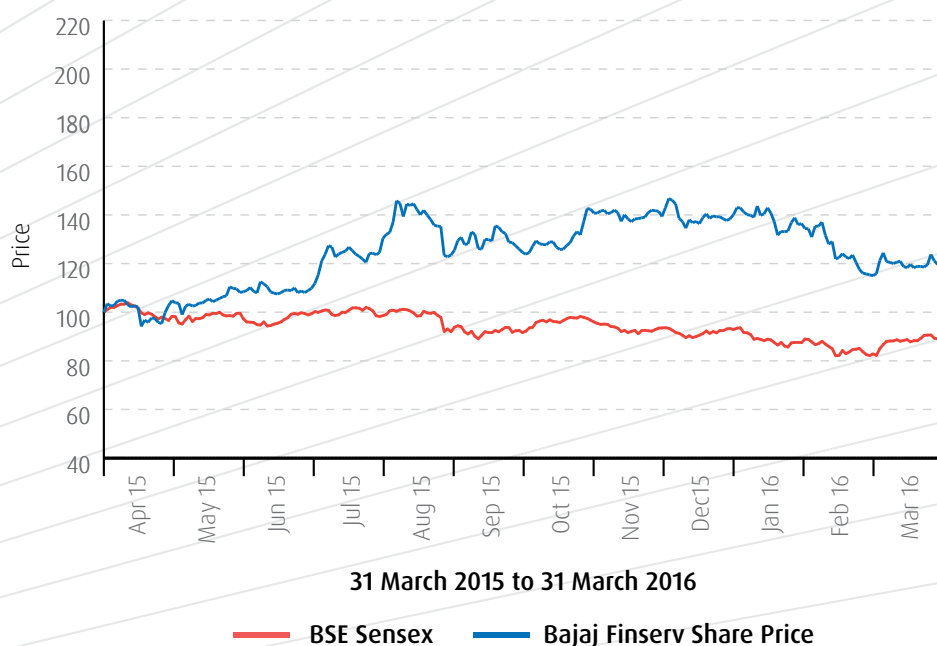
Pursuant to the SEBI Listing Regulations, 2015, the Company has entered into a Uniform Listing Agreement with BSE and NSE. For the year 2015-16, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of equity shares of Bajaj Finserv Ltd. during 2015-16 (₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr 15	1,471.05	1,250.00	1,469.95	1,258.55	27,011.31
May 15	1,575.00	1,359.00	1,575.00	1,356.75	27,828.44
Jun 15	1,600.00	1,446.00	1,606.65	1,435.15	27,780.83
Jul 15	1,871.00	1,525.00	1,870.00	1,527.65	28,114.56
Aug 15	2,160.00	1,660.00	2,160.00	1,662.00	26,283.09
Sep 15	1,914.00	1,677.90	1,915.10	1,677.05	26,154.83
Oct 15	2,010.00	1,741.50	2,008.90	1,716.20	26,656.83
Nov 15	1,999.00	1,885.00	1,995.25	1,884.60	26,145.67
Dec 15	2,066.50	1,860.00	2,066.05	1,855.00	26,117.54
Jan 16	2,043.80	1,808.70	2,045.00	1,804.00	24,870.69
Feb 16	1,939.00	1,575.70	1,939.00	1,551.25	23,002.00
Mar 16	1,743.00	1,619.15	1,750.00	1,613.00	25,341.86

Bajaj Finserv Ltd. stock performance Vs BSE Sensex, during 2015-16, indexed to 100 on 31 March 2015



Distribution of shareholding

Table 3 gives details about the pattern of shareholding among various categories as on 31 March 2016, while Table 4 gives the data according to size classes.

Table 3: Distribution of shareholding across categories

Categories	31 March 2016		31 March 2015	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	92,852,783	58.35	92,852,783	58.35
Friends and associates of promoters	16,601,347	10.43	17,312,657	10.88
GDRs*	37,532	0.02	41,132	0.03
Foreign Institutional Investors/Foreign Portfolio Investors	11,258,491	7.08	12,352,695	7.76
Public Financial Institutions	3,604,509	2.27	4,909,984	3.09
Mutual Funds	9,498,848	5.97	6,786,651	4.26
Nationalised and other banks	48,170	0.03	41,549	0.03
NRIs and OCBs	850,933	0.53	754,965	0.47
Others	24,378,840	15.32	24,072,768	15.13
Total	159,131,453	100.00	159,125,184	100.00

*Under the deposit agreement, the depository exercises the voting rights on the shares underlying the GDRs as directed by the promoters of the Company.

Table 4: Distribution of shareholding according to size class as on 31 March 2016

Categories	No. of shareholders		Shares held in each class	
	Number	% to shareholders	Number	% to shareholders
1 to 500	49,268	91.10	3,015,283	1.89
501 to 1000	1,757	3.25	1,270,668	0.80
1001 to 2000	1,211	2.24	1,733,928	1.09
2001 to 3000	510	0.94	1,273,978	0.80
3001 to 4000	263	0.49	912,132	0.57
4001 to 5000	167	0.31	760,261	0.48
5001 to 10000	378	0.70	2,594,579	1.63
10001 and above	527	0.97	147,570,624	92.74
Total	54,081	100.00	159,131,453	100.00

Shareholders' and investors' grievances

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

Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review related to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares and change of address and/or bank particulars. As on 31 March 2016, there were no pending issues to be addressed or resolved.

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning 14 complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/Investors in the prescribed format, as the case may be and no action remained to be taken at the Company's end.

Demat suspense account with HDFC Bank for unclaimed shares

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

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

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

The summary of this account for the year 2015-16 is as follows:

Sr.No.	Particulars	No. of shareholders	No. of shares
i.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year, i.e., 1 April 2015	93	10,104
ii.	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2015-16	1	300
iii.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2015-16	1	300
iv.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year, i.e., 31 March 2016	92	9,804

Nomination

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

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

Voting through electronic means

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

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

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

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

Cut-off date, as per the said Rules shall be 20 July 2016 and the e-voting shall be open for a period of three (3) days, from 23 July 2016 (9.00 a.m.) till 25 July 2016 (5.00 p.m.). The Board has appointed Shyamprasad D Limaye, Practising Company Secretary as scrutiniser for e-voting process.

Detailed procedure is given in the Notice of the 9th Annual General Meeting and is also placed on the website of the Company.

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

Address for correspondence

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

Share transfer agent

Karvy Computershare Pvt. Ltd.

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

Contact persons

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

Company

Bajaj Finserv Ltd.

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

Company Secretary and Compliance Officer

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

Directors' Report

The directors present their Ninth Annual Report and audited financial statements for the year ended 31 March 2016.

Financial results

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

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

Particulars	(₹ In Crore)	
	FY2016	FY2015
Total revenue	251.45	211.66
Total expenses	56.64	53.56
Profit before tax	194.81	158.10
Tax expense	31.68	32.17
Profit for the year	163.13	125.93
Transfer to Reserve fund u/s 45-IC(1) of Reserve Bank of India Act, 1934	-	25.19
Transfer to General reserve	16.31	12.59
Interim dividend	27.85	-
Proposed dividend	-	27.85
Balance carried to Balance Sheet	118.97	60.30
Earnings per share (₹)	10.3	7.9

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

Particulars	(₹ In Crore)	
	FY2016	FY2015
Gross revenue:		
i. Gross written premium		
a) Life insurance - Bajaj Allianz Life Insurance Co. Ltd.	5,897.31	6,017.30
b) General insurance - Bajaj Allianz General Insurance Co. Ltd.	5,900.65	5,300.66
ii. Gross income - Bajaj Finance Ltd.	7,383.66	5,418.28
iii. Income from windpower generation - Bajaj Finserv Ltd.	58.37	50.31
iv. Investment income (excluding accretions on unit linked investment)	2,996.09	2,685.38
v. Others	127.52	117.33
Total	22,363.60	19,589.26

(₹ In Crore)

Particulars	FY2016	FY2015
Revenue from operations and other income	9,135.30	7,102.49
Amount transferred from the policyholders' account	311.44	487.89
Total revenue	9,446.74	7,590.38
Profit before tax	3,804.05	3,246.15
Tax expense	1,029.51	841.94
Profit after tax	2,774.54	2,404.21
Tax(debits)/credits pertaining to earlier years	0.02	4.96
Minority interest	911.29	719.38
Profit for the year	1,863.27	1,689.79
Earnings per share (₹)	117.1	106.2

Dividend

The Board at its meeting held on 9 March 2016 declared an interim dividend at the rate of ₹ 1.75 per share (35%) for the year ended 31 March 2016, which was paid to all the eligible shareholders as on 17 March 2016, being the record date for the purpose of dividend. The amount of dividend and the tax thereon to the extent applicable aggregated to ₹ 27.85 crore.

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, the above-referred interim dividend as final dividend for the financial year ended 31 March 2016.

Dividend paid for the year ended 31 March 2015 was also ₹ 1.75 per share (35%). The amount of dividend and the tax thereon to the extent applicable aggregated to ₹ 27.85 crore.

Share capital

The paid up equity share capital as on 31 March 2016 was ₹ 79.57 crore. During the Rights Issue of equity shares made by the Company in 2012, certain shares had been kept in abeyance as required by law. With resolution of a few cases during the year under review, the Company has allotted 6,269 equity shares of the face value of ₹ 5 each at the original Rights Issue price of ₹ 650 per share to the eligible shareholders.

There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year under review. The Company has not issued shares with differential voting rights, sweat equity shares nor has it granted any stock options.

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

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

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

Operations

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

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

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

Directors' responsibility statement

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

- in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls were 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 are adequate and were 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 auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

Declaration by independent directors

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

Directors' Remuneration Policy and criteria for matters under section 178

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

Particulars of loans, guarantees or investments

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

Related party transactions

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

During the year 2015-16, pursuant to section 177 of the Companies Act, 2013, and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

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

Material changes and commitments

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company 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. Hence, the subject of conservation of energy is applicable to the Company only with regard to its wind-farm business for the Company. Being essentially a financial services company, there are no particulars regarding technology absorption required to be given in this Report.

Particulars regarding conservation of energy are given below:

- a) The steps taken on conservation of energy and for utilising alternate sources of energy:

The Company has installed renewable energy (wind) project with a capacity of 65.2MW. During the year under review, it generated 772 lakh units which it sold to third parties. It, however, is unable to make captive use of wind energy, because new regulations do not permit the same where monthly demand is less than 700 KW. The Company has installed LED lamps in place of failed tube lights and CFL, thereby reducing energy consumption in lighting by around 2 KW during the year.

- b) The capital investment on energy conservation equipment:

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

Foreign exchange earnings and outgo

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

Total foreign exchange outflow during the year under review was ₹ 0.62 crore, as against ₹ 1.53 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 Corporate Social Responsibility Policy developed and implemented by the Company on CSR initiatives taken during the year pursuant to section 135 of the Companies Act, 2013, is given in the annexed Annual Report on CSR activities.

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

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

Subsidiary and Joint Venture

Following are the subsidiary and joint venture companies of the Company as at 31 March 2016:

Name of the company	% Shareholding	Status
Bajaj Allianz Life Insurance Company Ltd.	74%	Subsidiary
Bajaj Allianz General Insurance Company Ltd.	74%	Subsidiary
Bajaj Finance Ltd.	57.28%	Subsidiary
Bajaj Housing Finance Ltd. (100% subsidiary of Bajaj Finance Ltd.)	-	Subsidiary
Bajaj Financial Securities Ltd. (100% subsidiary of Bajaj Housing Finance Ltd.)	-	Subsidiary
Bajaj Financial Holdings Ltd.	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.	50%	Joint Venture
Bajaj Allianz Staffing Solutions Ltd. (100% subsidiary of Bajaj Allianz Financial Distributors Ltd.)	-	Joint Venture

During the year under review, the Company has subscribed to 925,000 warrants, fully convertible into equity shares issued by its subsidiary, Bajaj Finance Ltd. at a conversion price of ₹ 4,412 per share, pursuant to the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

For this purpose, the Company has invested ₹ 102 crore in June 2015, i.e., 25% of issue price of warrants at the time of subscription as initial payment and balance ₹ 306 crore will be invested at the time of conversion on or before 1 December 2016, i.e., within a period of 18 months from the date of allotment of the warrants.

During the year under review, Bajaj Housing Finance Ltd. received the certificate of registration from National Housing Bank and is in the process of setting up its housing finance business.

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

Directors and Key Managerial Personnel - Changes

The directors regret to report the sad demise of S H Khan, an independent director of the Company, on 12 January 2016. The directors record their whole-hearted appreciation of the valuable contribution made by him during his long tenure as director in the Company.

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

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

As decided by the Board at its meeting held on 3 February 2016, Naresh Chandra took over as the Chairman of the Nomination and Remuneration Committee in place of S H Khan, and Dr. Gita Piramal was appointed as the Chairperson of the Stakeholders Relationship Committee in place of Nanoo Pamnani, who however, continued as its member.

Nanoo Pamnani took over as an independent director on the board of insurance subsidiaries in place of S H Khan under regulation 24(1) of the SEBI Listing Regulations, 2015.

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

Significant and material orders passed by the regulators or courts

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

Details of internal financial controls with reference to the financial statements

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

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

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

Presentation of financial statements

The financial statements of the Company for the year ended 31 March 2016, have been disclosed as per Schedule III to the Companies Act, 2013.

Consolidated financial statements

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

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

Statutory disclosures

The summary of the key financials of the Company's subsidiaries and joint venture (Form AOC-1), is included in this Annual Report. A copy of the audited financial statements of the said 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 the provisions of section 197(12) of the Companies Act, 2013, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are placed on the Company's website www.bajajfinserv.in as an annexure to the Directors' Report. A physical copy of the same will be made available to any shareholder on request.

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

A Cash Flow Statement for the year 2015-16 is attached to the Balance Sheet.

Pursuant to the legislation 'Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act, 2013', introduced by the Government of India, which came into effect from 9 December 2013, the Company has framed a Policy on Prevention of Sexual Harassment at Workplace. There was no case reported during the year under review under the said Policy.

Corporate governance

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

All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2015-16. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report.

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

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

Business Responsibility Report

Regulation 34(2) of the SEBI Listing Regulations, 2015, inter alia, provides that the annual report of the top 100 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 100 listed companies by way of market capitalisation as on 31 March 2015, the Company has presented its maiden BRR for the financial year 2015-16, which is part of this Annual Report. As a green initiative, the BRR has been hosted on the Company's website www.bajajfinserv.in

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

Secretarial standards of ICSI

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

Auditors

Statutory Auditor

Pursuant to the provisions of section 139 of the Companies Act, 2013, and the Rules made thereunder, the current auditors of the Company, Dalal & Shah LLP, Chartered Accountants (registration number: 102021W/W100110) were appointed by the members at the 7th Annual General Meeting to hold office until the conclusion of the 10th Annual General Meeting, subject to ratification by members at each annual general meeting.

The members are requested to ratify the appointment of Dalal & Shah LLP, Chartered Accountants (registration number: 102021W/W100110) as statutory auditors of the Company and to fix their remuneration for the year 2016-17.

The statutory audit report does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditor.

Secretarial Auditor

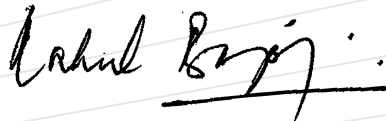
Pursuant to the provisions of section 204 of the Companies Act, 2013, and the Rules made thereunder, the Company has re-appointed, Shyamprasad D Limaye (membership number 1587), Company Secretary in Practice to undertake the secretarial audit of the Company. The Secretarial Audit Report for the year 2015-16 as issued by him in the prescribed form MR-3 is annexed to this Report.

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

Cost Auditor

Pursuant to section 148 of the Companies Act, 2013, and the Rules made thereunder, the Board of Directors had, on the recommendation of the Audit Committee, reappointed Dhananjay V Joshi & Associates (firm registration number: 000030), Cost Accountants, to audit the cost accounts of the Company for the financial year 2016-17 on a remuneration of ₹ 50,000 plus service tax, out-of-pocket and travel and living expenses, subject to ratification by the shareholders at the annual general meeting. Accordingly, a resolution seeking members' ratification for the remuneration payable to the cost auditor is included in the Notice convening the annual general meeting.

On behalf of the Board of Directors



Rahul Bajaj
Chairman

Pune: 24 May 2016

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, thus, took the unprecedented step of using business to serve society over a century ago. Jamnalal Bajaj strongly believed that 'common good was more important than individual gain'. His philosophy has stood the test of time as it has been successfully taken forward by the succeeding generations, i.e., firstly by his sons, Kamalnayan Bajaj and Ramkrishna Bajaj, and now spearheaded by his grandson Rahul Bajaj. This philanthropic approach has taken the Group to higher levels of success and respect.

Though the Group stands tall in the corporate world, with high ranking in terms of market capitalisation, turnover, profits, range of products and services and various other parameters, the Bajaj Group believes that the true and full measure of growth, success and progress lies beyond balance sheets or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people. Through its social investments, the Bajaj Group addresses the needs of communities residing in the vicinity of its facilities, taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development, and response to natural calamities.

For society, however, Bajaj is more than a corporate identity. It is a catalyst for social empowerment. It is the reason behind the smile that lights up a million faces. Its goodwill resonates in the two simple words that live in the collective consciousness of Indians - Hamara Bajaj.

CSR Policy

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

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

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

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

2. The composition of the CSR Committee.

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

Rahul Bajaj, Chairman
Nanoo Pamnani
Sanjiv Bajaj

During the year under review, the Committee met four times on 13 May 2015, 1 September 2015, 5 October 2015 and 13 January 2016.

3. Average net profit of the Company for last three financial years prior to 2015-16: ₹ 79.96 crore.

4. Prescribed CSR Expenditure (2% of amount as in item No. 3): ₹ 1.60 crore.

5. Details of CSR spent during the financial year:

(₹ In Crore)

Particulars	
a. Total amount to be spent	1.60
b. Amount spent	1.62
c. Amount unspent, if any (a-b)	Nil
d. Manner in which the amount spent/committed during the financial year:	

Direct/Name 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 2015-16	Cumulative Expenditure upto 2015-16
India@75 Foundation	Resource mobilisation proposal to support the India@75 movement	Education	Pune (Maharashtra)	1.00	1.00	1.00
Jankidevi Bajaj Gram Vikas Sanstha - For Jawahar Lal Nehru Zilla Chikitsalaya	Creating Central Window billing system, repair of toilets, rain basera for family members accompanying patients	Healthcare	Pantnagar	0.25	0.25	0.25
Direct-Skill Development Initiative	Employment enhancing vocational skills training for fresh graduates seeking career in banking, finance and insurance sectors	Education and employment enhancing vocational skills	Pune (Maharashtra)	0.39	0.37	0.37
Total					1.62	

Notes:

- i) Amounts mentioned above under Serial No.1 and 2 relate to amounts spent through implementing agencies, while Serial No.3 relates to amount spent directly by the Company.
ii) There is no expenditure on overheads in the above list.

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

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

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

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

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

Rahul Bajaj
Chairman of CSR Committee

Sanjiv Bajaj
Managing Director

Pune: 24 May 2016

Extract of Annual Return (Form MGT-9)

As on the financial year ended 31 March 2016

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

I. Registration and other details

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

II. Principal business activities of the Company

Sr. No.	Name and description of the main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Investment activity	6430	73
2	Electric power generation	3510	23

III. Particulars of holding, subsidiary and associate companies

Sr. No	Name of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held as on 31 March 2016	Applicable section
1	Bajaj Finance Ltd. (BFL)	L65910MH1987PLC042961	Subsidiary	57.28	section 2(87)
2	Bajaj Allianz Life Insurance Company Ltd.	U66010PN2001PLC015959	Subsidiary	74.00	section 2(87)
3	Bajaj Allianz General Insurance Company Ltd.	U66010PN2000PLC015329	Subsidiary	74.00	section 2(87)
4	Bajaj Housing Finance Ltd. (BHFL) - [100% shares held by BFL]	U65910PN2008PLC132228	Subsidiary	-	section 2(87)
5	Bajaj Financial Securities Ltd. [100% shares held by BHFL]	U67120PN2010PLC136026	Subsidiary	-	section 2(87)
6	Bajaj Financial Holdings Ltd.	U65923PN2014PLC150522	Subsidiary	100.00	section 2(87)
7	Bajaj Allianz Financial Distributors Ltd. (BAFDL)	U65923PN2007PLC129802	Joint Venture	50.00	-
8	Bajaj Allianz Staffing Solutions Ltd. [100% shares held by BAFDL]	U74900PN2015PLC154364	Joint Venture	-	-

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

i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2015				No. of shares held at the end of the year as on 31 March 2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	8,300,905	-	8,300,905	5.22	8,300,905	-	8,300,905	5.22	0.00
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	84,551,878	-	84,551,878	53.13	84,551,878	-	84,551,878	53.13	0.00
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	92,852,783	-	92,852,783	58.35	92,852,783	-	92,852,783	58.35	0.00
(2) Foreign									
a) NRIs - Individual	-	-	-	-	-	-	-	-	-
b) Others - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/Financial institutions	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	92,852,783	-	92,852,783	58.35	92,852,783	-	92,852,783	58.35	0.00
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	6,785,776	875	6,786,651	4.26	9,497,973	875	9,498,848	5.97	1.71
b) Banks/Financial institutions	31,154	10,395	41,549	0.03	38,783	10,395	49,178	0.03	0.00
c) Central Government	-	-	-	-	-	-	-	-	-

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2015				No. of shares held at the end of the year as on 31 March 2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	4,923,266	300	4,923,566	3.09	3,620,003	300	3,620,303	2.28	(0.81)
g) Foreign institutional investors/Foreign portfolio investors	13,199,335	1,425	13,200,760	8.29	11,257,066	1,425	11,258,491	7.07	(1.22)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	24,939,531	12,995	24,952,526	15.68	24,413,825	12,995	24,426,820	15.35	(0.33)
(2) Non-Institutions									
a) Bodies corporate									
i) Indian	11,954,132	2,424,084	14,378,216	9.04	11,831,110	638,219	12,469,329	7.84	(1.20)
ii) Overseas	-	675	675	0.00	-	675	675	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	10,312,269	1,438,176	11,750,445	7.38	10,703,777	1,362,372	12,066,149	7.58	0.20
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	7,627,874	5,538,995	13,166,869	8.27	9,497,725	5,535,795	15,033,520	9.45	1.18
c) Others									
i) Non-resident Indians	741,780	12,510	754,290	0.47	837,748	12,510	850,258	0.53	0.06
ii) Clearing members	43,497	-	43,497	0.03	14,151	-	14,151	0.01	(0.02)
iii) Trusts	1,182,575	-	1,182,575	0.74	1,189,431	-	1,189,431	0.75	0.01
iv) NBFCs	-	-	-	-	188,629	-	188,629	0.12	0.12
v) Foreign Bodies-DR	2,176	-	2,176	0.00	2,176	-	2,176	0.00	0.00
Sub-total (B)(2)	31,864,303	9,414,440	41,278,743	25.94	34,264,747	7,549,571	41,814,318	26.28	0.35
Total Public Shareholding (B)=(B)(1)+(B)(2)	56,803,834	9,427,435	66,231,269	41.62	58,678,572	7,562,566	66,241,138	41.63	0.01
C. Shares held by Custodian for GDRs	41,132	-	41,132	0.03	37,532	-	37,532	0.02	(0.01)
Grand Total (A+B+C)	149,697,749	9,427,435	159,125,184	100.00	151,568,887	7,562,566	159,131,453	100.00	-

ii) Shareholding of promoters

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 1 April 2015			Shareholding at the end of the year as on 31 March 2016			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Anant Bajaj	497,107	0.31	-	497,107	0.31	-	-
2	Deepa Bajaj	11,675	0.01	-	11,675	0.01	-	-
3	Geetika Bajaj	20,700	0.01	-	20,700	0.01	-	-
4	Kiran Bajaj	424,725	0.27	-	424,725	0.27	-	-
5	Kriti Bajaj	38,500	0.02	-	38,500	0.02	-	-
6	Kumud Bajaj	533,434	0.34	-	533,434	0.34	-	-
7	Madhur Bajaj	933,716	0.59	-	933,716	0.59	-	-
8	Minal Bajaj	74,700	0.05	-	74,700	0.05	-	-
9	Neelima Bajaj Swamy	305,519	0.19	-	305,519	0.19	-	-
10	Nimisha Jaipuria	181,285	0.11	-	181,285	0.11	-	-
11	Niraj Bajaj	1,390,938	0.87	-	1,390,938	0.87	-	-
12	Niravnayan Bajaj	205,866	0.13	-	205,866	0.13	-	-
13	Rahulkumar Bajaj	1,662,685	1.04	-	1,662,685	1.04	-	-
14	Rajivnayan Bajaj	3,450	0.00	-	3,450	0.00	-	-
15	Rishabhayan Bajaj	9,400	0.01	-	9,400	0.01	-	-
16	Sanjali Bajaj	10,100	0.01	-	10,100	0.01	-	-
17	Sanjivnayan Bajaj	465,024	0.29	-	465,024	0.29	-	-
18	Shelfali Bajaj	11,000	0.01	-	11,000	0.01	-	-
19	Shekhar Bajaj	701,440	0.44	-	701,440	0.44	-	-
20	Siddhantnayan Bajaj	8,300	0.01	-	8,300	0.01	-	-
21	Suman Jain	575,904	0.36	-	575,904	0.36	-	-
22	Sunaina Kejriwal	235,437	0.15	-	235,437	0.15	-	-
23	Bachhraj and Company Pvt. Ltd.	2,041,478	1.28	-	2,041,478	1.28	-	-
24	Bachhraj Factories Pvt. Ltd.	1,078,787	0.68	-	1,078,787	0.68	-	-
25	Bajaj Auto Holdings Ltd.	209,005	0.13	-	209,005	0.13	-	-
26	Bajaj Holdings & Investment Ltd.	62,314,214	39.16	-	62,314,214	39.16	-	-
27	Bajaj Sevashram Pvt. Ltd.	2,355,606	1.48	-	2,355,606	1.48	-	-
28	Baroda Industries Pvt. Ltd.	919,001	0.58	-	919,001	0.58	-	-
29	Hercules Hoists Ltd.	92,063	0.06	-	92,063	0.06	-	-
30	The Hindustan Housing Company Ltd.	8,000	0.01	-	8,000	0.01	-	-
31	Jamnallal Sons Pvt. Ltd.	15,110,824	9.50	-	15,110,824	9.50	-	-
32	Kamalnayan Investment and Trading Pvt. Ltd.	61,200	0.04	-	61,200	0.04	-	-
33	Madhur Securities Pvt. Ltd.	40,700	0.03	-	40,700	0.03	-	-
34	Niraj Holdings Pvt. Ltd.	10,300	0.01	-	10,300	0.01	-	-
35	Rahul Securities Pvt. Ltd.	143,000	0.09	-	143,000	0.09	-	-
36	Rupa Equities Pvt. Ltd.	137,400	0.09	-	137,400	0.09	-	-
37	Shekhar Holdings Pvt. Ltd.	30,300	0.02	-	30,300	0.02	-	-
Total		92,852,783	58.35	-	92,852,783	58.35	-	-

iii) Change in promoters' shareholding

Sr. No.	Name of the promoters	Shareholding at the beginning of the year (1 April 2015)		Cumulative shareholding during the year (31 March 2016)	
		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 2015	92,852,783	58.35	-	-
	Date-wise increase/(decrease)				
1	Ramkrishna Bajaj HUF				
	11 September 2015 - Transfer consequent to partition of Ramkrishna Bajaj HUF	(229,430)	(0.14)	92,623,353	58.21
2	Shekhar Bajaj				
	11 September 2015 - Acquisition consequent to partition of Ramkrishna Bajaj HUF	229,430	0.14	92,852,783	58.35
	At the end of the year 31 March 2016			92,852,783	58.35

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

Sr. No.	Name of the shareholders	Shareholding at the beginning of the year (1 April 2015)		Cumulative shareholding during the year (31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Jaya Hind Investments Pvt. Ltd.				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2016	6,394,663	4.02	6,394,663	4.02
2	ICICI Prudential Focused Bluechip Equity Fund				
	At the beginning of the year 1 April 2015	5,093,716	3.20	-	-
	Date-wise increase/(decrease)				
	10-04-2015 - Purchase	50	0.00	5,093,766	3.20
	17-04-2015 - Sale	(48)	(0.00)	5,093,718	3.20
	24-04-2015 - Purchase	22	0.00	5,093,740	3.20
	01-05-2015 - Purchase	6,058	0.00	5,099,798	3.20
	08-05-2015 - Purchase	19	0.00	5,099,817	3.20
	15-05-2015 - Purchase	46	0.00	5,099,863	3.20
	22-05-2015 - Purchase	2,932	0.00	5,102,795	3.21
	29-05-2015 - Purchase	22,189	0.01	5,124,984	3.22
	29-05-2015 - Sale	(11,845)	(0.01)	5,113,139	3.21
	05-06-2015 - Purchase	358,126	0.23	5,471,265	3.44
	05-06-2015 - Sale	(24,811)	(0.02)	5,446,454	3.42
	12-06-2015 - Purchase	149,781	0.09	5,596,235	3.52
	19-06-2015 - Purchase	396,169	0.25	5,992,404	3.77
	19-06-2015 - Sale	(42)	(0.00)	5,992,362	3.77
	26-06-2015 - Purchase	100,000	0.06	6,092,362	3.83
	30-06-2015 - Purchase	60,555	0.04	6,152,917	3.87
	30-06-2015 - Sale	(23)	(0.00)	6,152,894	3.87
	03-07-2015 - Purchase	19,898	0.01	6,172,792	3.88
	10-07-2015 - Sale	(21)	(0.00)	6,172,771	3.88
	17-07-2015 - Sale	(165)	(0.00)	6,172,606	3.88
	31-07-2015 - Sale	(54)	(0.00)	6,172,552	3.88
	07-08-2015 - Sale	(12,236)	(0.01)	6,160,316	3.87
	14-08-2015 - Sale	(27,413)	(0.02)	6,132,903	3.85
	21-08-2015 - Purchase	11	0.00	6,132,914	3.85
	28-08-2015 - Purchase	290,861	0.18	6,423,775	4.04
	04-09-2015 - Purchase	14,787	0.01	6,438,562	4.05
	04-09-2015 - Sale	(10)	(0.00)	6,438,552	4.05
	11-09-2015 - Purchase	817	0.00	6,439,369	4.05

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

Sr. No.	Name of the shareholders	Shareholding at the beginning of the year (1 April 2015)		Cumulative shareholding during the year (31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	18-09-2015 - Purchase	4,515	0.00	6,443,884	4.05
	18-09-2015 - Sale	(960)	(0.00)	6,442,924	4.05
	25-09-2015 - Sale	(14,208)	(0.01)	6,428,716	4.04
	30-09-2015 - Sale	(20)	(0.00)	6,428,696	4.04
	09-10-2015 - Purchase	507,272	0.32	6,935,968	4.36
	09-10-2015 - Sale	(84)	(0.00)	6,935,884	4.36
	16-10-2015 - Purchase	26,436	0.02	6,962,320	4.38
	23-10-2015 - Purchase	270,000	0.17	7,232,320	4.54
	23-10-2015 - Sale	(77)	(0.00)	7,232,243	4.54
	30-10-2015 - Purchase	64	0.00	7,232,307	4.54
	06-11-2015 - Purchase	27	0.00	7,232,334	4.54
	13-11-2015 - Purchase	25	0.00	7,232,359	4.54
	20-11-2015 - Purchase	116	0.00	7,232,475	4.54
	27-11-2015 - Purchase	33	0.00	7,232,508	4.54
	04-12-2015 - Sale	(25,494)	(0.02)	7,207,014	4.53
	11-12-2015 - Sale	(81)	(0.00)	7,206,933	4.53
	18-12-2015 - Purchase	712	0.00	7,207,645	4.53
	25-12-2015 - Purchase	22	0.00	7,207,667	4.53
	25-12-2015 - Sale	(600)	(0.00)	7,207,067	4.53
	31-12-2015 - Sale	(60,074)	(0.04)	7,146,993	4.49
	08-01-2016 - Sale	(329)	(0.00)	7,146,664	4.49
	15-01-2016 - Purchase	77	0.00	7,146,741	4.49
	22-01-2016 - Purchase	27,269	0.02	7,174,010	4.51
	22-01-2016 - Sale	(57)	(0.00)	7,173,953	4.51
	29-01-2016 - Purchase	23,887	0.02	7,197,840	4.52
	05-02-2016 - Purchase	1,738	0.00	7,199,578	4.52
	05-02-2016 - Sale	(17,078)	(0.01)	7,182,500	4.51
	19-02-2016 - Purchase	62	0.00	7,182,562	4.51
	26-02-2016 - Sale	(177)	(0.00)	7,182,385	4.51
	04-03-2016 - Purchase	36	0.00	7,182,421	4.51
	11-03-2016 - Sale	(97)	(0.00)	7,182,324	4.51
	18-03-2016 - Purchase	14,523	0.01	7,196,847	4.52
	25-03-2016 - Sale	(7,000)	(0.00)	7,189,847	4.52
	31-03-2016 - Sale	(2,205)	(0.00)	7,187,642	4.52
	At the end of the year 31 March 2016			7,187,642	4.52

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

Sr. No.	Name of the shareholders	Shareholding at the beginning of the year (1 April 2015)		Cumulative shareholding during the year (31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	Life Insurance Corporation of India				
	At the beginning of the year 1 April 2015	4,358,902	2.74	-	-
	Date-wise increase/(decrease)				
	05-06-2015 - Sale	(76,250)	(0.05)	4,282,652	2.69
	12-06-2015 - Sale	(182,119)	(0.11)	4,100,533	2.58
	19-06-2015 - Sale	(30,251)	(0.02)	4,070,282	2.56
	26-06-2015 - Sale	(73,531)	(0.05)	3,996,751	2.51
	30-06-2015 - Sale	(23,790)	(0.01)	3,972,961	2.50
	17-07-2015 - Sale	(8,623)	(0.01)	3,964,338	2.49
	24-07-2015 - Sale	(24,332)	(0.02)	3,940,006	2.48
	31-07-2015 - Sale	(61,952)	(0.04)	3,878,054	2.44
	07-08-2015 - Sale	(91,094)	(0.06)	3,786,960	2.38
	14-08-2015 - Sale	(20,023)	(0.01)	3,766,937	2.37
	30-09-2015 - Sale	(17,294)	(0.01)	3,749,643	2.36
	02-10-2015 - Sale	(5,948)	(0.00)	3,743,695	2.35
	09-10-2015 - Sale	(52,238)	(0.03)	3,691,457	2.32
	16-10-2015 - Sale	(63,511)	(0.04)	3,627,946	2.28
	23-10-2015 - Sale	(68,141)	(0.04)	3,559,805	2.24
	30-10-2015 - Sale	(131,114)	(0.08)	3,428,691	2.15
	06-11-2015 - Sale	(111,870)	(0.07)	3,316,821	2.08
	13-11-2015 - Sale	(41,673)	(0.03)	3,275,148	2.06
	20-11-2015 - Sale	(43,733)	(0.03)	3,231,415	2.03
	27-11-2015 - Sale	(49,680)	(0.03)	3,181,735	2.00
	08-01-2016 - Sale	(8,170)	(0.01)	3,173,565	1.99
	At the end of the year 31 March 2016			3,173,565	1.99
4	Maharashtra Scooters Ltd.				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2016	3,725,740	2.34	3,725,740	2.34

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

Sr. No.	Name of the shareholders	Shareholding at the beginning of the year (1 April 2015)		Cumulative shareholding during the year (31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	Ashoka Pte Ltd.				
	At the beginning of the year 1 April 2015	1,938,247	1.22	-	-
	Date-wise increase/(decrease)				
	10-07-2015 - Sale	(6,300)	(0.00)	1,931,947	1.21
	17-07-2015 - Sale	(9,687)	(0.01)	1,922,260	1.21
	24-07-2015 - Sale	(3,827)	(0.00)	1,918,433	1.21
	31-07-2015 - Sale	(2,813)	(0.00)	1,915,620	1.20
	21-08-2015 - Purchase	15,000	0.01	1,930,620	1.21
	04-09-2015 - Sale	(62,000)	(0.04)	1,868,620	1.17
	25-09-2015 - Sale	(28,700)	(0.02)	1,839,920	1.16
	02-10-2015 - Sale	(457,847)	(0.29)	1,382,073	0.87
	23-10-2015 - Sale	(270,000)	(0.17)	1,112,073	0.70
	31-12-2015 - Sale	(50,000)	(0.03)	1,062,073	0.67
	22-01-2016 - Sale	(15,000)	(0.01)	1,047,073	0.66
	29-01-2016 - Sale	(30,790)	(0.02)	1,016,283	0.64
	05-02-2016 - Sale	(64,305)	(0.04)	951,978	0.60
	12-02-2016 - Sale	(36,000)	(0.02)	915,978	0.58
	18-03-2016 - Sale	(12,000)	(0.01)	903,978	0.57
	At the end of the year 31 March 2016			903,978	0.57
6	Valiant Mauritius Partners Offshore Ltd.				
	At the beginning of the year 1 April 2015	1,580,031	0.99	-	-
	Date-wise increase/(decrease)				
	08-05-2015 - Sale	(25,900)	(0.02)	1,554,131	0.98
	29-05-2015 - Sale	(6,112)	(0.00)	1,548,019	0.97
	05-06-2015 - Sale	(361,763)	(0.23)	1,186,256	0.75
	23-10-2015 - Sale	(40,678)	(0.03)	1,145,578	0.72
	01-01-2016 - Purchase	15,900	0.01	1,161,478	0.73
	08-01-2016 - Sale	(5,638)	(0.00)	1,155,840	0.73
	15-01-2016 - Sale	(18,837)	(0.01)	1,137,003	0.71
	12-02-2016 - Sale	(5,700)	(0.00)	1,131,303	0.71
	04-03-2016 - Sale	(8,509)	(0.01)	1,122,794	0.71
	18-03-2016 - Sale	(55,914)	(0.04)	1,066,880	0.67
	25-03-2016 - Sale	(189,599)	(0.12)	877,281	0.55
	At the end of the year 31 March 2016			877,281	0.55

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

Sr. No.	Name of the shareholders	Shareholding at the beginning of the year (1 April 2015)		Cumulative shareholding during the year (31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Valiant Mauritius Partners Ltd.				
	At the beginning of the year 1 April 2015	1,482,698	0.93	-	-
	Date-wise increase/(decrease)				
	08-05-2015 - Sale	(24,100)	(0.02)	1,458,598	0.92
	29-05-2015 - Sale	(5,872)	(0.00)	1,452,726	0.91
	05-06-2015 - Sale	(342,809)	(0.22)	1,109,917	0.70
	23-10-2015 - Sale	(67,600)	(0.04)	1,042,317	0.66
	01-01-2016 - Purchase	14,100	0.01	1,056,417	0.66
	08-01-2016 - Sale	(4,351)	(0.00)	1,052,066	0.66
	15-01-2016 - Sale	(23,024)	(0.01)	1,029,042	0.65
	12-02-2016 - Sale	(103,811)	(0.07)	925,231	0.58
	04-03-2016 - Sale	(6,491)	(0.00)	918,740	0.58
	18-03-2016 - Sale	(48,598)	(0.03)	870,142	0.55
	25-03-2016 - Sale	(154,433)	(0.10)	715,709	0.45
	At the end of the year 31 March 2016			715,709	0.45
8	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 2016	1,092,075	0.69	1,092,075	0.69
9	Abhay Firodia				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2016	728,554	0.46	728,554	0.46
10	Niraj Bajaj (Trustee of Yamuna Trust, Bajaj Group Trust)				
	At the beginning of the year 1 April 2015	0.00	0.00	-	-
	Date-wise increase/(decrease)				
	13-11-2015 - Purchase	1,829,958	1.15	1,829,958	1.15
	At the end of the year 31 March 2016			1,829,958	1.15

v) Shareholding of directors and key managerial personnel

Sr.No.	Name of the directors/ key managerial personnel (KMP)	Shareholding at the beginning of the year (1 April 2015)		Cumulative shareholding during the year (31 March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Rahul Kumar Bajaj At the beginning of the year and at the end of the year-No change during the year ended 31 March 2016	1,662,685	1.04	1,662,685	1.04
2	Sanjivnayan Bajaj At the beginning of the year and at the end of the year-No change during the year ended 31 March 2016	465,024	0.29	465,024	0.29
3	Madhur Bajaj At the beginning of the year and at the end of the year-No change during the year ended 31 March 2016	933,716	0.59	933,716	0.59
4	Rajivnayan Bajaj At the beginning of the year and at the end of the year-No change during the year ended 31 March 2016	3,450	0.00	3,450	0.00
5	S Sreenivasan (CFO) At the beginning of the year and at the end of the year-No change during the year ended 31 March 2016	1,650	0.00	1,650	0.00

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

V. Indebtedness

As on 31 March 2016, 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 2015-16

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

			(in ₹)
Sr. No.	Particulars of remuneration	Sanjiv Bajaj (MD)	Total amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	10,950,000	10,950,000
	(b) Value of perquisites under section 17(2) of Income Tax Act, 1961	1,469,600	1,469,600
	(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)	30,600,000	30,600,000
5	Others - Contribution to provident fund etc.	2,185,491	2,185,491
	TOTAL (A)	45,205,091	45,205,091
	Ceiling as per the Act		99,900,000

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

The term of Managing Director does not exceed five years.

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

B. Remuneration to other directors

1. Independent Directors

(in ₹)

Particulars of remuneration	D J Balaji Rao	Nanoo Pamnani	S H Khan*	Naresh Chandra	Dr. Gita Piramal	Total
i. Fee for attending Board/ Committee Meetings	600,000	750,000	400,000	600,000	300,000	2,650,000
ii. Commission	600,000	750,000	400,000	600,000	300,000	2,650,000
iii. Others	-	-	-	-	-	-
TOTAL (B)(1)	1,200,000	1,500,000	800,000	1,200,000	600,000	5,300,000

Note: * S H Khan expired on 12 January 2016.

2. Non-Independent Non-Executive Directors

(in ₹)

Particulars of remuneration	Rahul Bajaj	Madhur Bajaj	Rajiv Bajaj	-	-	Total
i. Fee for attending Board/ Committee Meetings	450,000	300,000	250,000	-	-	1,000,000
ii. Commission	450,000	300,000	250,000	-	-	1,000,000
iii. Others	-	-	-	-	-	-
TOTAL (B)(2)	900,000	600,000	500,000	-	-	2,000,000
TOTAL (B)(1) + (B)(2)						7,300,000
Total Managerial Remuneration (A+B)						52,505,091
Overall ceiling as per the Act						119,800,000

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

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

(in ₹)

Sr. No.	Particulars of remuneration	Key managerial personnel		Total
		Company Secretary	Chief Financial Officer	
		Sonal R Tiwari	S Sreenivasan	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,490,684	17,608,801	20,099,485
	(b) Value of perquisites under section 17(2) of Income Tax Act, 1961	25,000	78,800	103,800
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-as % of profit	-	-	-
	-others	-	-	-
5	Others- Contribution to provident fund etc.	185,777	1,109,729	1,295,506
	Total	2,701,461	18,797,330	21,498,791

VII. Penalties/punishment/compounding of offences:

During the year 2015-16, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Secretarial Audit Report (Form MR-3)

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

For the financial year ended 31 March 2016.

To The Members

Bajaj Finserv Ltd.

(CIN: L65923PN2007PLC130075)

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

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

I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2016, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2016, 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) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking NBFC/Core Investment Company which are specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and the Listing Agreements entered into by the Company with BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

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

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

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

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

I further report that the Company has allotted 6,269 right shares which were kept in abeyance, and complied with the Act and Rules formed thereunder, during the reporting period.

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

Pune: 24 May 2016

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

Auditors' certificate regarding compliance of conditions of Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by Bajaj Finserv Ltd., for the year ended 31 March 2016, as stipulated in regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as the SEBI Listing Regulations, 2015).

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

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

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

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

Russell I Parera
Partner
Membership Number: 42190

Pune: 24 May 2016

Declaration by Chief Executive Officer (CEO)

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

I, Sanjiv Bajaj, Managing Director (CEO) of Bajaj Finserv Ltd. hereby declare that all members of the Board of Directors and Senior Management have affirmed for the year ended 31 March 2016, compliance with the code of conduct of Board of Directors and Senior Management of the Company.

Sanjiv Bajaj
Managing Director

Pune: 24 May 2016

Consolidated Financial Statements

Independent Auditors' Report on the Consolidated Financial Statements

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

1. We have audited the accompanying consolidated financial statements of Bajaj Finserv Ltd. ('hereinafter referred to as the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its jointly controlled entity (refer Note 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31 March 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as 'the Consolidated Financial Statements').

Management's responsibility for the consolidated financial statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entity in accordance with accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its jointly controlled entity respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its jointly controlled entity as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other matters

8. We did not audit the financial statements of two subsidiaries and one jointly controlled entity whose financial statements reflect total assets of ₹ 55,983.29 crore and net assets of ₹ 9,877.43 crore as at 31 March 2016, total revenue of ₹ 1,955.45 crore, net profit of ₹ 1,454.40 crore and net cash outflows amounting to ₹ 395.21 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entity and our report in terms of sub-sections (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries and jointly controlled entity, is based solely on the reports of the other auditors.
9. The financial statements of Bajaj Allianz General Insurance Company Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by other firms of chartered accountants jointly for the year ended 31 March 2016, who vide their report dated 19 May 2016 have reported as follows:
 - a) The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary. The actuarial valuation of these liabilities as at 31 March 2016 has been duly certified by the Appointed Actuary. The Appointed Actuary has also certified that in her opinion, the assumptions for such valuation are in accordance with the guidelines and norms, if any, issued by IRDAI and the Actuarial Society of India in concurrence with the Authority. We have relied upon the Company's Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.
 - b) The financial statements of the Company for the year ended 31 March 2015 were audited by the joint auditors of the Company, one of which is the predecessor audit firm, whose report dated 15 May 2015 expressed an unmodified opinion on those statements.
10. The financial statements of Bajaj Allianz Life Insurance Company Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by other firms of chartered accountants jointly for the year ended 31 March 2016, who vide their report dated 19 May 2016 have reported as follows:
The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2016 is the responsibility of the Company's Appointed Actuary (the 'Appointed Actuary'). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2016 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory Development Authority and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in financial statements of the Company.

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

Report on other legal and regulatory requirements

11. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

- (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group and jointly controlled entity incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group and jointly controlled entity incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled company incorporated in India, none of the directors of the group companies and jointly controlled company incorporated in India are disqualified as on 31 March 2016 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and jointly controlled company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at 31 March 2016 on the consolidated financial position of the Group. In case of Bajaj Financial Holdings Ltd., a subsidiary of the Holding Company, the Company does not have any pending litigations as at 31 March 2016 which would impact its financial position.

In case of Bajaj Allianz Financial Distributors Ltd.; a jointly controlled entity of the Holding Company, audited by other firm of chartered accountants, for the year ended 31 March 2016, who vide their consolidated report dated 16 May 2016 have reported as follows:

'The Group does not have any pending litigations which would impact its financial position.'

- ii. The Group and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts as at 31 March 2016 except in case of Bajaj Finance Ltd., a subsidiary of the Holding Company where provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts as at 31 March 2016. Bajaj Finance Ltd. alongwith its subsidiaries did not have long-term derivative contracts as at 31 March 2016.

In case of Bajaj Allianz General Insurance Company Ltd.; a subsidiary of the Holding Company, audited by other firm of chartered accountants, jointly for the year ended 31 March 2016, who vide their report dated 19 May 2016 have reported as follows:

'The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any outstanding long-term derivative contracts.'

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

In case of Bajaj Allianz Life Insurance Company Ltd.; a subsidiary of the Holding Company, audited by other firm of chartered accountants, jointly for the year ended 31 March 2016, who vide their report dated 19 May 2016 have reported as follows:

'The liability for insurance contracts, is determined by the Company's Appointed Actuary and is covered by the Appointed Actuary's certificate, referred to in Other matters paragraph above, on which we have placed reliance; and the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.'

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended 31 March 2016 except in case of Bajaj Financial Holdings Ltd., Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd., a subsidiary of the Holding Company, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2016.

In case of Bajaj Allianz General Insurance Company Ltd., a subsidiary of the Holding Company, audited by other firm of chartered accountants, jointly for the year ended 31 March 2016, who vide their report dated 19 May 2016 have reported as follows:

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

In case of Bajaj Allianz Life Insurance Company Ltd., a subsidiary of the Holding Company, audited by other firm of chartered accountants, jointly for the year ended 31 March 2016, who vide their report dated 19 May 2016 have reported as follows:

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

In case of Bajaj Allianz Financial Distributors Ltd., a jointly controlled entity of the Holding Company, audited by other firm of chartered accountants, for the year ended 31 March 2016, who vide their consolidated report dated 16 May 2016 have reported as follows:

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

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Bajaj Finserv Ltd. on the consolidated financial statements for the year ended 31 March 2016

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Bajaj Finserv Ltd. (hereinafter referred to as 'the Holding Company') and its subsidiary companies and jointly controlled company, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

Meaning of internal financial controls over financial reporting

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

Annexure A to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and jointly controlled company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other matters

9. Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.
10. The financial statements of Bajaj Allianz General Insurance Company Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by other firms of chartered accountants jointly for the year ended 31 March 2016, who vide their report dated 19 May 2016 have reported as follows:
The actuarial valuation for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), has been duly certified by the Company's Appointed Actuary in accordance with the guidelines and norms issued by the Insurance Regulatory Development Authority and the Institute of Actuaries of India in concurrence with the Authority and has been relied upon by us, as mentioned in paragraph 9(a) of our audit report on the consolidated financial statements of the Company as at and for the year ended 31 March 2016. Accordingly, our opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of internal controls over valuation and accuracy of aforesaid actuarial liabilities.
11. The financial statements of Bajaj Allianz Life Insurance Company Ltd., a subsidiary of Bajaj Finserv Ltd., was audited by other firms of chartered accountants jointly for the year ended 31 March 2016, who vide their report dated 19 May 2016 have reported as follows:
The actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the 'IRDA Financial Statements Regulations'), and has been relied upon by us, as mentioned in paragraph 10 of our audit report on the consolidated financial statements of the Company as at and for the year ended 31 March 2016. Accordingly the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation is also certified by the Appointed Actuary and has been relied upon by us.

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

Consolidated Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2016	2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	79.57	79.56
Reserves and surplus	6	13,311.54	10,885.08
Fair value change account		0.01	-
		13,391.12	10,964.64
Funds for future appropriations	7	207.38	124.41
Minority interest		5,876.68	4,225.54
Non-current liabilities			
Long-term borrowings	8	24,549.36	17,931.01
Deferred tax liabilities (net)		10.74	11.36
Policy liabilities		16,929.84	13,232.39
Linked liabilities		3,364.34	3,044.58
Discontinued fund liabilities		299.02	284.42
Other long-term liabilities	9	447.40	135.77
Long-term provisions	10	266.22	174.38
		45,866.92	34,813.91
Current liabilities			
Current maturities of long-term borrowings	8	5,974.24	4,103.25
Short-term borrowings	11	5,538.49	4,277.83
Trade payables	12		
Total outstanding dues of micro enterprises and small enterprises		0.88	0.90
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,949.21	5,364.58
Policy liabilities		1.52	1,373.15
Linked liabilities		15,789.25	18,600.27
Other current liabilities	12	1,589.50	1,436.13
Short-term provisions	10	3,259.84	2,955.20
		38,102.93	38,111.31
Total		103,445.03	88,239.81

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

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

Consolidated Balance Sheet (Contd.)

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2016	2015
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	798.59	793.64
Intangible assets	13	45.92	38.00
Capital work-in-progress		10.76	2.76
		855.27	834.40
Goodwill on consolidation of subsidiary/associates		429.03	429.03
Non-current investments	14	14,732.16	13,261.53
Policyholders' investments		13,563.80	12,450.59
Assets held to cover linked liabilities		4,086.67	3,308.83
Deferred tax assets (net)		343.44	257.55
Long-term loans and advances	15	422.52	332.57
Receivables under financing activity	16	24,778.55	18,119.67
Other non-current assets	18	462.66	388.47
		59,674.10	49,382.64
Current assets			
Current investments	14	2,167.82	1,737.87
Policyholders' investments		3,526.41	1,987.29
Assets held to cover linked liabilities		15,134.80	18,336.21
Assets held to cover discontinued funds		231.14	284.23
Receivables under financing activity	16	17,977.21	13,079.78
Trade receivables	17	677.86	541.45
Cash and bank balances	19	2,297.52	1,408.54
Short-term loans and advances	15	615.14	399.54
Other current assets	18	1,143.03	1,082.26
		43,770.93	38,857.17
Total		103,445.03	88,239.81

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

Consolidated Statement of Profit and Loss

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2016	2015
Revenue from operations	20	8,563.42	6,471.24
Other income	21	0.34	3.37
Operating result from general insurance business	22	571.54	627.88
Amount transferred from the policyholders' account		311.44	487.89
Total revenue		9,446.74	7,590.38
Expenses			
Contribution to the policyholders' fund		43.57	116.25
Employee benefits expense	23	768.04	578.02
Loan losses and provisions	24	542.85	384.56
Finance costs	25	2,876.95	2,229.58
Depreciation and amortisation	26	57.72	38.15
Other expenses	27	1,353.56	997.67
Total expenses		5,642.69	4,344.23
Profit before tax		3,804.05	3,246.15
Tax expense			
Current tax		1,115.42	925.86
Share of current tax of joint venture		0.59	0.55
Deferred tax		(86.56)	(84.50)
Share of deferred tax of joint venture		0.06	0.03
Total tax expense		1,029.51	841.94
Profit after tax		2,774.54	2,404.21
Tax (debits)/credits pertaining to earlier years		-	4.94
Share of tax (debits)/credits pertaining to earlier years of joint venture		0.02	0.02
Minority interest		911.29	719.38
Profit for the year		1,863.27	1,689.79
Basic and diluted Earnings per share (In ₹)	28	117.1	106.2
(Nominal value per share ₹ 5)			

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

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman
Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2016

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

Name of the company	Country of incorporation	% Shareholding of Bajaj Finserv Ltd.	Consolidated as
Bajaj Allianz General Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Allianz Life Insurance Company Ltd.	India	74%	Subsidiary
Bajaj Finance Ltd.*	India	57.28%	Subsidiary
Bajaj Financial Holdings Ltd.	India	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.**	India	50%	Joint Venture

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

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

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

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016.

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

- (c) Considering that the accounts of the two insurance companies have been prepared in accordance with and in the manner prescribed by the regulations of the Insurance Regulatory and Development Authority and the lack of homogeneity of the business, the financial statements of the insurance companies have been consolidated, to the extent possible in the format as adopted by the parent, as required by Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- 2 Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures. The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements to which these consolidated financial statements are attached.
- 3 No adjustments have been made to the financial statements of the two insurance subsidiaries on account of diverse accounting policies as the same, being insurance companies, have been prepared under a regulated environment in contrast to those of Bajaj Finserv Ltd. and hence not practicable to do so. Also differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

A. Bajaj Allianz Life Insurance Company Ltd.

Significant accounting policies followed by the Company

Basis of preparation

The accompanying financial statements are prepared and presented under the historical cost convention, unless otherwise stated, and on the accrual basis of accounting, in accordance with accounting principles generally accepted in India (Indian GAAP). The Company has prepared the financial statements in compliance with the Accounting Standards ('AS') notified under section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014 and in accordance with the provisions of the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), Insurance Regulatory and Development Authority Act, 1999, and the regulations framed thereunder, various circulars issued by the IRDAI and the practices prevailing within the insurance industry in India.

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

Use of estimates

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

a) Revenue recognition

Premium income

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

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

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

Reinsurance premium ceded and commission thereon

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

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

Income from investments

Interest income

Interest income is recognised on accrual basis.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

Amortised income/cost

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

Dividend

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

Income from securities lending and borrowing

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

Rent on investment property

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

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

Profit or loss on sale/redemption of equity shares and mutual fund units is the difference between the net sale consideration and the weighted average cost in the books of the Company. Profit or loss on sale/redemption of such securities in other than linked investments is recognised on trade/redemption date and includes effects of accumulated fair value changes, as applicable and previously recognised.

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

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

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

Unrealised gain/(loss) for linked business

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

Other income from unit linked policies

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

Fees, charges and other income

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

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

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

b) Acquisition cost

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

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

c) Benefits paid

Benefits paid comprise of policy benefits and claim settlement costs.

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

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

d) Actuarial (Policy) liability

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

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

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

e) Fund for future appropriations (FFA)

Fund for Future Appropriations includes the amount of unappropriated profits held in the Balance Sheet based on the recommendations of the Appointed Actuary.

f) Investments

Investments are made and accounted for in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority (Investments) Regulations, 2000 amended from time to time, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and various other circulars/notifications issued by the IRDAI in this context from time to time.

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

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

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

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

i) Classification

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

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

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

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

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

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

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

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

Investment in alternative investment funds, security receipts, fixed deposits and loans are valued at cost.

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

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

iii) Valuation – linked business

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

Debt securities other than government securities with a residual maturity of over 182 days are valued on a yield to maturity basis, by using spreads over the benchmark rate (based on the matrix released by the CRISIL on daily basis) to arrive at the yield for pricing the security.

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

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

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

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

Equity Exchange Traded Funds (ETF) are valued as equity shares. In case the ETF is not traded either on NSE or BSE on any day, Net Asset Value (NAV) as published by the Mutual Fund is considered for valuation.

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

Investments in Fixed Deposit are valued at cost.

Loans are valued at cost.

Mutual fund units and Alternative Investment Funds are valued at the last available per unit Net Asset Value declared for the respective fund.

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

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

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

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

Valuation of Discontinued Policy fund is done as per the valuation policy applicable to Unit Linked business.

iv) Transfer of investments

Transfer of investments from shareholders' account to the policyholders' account to meet the deficit in the policyholders account is done at book value or market value; whichever is lower.

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

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

Inter fund transfer of Treasury Bills, Certificate of Deposits and Commercial Papers between unit linked funds is done at cost plus accretion.

g) Loans

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

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

h) Fixed assets, intangibles, depreciation and impairment

i) Tangible assets and depreciation

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

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

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

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

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

The estimated useful life of assets determined is as follows:

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

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

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

ii) Intangibles

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

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

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

iii) Capital work in progress

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

iv) Impairment of assets

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

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

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

i) Taxation

i. Direct taxes

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

Income tax expense comprises of:

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

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

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

ii. Indirect taxes

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

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

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

j) Provisions and contingencies

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

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

Contingent assets are neither recognised nor disclosed.

k) Long-term contracts

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts including derivative contracts has been made in the financial statements.

B. Bajaj Allianz General Insurance Company Ltd.

Significant accounting policies followed by the Company

Basis of preparation

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles followed in India under the historical cost convention and accrual basis of accounting and comply with applicable Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 which continues to apply under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the statutory requirements of the Insurance Act, 1938 (amended by the Insurance laws (Amendment) Act, 2015), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('The Regulations') and orders and directions issued by the IRDAI in this behalf, the Companies Act, 2013 ('The Act') (to the extent applicable) and current practices prevailing in the insurance industry.

Use of estimates

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

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

a. Revenue recognition

i) Premium

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

ii) Interest/dividend income

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

iii) Premium/discount on purchase of investments

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

iv) Profit/loss on sale of securities

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

v) Commission on reinsurance ceded

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

b. Reinsurance ceded

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

c. Reinsurance accepted

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

d. Acquisition costs

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

e. Premium received in advance

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

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

f. Reserve for unexpired risk

Reserve for unexpired risk represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis, whichever is appropriate, subject to a minimum of 100% in case of Marine Hull business and 50% in case of other businesses based on net premium written on all unexpired policies at Balance sheet date during the twelve months preceding the Balance Sheet date as required by section 64 V(1)(ii)(b) of the Insurance Act, 1938. (Also refer clause m).

g. Premium deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to the subsequent accounting period as the reserve for unexpired risk. The Company considers maintenance costs as relevant direct costs incurred for ensuring claim handling operations. Further, as per IRDAI circular IRDA/F&A/CIR/FA/126/07/2013, dated 3 July 2013 (Corrigendum to Master Circular IRDA/F&I/CIR/F&A/231/10/2012, dated 5 October 2012), premium deficiency, if any, has been recognised at Segmental Revenue Account Level. Until 31 March 2015, Premium Deficiency was recognised at overall Company level and disclosed in revenue account from which the same had predominantly arisen, in line with transitional provision mentioned in above circular dated 3 July 2013. In computing the premium deficiency in miscellaneous revenue account, the premium deficiency arising out of reinsurance acceptances from declined risk pool is not considered as per regulatory guidelines. The expected claim costs is calculated and duly certified by the Appointed Actuary.

h. Claims incurred

Claims are recognised as and when reported. Claims incurred comprises claims paid, change in the outstanding provision of claims and estimated liability for claims incurred but not reported ('IBNR') and claims incurred but not enough reported ('IBNER'). It also includes survey fees, legal expenses and other costs directly attributable to claims.

Claims paid (net of recoveries including salvage retained by the insured and includes interest paid towards claims) are charged to the respective revenue account when approved for payment. Where salvage is retained by the Company, the recoveries from sale of salvage are recognised at the time of sale.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid against each claim, as anticipated and estimated by the Management in light of past experience and subsequently modified for changes, as appropriate.

Amounts received/receivable from the reinsurers and coinsurers, under the terms of the reinsurance and coinsurance arrangements respectively, are recognised together with the recognition of the claim.

i. IBNR and IBNER (Claims incurred but not reported and claims incurred but not enough reported)

Incurred But Not Reported (IBNR) reserve is a provision for all claims that have occurred prior to the end of the current accounting period but have not been reported to the Company. The IBNR reserve also includes provision for claims Incurred But Not Enough Reported (IBNER). The said liability is determined by Appointed Actuary based on actuarial principles. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

j. Income from investments and other income

Income earned from investments and fixed deposits with banks, gain or loss on sale of investments and other income is allocated to the Revenue Account and the Profit and Loss Account on the basis of funds available from insurance operations and shareholders' funds and are further allocated to the lines of business in proportion of their respective gross direct premium.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

k. Fixed assets and depreciation/amortisation

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost (including incidental expenses relating to acquisition and installation) less accumulated depreciation. Assets costing upto ₹ 20,000 are depreciated fully in the year of acquisition.

Depreciation on other assets is provided based on Management's assessment of useful life which is in accordance with the useful life specified in Schedule II of the Companies Act, 2013, as follows:

Nature of assets	Useful life (in years) as per Management's assessment	Useful life (in years) as per Schedule II of the Companies Act, 2013
Information technology equipment		
End user devices, such as, desktops, laptops, etc.	3	3
Servers and networks	6	6
Vehicles	8	8
Office equipment	5	5
Furniture and fixtures	10	10
Buildings	60	60
Air conditioner (part of office equipment)	5	5
Electrical fittings (part of furniture and fittings)*	10	10

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

Leasehold improvements to leased properties are depreciated over the primary period of lease of 3 years.

Intangible fixed assets and amortisation

Intangible fixed assets representing software are recorded at its acquisition price and are amortised over their estimated useful life on a straight line basis, commencing from the date the assets are available for use. The Management has estimated the useful life for such software as three years. The useful life of the asset is reviewed by the Management at each Balance Sheet date.

The Company provides pro rata depreciation from/to the month in which the asset is acquired or put to use/disposed off as appropriate.

Capital work in progress

Capital work in progress includes assets not ready for intended use and are carried at cost, comprising direct cost and related incidental expenses.

Impairment of assets

- The carrying amounts of all assets are reviewed by the Company at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. In assessing value in use the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the asset, as determined by the Management.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life, if any.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

I. Investments

Investments are recorded on trade date at cost. Cost includes brokerage, transfer charges, transaction taxes as applicable, etc. and excludes pre-acquisition interest, if any.

Classification:

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

The investments are shown at Company level and not segregated at shareholders' level and policyholders' level.

Valuation:

Debt securities and non-convertible preference shares

All debt securities including Government securities and non-convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost adjusted for amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Account and Profit and Loss Account over the period of maturity/holding.

The realised gain or loss on the securities is the difference between the sale consideration and the amortised cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Equities (listed and actively traded)

Listed and actively traded securities are stated at the last quoted closing price on the National Stock Exchange of India Ltd. (NSE). In case the equity shares are not listed on the NSE, then they are valued on the last quoted closing price on BSE Ltd. Unrealised gains or losses are credited/debited to the Fair value change account.

The realised gain or loss on the listed and actively traded equities is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the Fair value change account, in respect of the particular security; such gain or loss is transferred to revenue on the trade date.

Mutual fund units

Mutual fund units are stated at their Net Asset Value ('NAV') at the Balance Sheet date. Unrealised gains or losses are credited/debited to the Fair value change account.

The realised gain or loss on the mutual fund units is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the Fair value change account, in respect of the particular security; such gain or loss is transferred to revenue on the trade date.

Real estate – investment property

Investment property is measured at historical cost less accumulated depreciation and impairment loss, if any.

Loans – investment

Loans given are classified as 'held to maturity' and accordingly stated at historical cost.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

Fair value change account

Fair value change account represents unrealised gains or losses in respect of investments in equity securities and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholders' funds and not available for distribution as dividend.

Impairment of investment

Unrealised losses on listed and actively traded investments held for long-term are not considered to be of a permanent nature and hence the investments are not considered as impaired. However the Company, at each Balance Sheet date, assesses investments for any impairment and necessary provisions are made for the same where ever required.

If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists then impairment loss, earlier recognised in Profit and Loss Account, is reversed in Profit and Loss Account and the investment is reinstated to that extent.

m. Contributions to Terrorism and Third Party Insurance Pools

i) Terrorism pool

In accordance with the requirements of IRDAI, the Company, together with other insurance companies, participated in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ('TAC') are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of ₹ 15.5 billion (Previous year ₹ 10 billion) per location/compound.

In accordance with the terms of the agreement, GIC retro cedes, to the Company, terrorism premium to the extent of the share agreed to be borne by the Company in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded in accordance with the latest statement received from GIC as on 31 December 2015.

The entire amount of reinsurance accepted for the current year on this account, net of claims and expenses, upto the above date, has been carried forward to the subsequent accounting period as 'Unexpired risk reserve' for subsequent risks, if any, to be borne by the Company.

ii) The Indian Motor Third Party Declined Risk Insurance Pool ('IMTPDRIP')

IRDAI has formed a Declined Risk Insurance Pool with effect from 1 April 2012 vide order IRDA/NL/ORD/MPL/277/12/2011. The Indian Motor Third Party Declined Risk Insurance Pool (DR Pool), administered by the GIC, is an arrangement among all the existing General Insurers to share in the Stand Alone Third Party Liability of Commercial Vehicles i.e. Act Only policies. Any business relating to Act only policies of Commercial Vehicles which does not fall within the underwriting parameters of respective insurer shall be ceded to the DR Pool. The premium to the extent of 20% in respect of specified risks is to be retained by the Company, 5% is to be ceded to GIC under obligatory cession and residual 75% is to be ceded to DR Pool. The Company has to underwrite a minimum percentage, as prescribed, of Act Only commercial vehicle third party insurance. DR Pool shall be extinguished at the end of every underwriting year on a clean cut basis by transferring the risk at par to the members who have not fulfilled their mandatory obligation.

Accordingly, GIC has circulated the settlement statement upto 31 December 2015 stating the details of premium ceded to the pool, shortfall of obligation and share of the Company in the DR Pool premium. The Company has recorded its share of premium and claims as inward reinsurance business, based on the returns submitted by the GIC, under the respective heads of income or expense as the case may be and included within the Motor Third Party sub-segment of the Miscellaneous Revenue Account. Accordingly, such share has been recorded by the

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

Company upto 31 December 2015 and for the period from 1 January 2016 to 31 March 2016 the losses from the pool of ₹ Nil (Previous period Nil) are provided based on the Management's estimate and recorded net under claims incurred.

IRDAI issued an order No. IRDA/NL/CIR/MISC/051/03/2016 dismantling Indian Motor Third Party Declined Risk Pool (IMTPDRP) for Commercial vehicle (Act only Insurance).

IRDAI issued a circular towards 'Obligation of insurer in respect of Motor Third Party Insurance Business, Regulations, 2015'. Every insurer, for the purpose of section 32D of the Insurance Act, 1938, during a financial year, shall underwrite such minimum percentage of the 90% of the overall motor third party insurance business premium of the industry for the immediate preceding financial year. Every insurer shall submit the financial returns to the IRDAI for every quarter of the financial year within forty five days from the end of the quarter. For the period ended 31 March 2016 the Company has accounted for business of ₹ 1,149.10 crore under Motor TP obligation.

n. Contributions to Solatium funds

The Company provides for contribution to Solatium fund at 0.10% of total TP Premium of direct business as per requirements of IRDAI circular.

o. Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences for earlier years. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward business losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against sufficient future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax asset (net of the deferred tax liability) is disclosed on the face of the Balance Sheet. The break-up of deferred tax assets and deferred tax liabilities into major components of the respective balances has been disclosed in notes.

p. Service tax

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilised credits, if any, are carried forward under 'Others – unutilised service tax carried forward' and disclosed for adjustments in subsequent periods and service tax liability to be remitted to the appropriate authority is disclosed under 'Others-service tax payable'. Service tax paid for eligible input services not recoverable by way of credits is recognised in the Revenue Account as expenses forming as separate line item.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

q. Provisions, contingent liabilities and contingent assets

A provision is recognised when an enterprise has a present obligation as a result of a past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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

Contingent assets are neither recognised nor disclosed in the financial statements.

C. Bajaj Finance Ltd.

Significant accounting policies followed by the Company

a. Fixed assets, depreciation and amortisation

- I) (i) Tangible assets are carried at cost of acquisition. Cost of acquisition includes all expenses incurred to bring the asset into a state ready to be put to its intended use.
- (ii) Depreciation on tangible assets
 - (a) Depreciation is provided on a pro rata basis for all tangible assets on straight line method over the useful life of assets, except buildings which is determined on written down value method.
 - (b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.
- (iii) Depreciation on leasehold improvements is provided for on straight line method over the primary period of lease of premises.
- (iv) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
- (v) Tangible assets which are depreciated over useful life different than those indicated in Schedule II are as under:

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

II) Intangible Assets and Amortisation thereof

Intangible assets, representing Specialised Software etc. are recognised at cost and carried net of amortisation, consistent with the criteria specified in Accounting Standard 26 'Intangible Assets' as prescribed by Companies (Accounting Standards) Rules, 2006. Intangible assets are amortised systematically over the useful life of the assets. Accordingly, most software cost are generally amortised as an intangible equally over a period of sixty months unless it has a shorter life.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

b. Income from

(i) Financing activity

Interest, finance charges, service charges etc. are recognised as income on accrual basis with reference to the terms of contractual commitments such as interest subsidy and finance agreements entered into with borrowers, as the case may be, except in the case of delinquent assets provided for where income is recognised only when realised and, interest subsidy income, where income is recognised when right to receive payment is established.

(ii) Investment

- a. Dividend is accrued when the right to receive is established i.e. when declared by the investee entity.
- b. Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.
- c. In order to reflect the contracted yield as interest income, the premium/discount on fixed income securities is amortised with reference to the 'yield to maturity' prevailing on acquisition.

(iii) Income from assignment

- a) In case of assignment of loans, the loans assigned are de-recognised when all the rights, title, future receivables and interest thereof alongwith all the risks and rewards of ownership are transferred to the purchasers of assigned loans. On de-recognition, loss arising is recognised upfront, however premium is amortised based on receivables over the remaining tenure of loans.
- b) Income on retained interest in the assigned asset, if any, is accounted on accrual basis except in case of non-performing assets wherein interest income is recognised on receipt basis as per NBFC prudential norms.
- c) Servicing fee received is accounted for based on the underlying deal structure of the transaction as per the agreement.

(iv) Other income

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

c. Receivables under financing activity

- (i) Receivables under financing activity represent principal and matured finance charges outstanding at the close of the year but net of amount written off.
- (ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets and delinquent assets not yet NPAs as considered necessary including by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India (RBI) Regulations/Guidelines.
- (iii) A general provision, as required by RBI Regulations, is also made by the Company on the standard assets outstanding which is disclosed under 'Long-term provisions' in the financial statements.

d. Borrowing costs

All borrowing costs are recognised in the statement of Profit and Loss in the period in which they are incurred.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

e. Employee Stock Option Scheme

The Company operates its Employee Stock Option Scheme through a trust formed for the purpose. Equity shares are issued to the trust on the basis of the Company's expectation of the options being exercised by employees. Cost of benefit, if any, is recognised as an expense by the Company. The balance equity shares not exercised and held by the trust are disclosed as a reduction from the Share capital and Securities premium account with an equivalent adjustment to the subscription loan advanced to the Trust.

D. Bajaj Allianz Financial Distributors Ltd.

Background

Bajaj Allianz Financial Distributors Ltd. is a joint venture between Bajaj Finserv Ltd. and Allianz SE incorporated on 16 March 2007 with an objective to engage in the business of distribution of variety of financial products and services such as mutual funds, personal loans, credit cards and home loans and providing manpower and recruitment support services under the name of Bajaj Allianz Staffing Solutions, a Division of Bajaj Allianz Financial Distributors Ltd.

Bajaj Allianz Staffing Solutions Ltd. is a wholly subsidiary of Bajaj Allianz Financial Distributors Ltd., incorporated with an objective to engage in the business of providing manpower and recruitment support services.

Significant accounting policies followed by the Company

Accounting assumptions

The financial statements are prepared under the historical cost convention, on accrual basis of accounting to comply in all material respects, with the mandatory Accounting Standards as specified under section 133 of the Companies Act 2013, read with rule 7 of Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

Use of estimates

The presentation of financial statements in conformity with the Indian GAAP requires the Management to make estimates and assumptions to be made that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from those estimated.

a) Revenue recognition

Income from distribution of financial products operations includes brokerage and commission on sale of mutual fund units, life and general insurance policies, personal loans, receipts from mutual funds which is recognised when due, on completion of transaction.

Income from manpower and recruitment support services are recognised on the basis of contractual service agreement entered.

Brokerage and commission on sale of mutual fund units and life and general insurance policies is recognised net of service tax.

b) Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current/short-term or long-term based on the Management's intention at the time of purchase. Long-term investments are carried at cost less any permanent diminution in value, determined separately for each individual investment. Current/short-term investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

D. Bajaj Allianz Financial Distributors Ltd. (Contd.)

c) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognised.

5 Share capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Authorised:		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
Issued, subscribed and fully paid-up shares:		
159,131,453 (159,125,184) equity shares of ₹ 5 each	79.57	79.56
	79.57	79.56

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2016		As at 31 March 2015	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	159,125,184	79.56	159,122,352	79.56
Equity shares earlier held in abeyance, issued during the year [See note 5 e.]	6,269	0.01	2,832	
Outstanding at the end of the year	159,131,453	79.57	159,125,184	79.56

b. Further, of the above

1,805,071 equity shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 37,532 (41,132)

c. 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 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.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

5 Share capital (Contd.)

d. Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2016		As at 31 March 2015	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,110,824	9.50%	15,110,824	9.50%

e. Shares reserved for issue at a subsequent date

20,408 (26,677) equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter.

f. Utilisation of funds raised on issue of equity shares

Particulars	(₹ In Crore)	
	As at 31 March 2016	2015
Amount receivable from rights issue - as per letter of offer	940.44	940.44
Less: Amount not received on shares kept in abeyance	1.32	1.73
Amount received from rights issue - (A)	939.12	938.71
Deployment of rights issue proceeds:		
(a) Investment in Bajaj Finance Ltd. - conversion of warrants	63.96	63.96
(b) Investment in Bajaj Finance Ltd. - subscription to rights issue	478.67	478.67
(c) Investment in Bajaj Finance Ltd. - subscription to convertible warrants	102.03	-
(d) Share issue expenses	3.16	3.16
(e) General corporate purposes	185.96	185.55
Total deployment of rights issue proceeds - (B)	833.78	731.34
Balance amount to be utilised (A - B)	105.34	207.37
Interim utilisation of balance rights issue proceeds:		
Investment in money market instruments and mutual funds	105.34	207.37

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

6 Reserves and surplus

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Securities premium account		
Balance as at the beginning of the year	1,853.48	1,853.00
Add/(Less): Adjustment because of change in shareholding in subsidiary	(81.98)	(0.11)
Add: Received during the year	834.58	0.59
Add/(Less): Share issue expenses	(6.46)	-
Closing balance	2,599.62	1,853.48
Revaluation reserve		
Balance as at the beginning of the year	3.70	-
Add: Addition during the year	2.60	3.70
Closing balance	6.30	3.70
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	496.19	357.20
Add/(Less): Adjustment because of change in shareholding in subsidiary	(28.49)	(0.03)
Add: Transferred from surplus in Statement of Profit and Loss	146.63	139.02
(Less): Transfer to surplus in Statement of Profit and Loss [See note 37]	(120.10)	-
Closing balance	494.23	496.19
Reserve Fund in terms of section 29C of the National Housing Bank Act, 1987		
Balance as at the beginning of the year	-	-
Add: Transferred from surplus in Statement of Profit and Loss	0.01	-
Closing balance	0.01	-
Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961		
Balance as at the beginning of the year	3.53	2.24
Add/(Less): Adjustment because of change in shareholding in subsidiary	(0.24)	-
Add: Transferred from surplus in Statement of Profit and Loss	-	1.29
Closing balance	3.29	3.53
General reserve		
Balance as at the beginning of the year	1,762.08	1,694.13
Add/(Less): Adjustment because of change in shareholding in subsidiary	(20.15)	(0.02)
Add: Transferred from surplus in Statement of Profit and Loss	89.63	67.97
Closing balance	1,831.56	1,762.08
Carried over	4,935.01	4,118.98

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

6 Reserves and surplus (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Brought over	4,935.01	4,118.98
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	6,766.10	5,325.02
Add/(Less): Adjustment because of change in shareholding in subsidiary and others	(108.82)	(8.47)
Less: Transitional adjustments to carrying value of tangible assets whose revised useful life has expired, net of deferred tax aggregating ₹ 0.97 crore in previous year	-	(4.11)
Add: Transfer from Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 [See note 37]	120.10	-
Profit for the year	1,863.27	1,689.79
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	146.63	139.02
Transfer to Reserve Fund in terms of section 29 C of the National Housing Bank Act, 1987	0.01	-
Transfer to Infrastructure reserve in terms of section 36 (1) (viii) of the Income-tax Act, 1961	-	1.29
Transfer to General reserve	89.63	67.97
Interim dividend	27.85	-
Proposed dividend	-	27.85
Total appropriations	264.12	236.13
Balance in Statement of Profit and Loss	8,376.53	6,766.10
	13,311.54	10,885.08

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

7 Funds for future appropriations in policyholders' account

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Premiums earned-net		
(a) Premium	5,897.32	6,017.30
(b) Reinsurance ceded	(65.60)	(69.27)
Sub-total	5,831.72	5,948.03
Income from investment		
(a) Interest, dividend and rent - gross	1,774.20	1,521.93
(b) Profit on sale/redemption of investments	1,972.24	4,848.37
(c) Loss on sale/redemption of investments	(892.88)	(395.61)
(d) Transfer/gain on revaluation/change in fair value	(2,283.87)	1,326.32
(e) Accretion of discount/(amortisation of premium) (net)	178.24	157.98
Other income	42.14	50.23
Contribution from the shareholders' account	43.57	116.25
Sub-total	833.64	7,625.47
Total (A)	6,665.36	13,573.50
Commission	157.41	206.22
Operating expenses related to insurance business	1,108.63	1,121.74
Provision for doubtful debts	1.52	1.27
Other provisions	95.53	98.22
Total (B)	1,363.09	1,427.45
Benefits paid (net)	4,998.26	8,230.49
Interim bonuses paid	14.28	7.42
Change in valuation of liability against life policies in force		
(a) Gross	2,352.06	2,956.11
(b) Fund reserve	(2,491.25)	357.25
(c) Reserve for discontinuance fund	14.61	138.93
(d) Amount ceded in reinsurance	(26.24)	(59.03)
Total (C)	4,861.72	11,631.17
Surplus/(deficit) before tax (D) = (A) - (B) - (C)	440.55	514.88
Provision for income-tax	46.14	86.53
Surplus/(deficit) after tax	394.41	428.35
Opening balance of funds for future appropriation	124.41	183.95
Less: Transfer to shareholders' account	311.44	487.89
Closing balance of funds for future appropriation	207.38	124.41

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

8 Long-term borrowings*

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Secured				
Privately placed redeemable non convertible debentures	10,159.40	6,824.10	2,971.20	1,701.00
From banks, against hypothecation of assets under finance, book debts and other receivables	11,836.61	9,284.47	2,347.86	2,142.20
	21,996.01	16,108.57	5,319.06	3,843.20
Unsecured				
Privately placed redeemable non convertible debentures	-	-	113.00	50.00
Privately placed subordinated (Tier II) redeemable non convertible debentures of ₹ 10 lakh each	1,275.80	985.80	-	-
Term loans from banks	100.00	175.00	75.00	-
Fixed deposits	1,177.55	661.64	467.18	210.05
	2,553.35	1,822.44	655.18	260.05
	24,549.36	17,931.01	5,974.24	4,103.25

* For details and terms of repayment refer note 29 C. 3

9 Other long-term liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Trade payables	44.19	32.21
Security deposits	21.50	17.11
Interest accrued but not due	377.20	82.16
Others	4.51	4.29
	447.40	135.77

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

10 Provisions

Particulars	(₹ In Crore)			
	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Provision for employee benefits				
Provision for gratuity	8.75	11.72	-	-
Share of provision for gratuity of joint venture	0.96	1.07	-	-
Provision for compensated absences	-	-	36.55	57.11
Share of provision for compensated absences of joint venture	-	-	0.55	1.54
Provision for long-term service plan/awards	12.34	7.82	11.02	7.45
	22.05	20.61	48.12	66.10
Other provisions				
Fair value change account	-	-	136.23	207.61
Reserve for unexpired risk	-	-	2,572.59	2,223.85
General provision on standard assets	181.52	136.17	-	-
Provision for restructured standard assets	52.68	8.78	-	-
Provision for interest sacrifice on re-structured assets	-	7.13	-	-
Provision retained on sale of non performing assets	8.74	-	-	-
Provision for tax (net of tax paid in advance)	-	-	502.31	429.24
Share of provision for tax (net of tax paid in advance) of joint venture	1.23	1.69	0.59	0.55
Proposed dividend	-	-	-	27.85
	244.17	153.77	3,211.72	2,889.10
	266.22	174.38	3,259.84	2,955.20

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

11 Short-term borrowings*

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Secured		
From banks, against hypothecation of assets under finance, book debts and other receivables		
Cash credit and demand loans	1,880.08	2,002.69
Overdraft facility	239.97	239.87
Collateralised borrowing and lending obligation	200.00	-
	2,320.05	2,242.56
Unsecured		
From banks		
Overdraft facility	642.38	28.37
Term loans	500.00	500.00
Fixed deposits	448.45	111.67
	1,590.83	640.04
Borrowings by issue of Commercial Papers	1,627.61	1,395.23
	3,218.44	2,035.27
	5,538.49	4,277.83

* For details and terms of repayment refer note 29 C. 4

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

12 Current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	0.85	0.89
Total outstanding dues of micro enterprises and small enterprises (share of joint venture)	0.03	0.01
	0.88	0.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	726.75	601.31
Outstanding claims	3,760.18	3,075.62
Agents' Balances	81.66	110.76
Balances due to other insurance companies	615.79	861.61
Unallocated premiums	226.07	216.96
Unclaimed amount of policyholders/insured	538.76	498.32
	5,949.21	5,364.58
Other current liabilities		
Premiums received in advance	311.48	219.97
Solatium fund	4.56	3.41
Unsettled investment contract payable	175.97	378.48
Interest accrued but not due	708.83	492.62
Interest accrued and due	-	0.01
Income received in advance	0.12	0.01
Share of income received in advance of joint venture	0.24	0.23
Security deposits	0.81	1.68
Unclaimed dividend	2.77	1.01
Book overdraft	15.38	53.50
Unit payable	117.95	103.27
Directors' remuneration and commission payable	3.43	3.18
Share of employee benefits payable of joint venture	2.11	0.44
Employee benefits payable	114.60	90.14
Share of taxes payable of joint venture	0.95	0.96
Taxes payable	90.09	43.97
Share of other payables of joint venture	1.74	0.91
Other payables	38.47	42.34
	1,589.50	1,436.13
	7,539.59	6,801.61

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

13 Fixed assets (tangible and intangible assets)

Current year

(₹ In Crore)										
Particulars	Gross block				Depreciation				Net block	
	As at 31 Mar 15	Additions	Deductions/ adjustments	As at 31 Mar 16	As at 31 Mar 15	Adjustments	Deductions	For the year	As at 31 Mar 16	As at 31 Mar 16
Tangible assets:										
Land freehold	23.11	-	-	23.11	-	-	-	-	-	23.11
Land leasehold	-	-	(8.19)	8.19	-	-	-	-	-	8.19
Buildings	677.55	0.35	18.42	659.48	78.20	-	2.33	14.50	90.37	569.11
Leasehold improvements	83.19	17.44	2.59	98.04	63.29	-	2.58	11.78	72.49	25.55
Freehold improvements	2.42	-	-	2.42	2.42	-	-	-	2.42	-
Information technology equipment	266.62	37.25	11.34	292.53	231.89	-	6.64	16.80	242.05	50.48
Office equipment	79.85	14.02	2.73	91.14	50.66	-	1.72	12.16	61.10	30.04
Furniture and fixtures	128.30	17.80	8.81	137.29	67.39	-	4.53	12.47	75.33	61.96
Electric fittings	3.33	-	-	3.33	1.31	-	-	0.34	1.65	1.68
Vehicles	17.74	9.42	2.36	24.80	7.50	-	1.54	4.56	10.52	14.28
Wind energy generators	283.72	-	-	283.72	269.53	-	-	-	269.53	14.19
Total	1,565.83	96.28	38.06	1,624.05	772.19	-	19.34	72.61	825.46	798.59
Share of fixed assets of joint ventures	0.10	-	-	0.10	0.10	-	-	-	0.10	-
Intangible assets:										
Computer softwares	82.08	24.58	14.24	92.42	44.08	-	3.01	5.43	46.50	45.92

Previous year

(₹ In Crore)										
Particulars	Gross block				Depreciation				Net block	
	As at 31 Mar 14	Additions	Deductions/ adjustments	As at 31 Mar 15	As at 31 Mar 14	Adjustments	Deductions	For the year	As at 31 Mar 15	As at 31 Mar 15
Tangible assets:										
Land freehold	14.92	8.19	-	23.11	-	-	-	-	-	23.11
Buildings	692.73	0.62	15.80	677.55	61.40	1.47	-	15.33	78.20	599.35
Leasehold improvements	79.84	15.93	12.58	83.19	68.14	-	12.57	7.72	63.29	19.90
Freehold improvements	2.42	-	-	2.42	2.14	-	-	0.28	2.42	-
Information technology equipment	281.33	20.07	34.78	266.62	248.05	0.07	34.12	17.89	231.89	34.73
Office equipment	69.19	15.55	4.89	79.85	42.76	1.42	4.64	11.12	50.66	29.19
Furniture and fixtures	112.34	20.99	5.03	128.30	56.85	3.29	4.82	12.07	67.39	60.91
Electric fittings	3.31	0.02	-	3.33	0.88	0.09	-	0.34	1.31	2.02
Vehicles	15.63	3.85	1.74	17.74	5.74	-	0.92	2.68	7.50	10.24
Wind energy generators	283.72	-	-	283.72	269.53	-	-	-	269.53	14.19
Plant and machinery	17.64	-	17.64	-	17.64	-	17.64	-	-	-
Total	1,573.07	85.22	92.46	1,565.83	773.13	6.34	74.71	67.43	772.19	793.64
Share of fixed assets of joint ventures	0.15	-	0.05	0.10	0.11	0.02	0.03	-	0.10	-
Intangible assets:										
Computer softwares	69.82	21.48	9.22	82.08	36.37	-	0.24	7.95	44.08	38.00

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

14 Investments

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(A) Long-term investments:				
In Preference Shares:				
Others:				
Quoted:				
Held by insurance companies*	115.25	75.00	-	-
In Government and Trust Securities:				
Others:				
Quoted:				
8.27% Government of India Stock, 2020 of the face value of ₹ 25 crore	25.44	25.44	-	-
8.27% Government of India Stock, 2020 of the face value of ₹ 60 crore	-	-	-	61.46
8.28% Government of India Stock, 2027 of the face value of ₹ 25 crore	26.06	26.06	-	-
8.28% Government of India Stock, 2027 of the face value of ₹ 35 crore	35.60	-	-	-
8.4% Government of India Stock, 2024 of the face value of ₹ 15 crore	15.60	15.60	-	-
8.4% Government of India Stock, 2024 of the face value of ₹ 85 crore	87.76	-	-	-
8.6% Government of India Stock, 2028 of the face value of ₹ 75 crore	80.01	80.01	-	-
8.6% Government of India Stock, 2028 of the face value of ₹ 10 crore	10.58	-	-	-
8.6% Government of India Stock, 2028 of the face value of ₹ 50 crore	-	-	-	53.47
8.6% Government of India Stock, 2028 of the face value of ₹ 45 crore	-	-	48.06	-
8.83% Government of India Stock, 2023 of the face value of ₹ 40 crore	-	-	-	42.63
8.83% Government of India Stock, 2023 of the face value of ₹ 30 crore	-	-	31.97	-
7.88% Government of India Stock, 2030 of the face value of ₹ 10 crore	10.06	-	-	-
8.15% Government of India Stock, 2026 of the face value of ₹ 10 crore	9.97	-	-	-
8.38% Tamilnadu State Development Loan, 2026 of the face value of ₹ 10 crore	10.01	-	-	-
Carried over	311.09	147.11	80.03	157.56
Carried over	115.25	75.00	-	-

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

14 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Brought over	115.25	75.00	-	-
In Government and Trust Securities: (Contd.)				
Others: (Contd.)				
Quoted: (Contd.)				
Brought over	311.09	147.11	80.03	157.56
8.49% Tamilnadu State Development Loan, 2026 of the face value of ₹ 15 crore	15.02	-	-	-
8.67% Karnataka State Development Loan, 2026 of the face value of ₹ 8.94 crore	8.95	-	-	-
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	20.81	-	-	-
7.59% Government of India Stock, 2029 of the face value of ₹ 20 crore	-	-	19.93	-
7.72% Government of India Stock, 2025 of the face value of ₹ 40 crore	-	-	40.43	-
7.88% Government of India Stock, 2030 of the face value of ₹ 30 crore	-	-	30.25	-
8.83% Government of India Stock, 2023 of the face value of ₹ 20 crore	-	-	21.26	-
7.88% Government of India Stock, 2030 of the face value of ₹ 25 crore	24.87	-	-	-
8.35% Government of India Stock, 2022 of the face value of ₹ 25 crore	25.52	-	-	-
8.4% Government of India Stock, 2024 of the face value of ₹ 50 crore	51.54	-	-	-
Held by insurance companies*	8,835.94	8,055.09	-	0.54
	9,293.74	8,202.20	191.90	158.10
Less: Amortisation of premium/(discount) on acquisition	0.65	0.02	-	0.10
Less: Marked to market losses on investments	-	-	1.19	0.26
	9,293.09	8,202.18	190.71	157.74
In Bonds and Debentures:				
Fully paid:				
Others:				
Quoted:				
Held by insurance companies*	4,714.92	4,240.27	813.61	166.34
Unquoted:				
Held by insurance companies*	432.14	609.01	305.95	314.78
	5,147.06	4,849.28	1,119.56	481.12
Carried over	14,555.40	13,126.46	1,310.27	638.86

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

14 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Brought over	14,555.40	13,126.46	1,310.27	638.86
In Mutual Fund Units:				
Unquoted:				
- (6,750,000) HDFC Fixed Maturity Plan Direct Growth (Series 29)	-	-	-	6.75
- (13,500,000) ICICI Prudential Fixed Maturity Plan Direct (Series 72[Plan L/S])	-	-	-	13.50
- (18,700,000) IDFC FTP Series 70 Direct Plan Growth	-	-	-	18.70
- (3,000,000) L&T Fixed Maturity Plan Growth (Series 10[Plan H])	-	-	-	3.00
- (4,500,000) Reliance Fixed Horizon Fund Plan Growth (Plan XXV[Series 21])	-	-	-	4.50
- (8,000,000) Tata Fixed Maturity Plan Growth (Series 46[Plan M/Q])	-	-	-	8.00
Share of joint venture	3.48	3.48	-	-
	3.48	3.48	-	54.45
In Fixed Deposits:				
Unquoted:				
Held by insurance companies*	91.00	110.95	-	-
In Others:				
Loans by insurance companies*	50.00	-	-	-
Real Estate held by insurance companies*	32.28	20.64	-	-
	82.28	20.64	-	-
Total (A)	14,732.16	13,261.53	1,310.27	693.31
(B) Current investments:				
In Fully Paid Equity Shares:				
Others				
Unquoted:				
Held by insurance companies*	-	-	1.25	1.25
In Government and Trust Securities:				
Others				
Quoted:				
Treasury Bills - 182 day TB 30-06-2016	-	-	98.21	-
Carried over	-	-	99.46	1.25

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

14 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Brought over	-	-	99.46	1.25
In Certificate of Deposit:				
Unquoted:				
- (2,500) Certificate of Deposit of ₹ 100,000 each of Axis Bank Ltd. - 08-03-2016	-	-	-	23.04
- (2,500) Certificate of Deposit of ₹ 100,000 each of Axis Bank Ltd. - 26-06-2015	-	-	-	23.95
- (2,500) Certificate of Deposit of ₹ 100,000 each of Axis Bank Ltd. - 28-10-2015	-	-	-	23.32
- (2,500) Certificate of Deposit of ₹ 100,000 each of Axis Bank Ltd. - 30-10-2015	-	-	-	23.31
- (2,500) Certificate of Deposit of ₹ 100,000 each of Canara Bank - 01-03-2016	-	-	-	23.02
- (7,500) Certificate of Deposit of ₹ 100,000 each of Canara Bank - 17-02-2016	-	-	-	68.96
- (2,500) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 11-03-2016	-	-	-	23.05
- (7,500) Certificate of Deposit of ₹ 100,000 each of Corporation Bank - 11-12-2015	-	-	-	69.18
- (5,000) Certificate of Deposit of ₹ 100,000 each of Export-Import Bank of India - 16-03-2016	-	-	-	46.08
- (2,500) Certificate of Deposit of ₹ 100,000 each of IDBI Bank Ltd. - 02-03-2016	-	-	-	23.01
- (5,000) Certificate of Deposit of ₹ 100,000 each of IDBI Bank Ltd. - 15-02-2016	-	-	-	45.93
- (7,500) Certificate of Deposit of ₹ 100,000 each of Indian Bank - 09-03-2016	-	-	-	69.17
- (5,000) Certificate of Deposit of ₹ 100,000 each of Oriental Bank Of Commerce - 12-02-2016	-	-	-	45.99
- (2,500) Certificate of Deposit of ₹ 100,000 each of Oriental Bank Of Commerce - 17-02-2016	-	-	-	22.97
- (2,500) Certificate of Deposit of ₹ 100,000 each of Punjab National Bank - 21-03-2016	-	-	-	23.08
- (2,500) Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala - 23-03-2016	-	-	-	23.11
10,000 (-) Certificate of Deposit of ₹ 100,000 each of Axis Bank Ltd. - 26-10-2016	-	-	92.97	-
Held by insurance companies*	-	-	52.41	38.84
	-	-	145.38	616.01
Less: Amortisation of premium/(discount) on acquisition	-	-	(2.88)	(5.92)
	-	-	148.26	621.93
Carried over	-	-	247.72	623.18

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

14 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Brought over	-	-	247.72	623.18
In Commercial Paper:				
Unquoted:				
- (500) Commercial Paper of ₹ 500,000 each of Housing Development Finance Corporation Ltd. 364D - 10-03-2016	-	-	-	22.99
- (1,000) Commercial Paper of ₹ 500,000 each of Small Industries Development Bank of India 364D - 16-03-2016	-	-	-	46.05
1,500 (-) Commercial Paper of ₹ 500,000 each of Housing Development Finance Corporation Ltd. - 10-08-2016	-	-	70.67	-
Held by insurance companies*	-	-	4.86	-
	-	-	75.53	69.04
Less: Amortisation of premium/(discount) on acquisition	-	-	(2.23)	(0.24)
	-	-	77.76	69.28
In Mutual Fund Units:				
Unquoted:				
346,237.90 (-) ICICI Prudential Money Market Fund- Direct Growth	-	-	7.25	-
- (27,226) Tata Money Market Fund Direct Growth	-	-	-	6.00
97,361.27 ICICI Prudential Flexible Income Direct Plan- Growth	-	-	2.40	2.40
395,353.00 (-) HDFC Cash Management Fund -Savings plan - Direct plan- Growth	-	-	125.00	-
338,607.00 (-) Reliance Liquid Fund - Treasury plan - Institutional Growth	-	-	125.00	-
3,131,880.00 (-) Sundaram Liquid Money Fund-Direct	-	-	10.00	-
79,301.00 (101,780) IDFC Money Manager Fund Treasury Plan C - Growth - Defunt	-	-	0.10	0.13
73,867.00 (73,867) IDFC Money Manager Fund Treasury Plan C - Growth - Direct	-	-	0.55	0.55
418,358.00 (418,358) Birla Sun Life Savings Fund - Growth - Direct Plan	-	-	11.00	11.00
564,818.00 (566,569) ICICI Prudential Flexible Income - Regular Plan - Growth	-	-	9.83	9.86
57,112.00 (17,680) ICICI Prudential Flexible Income - Direct Plan - Growth	-	-	1.55	0.46
Held by insurance companies*	-	-	95.19	-
Share of joint venture	-	-	5.75	2.00
	-	-	393.62	32.40
Carried over	-	-	719.10	724.86

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

14 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Brought over	-	-	719.10	724.86
In Fixed Deposits:				
Unquoted:				
Held by insurance companies*	-	-	134.95	243.80
In Others				
Unquoted:				
CBLO - Held by insurance companies*	-	-	3.50	75.90
Total (B)	-	-	857.55	1,044.56
Total (A+B)	14,732.16	13,261.53	2,167.82	1,737.87

*See Note 3

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

15 Loans and advances

(Unsecured, good, unless stated otherwise)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Capital advances	2.15	1.98	0.33	-
Security deposits	49.94	47.44	1.07	4.33
Share of security deposits of joint venture	0.07	0.04	-	-
Policy loans	136.93	163.27	7.96	4.80
Advances to dealers	-	-	378.68	233.94
Advances recoverable in cash or kind				
Secured considered good	-	19.45	43.32	23.08
Unsecured considered good	46.04	11.22	78.74	37.63
Doubtful	0.24	0.19	3.65	2.69
	46.28	30.86	125.71	63.40
Provision for doubtful advances	0.24	0.19	3.65	2.69
	46.04	30.67	122.06	60.71
Other loans and advances				
Prepaid Expenses	0.95	5.32	20.75	29.16
Share of prepaid expenses of joint venture	-	-	0.26	0.25
VAT refund receivable	1.85	1.57	-	-
CENVAT credit receivable	-	-	82.49	63.86
Share of CENVAT credit receivable of joint venture	-	-	0.14	0.25
Advance income-tax (net of provision for tax)	164.34	61.92	-	0.01
Share of advance income-tax (net of provision for tax) of joint venture	4.52	4.59	-	-
MAT credit entitlement	15.70	15.70	-	-
Share of others advances of joint venture	-	-	0.35	0.43
Other advances	0.03	0.07	1.05	1.80
	187.39	89.17	105.04	95.76
	422.52	332.57	615.14	399.54

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

16 Receivables under financing activity

(Good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(I) Secured:				
(i) (a) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue instalments ₹ 409.53 crore) (Previous year ₹ 330.00 crore)	1,961.54	1,273.50	9,774.55	7,099.28
(b) Stock of repossessed vehicles under finance agreements at estimated realisable/balance value	-	-	7.40	13.92
	1,961.54	1,273.50	9,781.95	7,113.20
(c) Delinquencies requiring provision agreements considered doubtful	-	-	291.30	239.62
Less: Provision:				
(i) Against NPAs	-	-	(224.27) *	(171.39) *
(ii) Against loss estimation of delinquent receivables not yet NPAs	-	-	(67.03) *	(68.23) *
	-	-	-	-
	1,961.54	1,273.50	9,781.95	7,113.20
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue instalments ₹ 13.55 crore (Previous year ₹ 11.44 crore))				
Good	12,833.17	11,319.42	860.79	717.21
Delinquencies requiring provision	-	-	36.67	40.20
Less: Provision:				
(i) Against NPAs	-	-	(27.51) *	(34.26) *
(ii) Against loss estimation of delinquent receivables not yet NPAs	-	-	(9.16) *	(5.94) *
	-	-	-	-
	12,833.17	11,319.42	860.79	717.21
(iii) Infrastructure Finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets (Includes overdue instalments ₹ 30.65 crore) (Previous year ₹ 35.99 crore)				
Good	250.45	398.15	60.12	20.30
Delinquencies requiring provision	-	-	2.25	22.40
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	-	-	(2.25) *	(22.40) *
	-	-	-	-
	250.45	398.15	60.12	20.30
(iv) Loan against securities (secured by pledge of securities) (Includes overdue instalments ₹ 1.73 crore) (Previous year ₹ 2.20 crore)	122.68	82.98	2,547.55	1,502.29
Total (I)	15,167.84	13,074.05	13,250.41	9,353.00

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

16 Receivables under financing activity
(Good, unless stated otherwise) (Contd.)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(II) Unsecured: +				
Loans at agreement values less instalments received (Includes overdue instalments ₹ 155.48 crore) (Previous year ₹ 130.81 crore)				
Good	9,610.71	5,045.62	4,726.80	3,726.78
Delinquencies requiring provision	-	-	186.25	134.13
Less: Provision:				
(i) Against NPAs	-	-	(159.16) *	(111.48) *
(ii) Against loss estimation of delinquent receivables not yet NPAs	-	-	(27.09) *	(22.65) *
	-	-	-	-
	9,610.71	5,045.62	4,726.80	3,726.78
Total (II)	9,610.71	5,045.62	4,726.80	3,726.78
Total (I + II)	24,778.55	18,119.67	17,977.21	13,079.78

* See note 4 C. c.

+ Includes receivables from related parties amounting to ₹ 30.93 crore (previous year ₹ 46.69 crore)

17 Trade receivables
(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Outstanding for a period exceeding six months from the date they are due for payment	0.07	0.05	0.58	0.07
Share of trade receivables, others, good of joint venture	-	-	0.47	0.36
Others, good	-	-	369.64	191.09
Outstanding premiums	-	-	307.75	350.00
	0.07	0.05	678.44	541.52
Provision for doubtful receivable	0.07	0.05	0.58	0.07
	-	-	677.86	541.45

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

18 Other assets

(Unsecured, good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Non-current bank balances [See note 19]	130.02	130.25	-	-
Interest receivable on investments	330.97	255.66	816.80	860.74
Unsettled investment contract/amount receivable	-	-	120.63	52.84
Credit receivable for windpower generated	-	-	3.43	5.85
REC receivable	-	-	0.02	0.01
Other finance charges receivable	-	-	185.69	153.81
Others	-	-	16.46	9.01
Share of other assets of joint venture	1.67	2.56	-	-
	462.66	388.47	1,143.03	1,082.26

19 Cash and bank balances

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Cash and cash equivalents				
Balances with banks				
In current accounts	-	-	649.92	627.25
Share of current accounts of joint venture	-	-	0.10	1.10
Cash on hand	-	-	135.48	113.09
Cash equivalents				
Cheques/drafts on hand	-	-	144.25	234.17
Deposits with original maturity of less than 3 months	-	-	25.71	169.41
Certificate of Deposits with maturity of less than 3 months from date of acquisition	-	-	1,236.99	-
			2,192.45	1,145.02
Other bank balances				
In unclaimed dividend account	-	-	0.96	0.24
Earmarked balances with bank	-	-	1.92	0.86
Deposits with residual maturity for more than 12 months	130.02	130.25	1.41	-
Deposits with residual maturity for less than 12 months	-	-	100.78	262.42
	130.02	130.25	105.07	263.52
Amount disclosed under 'other non-current assets' [See note 18]	(130.02)	(130.25)	-	-
	-	-	2,297.52	1,408.54

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

20 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Windfarm activity		
Income from power generation	50.22	44.98
Income from Renewable Energy Certificates (REC)	8.15	5.33
	58.37	50.31
Investment and financial services activity		
Investment activity		
Interest income on		
Bank deposits	7.80	21.52
Long-term investments	196.35	164.08
Others	839.93	720.67
Share of interest of joint venture	0.03	0.06
Amortisation of (premium)/discount on acquisition of fixed income securities on		
Long-term investments	0.45	6.58
Current investments	37.64	8.23
	1,082.20	921.14
Profit on sale of investments, net	211.59	176.84
Share of profit on sale of investments, net of joint venture	0.22	0.17
Surplus on redemption of securities, net	-	0.01
Financial services		
Interest on loans including interest subsidy	6,547.94	4,892.27
Service and administration charges	408.65	227.70
Other financial services		
Sundry credit balances appropriated	1.88	17.35
Bad debt recoveries	22.98	19.01
Share of manpower and recruitment services of joint venture	121.21	111.00
Share of brokerage of joint venture	6.03	6.03
Miscellaneous income	102.32	49.36
Share of miscellaneous income of joint venture	0.03	0.05
	8,505.05	6,420.93
	8,563.42	6,471.24

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

21 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Interest - others	-	0.53
Business support service	0.17	2.54
Miscellaneous receipts	0.06	0.07
Provision no longer required	0.11	0.23
	0.34	3.37

22 Operating result from general insurance business (Revenue Account for the year ended 31 March 2016)

Particulars		(₹ In Crore)	
		For the year ended 31 March	
		2016	2015
Premiums earned - (net)	1	4,223.64	3,831.90
Profit/(loss) on sale/redemption of investments (net)		82.50	30.89
Other income - miscellaneous income		15.49	13.16
Amortisation of discount/(premium)		4.72	10.64
Interest, dividend and rent-gross		532.95	488.54
	2	635.66	543.23
	1+2	4,859.30	4,375.13
Claims incurred (net)		3,053.86	2,756.00
Commission		93.93	49.24
Contribution to solatium fund		1.15	0.56
Operating expenses related to insurance business		1,138.82	941.45
	3	4,287.76	3,747.25
Operating profit/(loss) from general insurance business	1+2-3	571.54	627.88
Balance carried to the Statement of Profit and Loss		571.54	627.88

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

23 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Salaries, wages and bonus to employees (including managerial remuneration)	598.46	427.87
Share of salaries, wages and bonus to employees of joint venture	113.79	103.35
Contribution to provident and other funds	27.33	20.34
Share of contribution to provident and other funds of joint venture	6.72	6.84
Staff welfare expenses	20.89	19.15
Share of staff welfare expenses of joint venture	0.85	0.47
	768.04	578.02

24 Loan losses and provisions

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Bad debts written off	379.39	182.53
Provision release on account of bad debts written off	(228.68)	(139.47)
Provision for standard assets	45.35	33.85
Provision for restructured standard assets	43.90	7.16
Provision for delinquencies and doubtful advances	302.89	300.49
	542.85	384.56

25 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Interest expense	2,534.94	1,826.71
Discount in respect of 'Commercial Papers'	317.60	383.81
Others	24.41	19.06
	2,876.95	2,229.58

26 Depreciation and amortisation

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Depreciation on tangible assets	46.50	29.17
Depreciation on intangible assets	11.22	8.98
	57.72	38.15

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

27 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Repairs to buildings	1.71	2.73
Repairs to machinery - windmill	8.26	7.87
Repairs to others	0.19	0.16
Energy generation expenses	12.82	9.31
Rent	21.85	16.40
Share of rent of joint venture	0.15	0.14
REC registration, issuance and brokerage charges	0.24	0.22
Rates and taxes	1.37	2.69
Payment to auditor	0.84	0.80
Share of payment to auditor of joint venture	0.05	0.04
Directors' fees and travelling expenses	0.47	0.40
Commission to non-executive directors	2.64	1.97
Loss on sale of assets	0.25	0.26
Share of loss on sale of assets of joint venture	-	0.02
Travelling (including foreign travel) expenses	72.08	47.15
Share of travelling (including foreign travel) expenses of joint venture	3.21	2.85
Business support service expenses	0.71	3.40
Outsourcing/back office expenses	115.38	109.08
Expenditure towards Corporate Social Responsibility (CSR) activities	61.04	21.20
Miscellaneous expenses	429.89	295.19
Share of miscellaneous expenses of joint venture	1.43	1.82
Marketing commission	95.62	61.34
Recovery costs	233.15	204.35
Dealer incentive	290.21	208.28
	1,353.56	997.67

28 Earnings Per Share (EPS)

Particulars	For the year ended 31 March	
	2016	2015
Profit for the year (₹ In Crore)	1,863.27	1,689.79
Weighted average number of shares outstanding during the year (Nos)	159,127,993	159,123,927
Earnings per share (Basic and Diluted) ₹	117.1	106.2
Face value per share ₹	5.0	5.0

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

29 Notes pertaining to subsidiaries and joint ventures, to the extent required to fairly present the needed disclosures. The figures disclosed in this note are at full value and not the proportionate share of the parent company.

A. Bajaj Allianz Life Insurance Company Ltd.

1. Actuarial method and assumptions

Liabilities for life insurance policies are determined by the Appointed Actuary in accordance with the IRDAI Regulations and relevant guidance notes issued by the Institute of Actuaries of India.

Non-linked business is reserved using the prospective gross premium method of valuation. The non-linked business is predominantly participating and the reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received, together with associated bonus rates. Regular premium participating and non-participating business has been reserved using an interest rate range from 6.50% per annum to 7.50% per annum, which is same as the last year assumption. Further, margin for adverse deviation as per APS 7 issued by Institute of Actuaries of India is considered.

Assumptions as to the future bonus rates are set to be consistent with the interest rate assumptions. Provision has been made for bonus distribution in respect of business in force at the valuation date on a basis considered appropriate by the Appointed Actuary having taken into account the reasonable expectations of policyholders'.

The policies under Invest Plus and Invest Plus Premier products in the non-linked non-par business has been reserved using an interest rate of 7.00% and the Guaranteed Investment Return (GIR) consistent with the interest rate assumption.

Linked business has been reserved using the unit price of the respective unit funds prevailing at the valuation date plus a non-unit reserve to allow for the cost of insurance and any expenses and commissions in excess of future charges.

Mortality assumptions are based on the published 'Indian Assured Lives Mortality (2006-2008) ultimate mortality table' with adjustments to reflect expected experience and with an allowance for adverse deviation.

Assumptions for morbidity and for the incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table 'CIBT 93 (Critical Illness Base Table for year 93)'.

The reserve is sufficient to allow for any adverse lapse experience. Further it has been ensured that for each policy the reserve is sufficient to pay the minimum guaranteed surrender value.

Commission has been allowed for at the Company's table rates with an allowance for service tax. Maintenance expenses have been allowed for in accordance with pricing assumptions, which have been duly validated by the actual experience of the Company during the last one year. An additional reserve has been included to allow for the possible adverse deviations in experience in excess of offsetting adjustments in bonus rates and to allow for the contingency of closure to new business as is required by guidance notes (APS1) issued by the Institute of Actuaries of India.

The reserve for the Group Term Business has been calculated having regard to the unearned gross premium and expenses already incurred. The group non-linked non-par savings business has been valued having regard to the accrued account value of the members of the group schemes.

As per the IRDAI (Treatment of Discontinued Linked Insurance Policies) Regulations, 2010, a segregated fund called 'Discontinued Policy Fund' is maintained for the discontinued policies of the products which are launched on or after 1 September 2010. The fund value as at the date of discontinuance after deducting the discontinuance charges as applicable by said regulations is credited to the discontinued fund. As an assured return is guaranteed on this fund, reserve is held towards the shortfall in meeting the guarantee on the reporting date, if any.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

Provisions have been made for the incurred but not reported death claims (IBNR) based on the Company's past experience of delay in reporting the event of deaths.

Reserves are held for free look option given to the policyholders based on the free look cancellation rate which varies between 1.58% and 3.52%.

Where minimum surrender value is guaranteed, the minimum reserve under those policies has been set as the guaranteed surrender value. In all other cases the minimum reserve has been set to zero.

Additional reserves are held for substandard lives and guaranteed insurability options available.

Provisions for future claims in payment are made as part of other contingency reserves.

The Appointed Actuary is satisfied that the nature and extent of reinsurance arrangements require no additional reserve to be set aside. All reserves have been calculated using gross exposure and gross office premiums.

2. Claims settled and remaining unpaid

Claims settled and remaining unpaid for a period of more than six months as at 31 March 2016 is ₹ 75.55 crore (at 31 March 2015: ₹ 73.64 crore). This includes claims payable on death, maturity or otherwise.

3. Unclaimed amount of policyholders

Disclosure of unclaimed amounts of policyholders' as required vide IRDAI Circular No. IRDA/F&I/CIR/CMP/174/11/2010 dated 4 November 2010 is as follows:

Statement showing age-wise analysis of the unclaimed amount of the policyholders' at 31 March 2016:

(₹ In Crore)

Age-wise analysis	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/ policyholder# (A)	Sum due to the insured/ policyholders on maturity or otherwise (B)	Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far (C)	Cheques issued but not encashed by the policyholder/insured* (D)	Total amount (A+B+C+D)
0 - 01 month	19.65	16.97	-	19.78	56.40
01 - 06 months	10.01	14.60	-	42.12	66.73
07 - 12 months	3.52	6.61	-	55.42	65.55
13 - 18 months	4.08	9.59	-	35.47	49.14
19 - 24 months	1.52	5.95	-	19.63	27.10
25 - 30 months	0.77	15.70	-	25.30	41.77
31 - 36 months	0.61	3.78	-	39.88	44.27
> 36 months	3.17	20.24	-	91.64	115.05
Total	43.33	93.44	-	329.24	466.01

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

Statement showing age-wise analysis of the unclaimed amount of the policyholders' at 31 March 2015:

(₹ In Crore)

Age-wise analysis	Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/ policyholder # (A)	Sum due to the insured/ policyholders on maturity or otherwise (B)	Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far (C)	Cheques issued but not encashed by the policyholder/insured* (D)	Total amount (A+B+C+D)
0 - 01 month	34.67	15.25	-	10.00	59.92
01 - 06 months	13.34	21.16	-	49.13	83.63
07 - 12 months	2.83	10.80	-	31.61	45.24
13 - 18 months	1.29	22.94	-	23.10	47.33
19 - 24 months	0.92	5.45	-	50.27	56.64
25 - 30 months	1.16	9.85	-	35.72	46.73
31 - 36 months	0.36	3.95	-	32.78	37.09
> 36 months	2.23	11.86	-	33.50	47.59
Total	56.80	101.26	-	266.11	424.17

* represents cheques issued but not encashed that have exceeded their validity period. Cheques issued to the policyholders' but not encashed which do not exceed their validity period amounting to ₹ 237.94 crore (Previous year: ₹ 296.39 crore) form part of the bank reconciliation statement and consequently have not been considered in unclaimed amount of policyholders'.

includes all open title cases (Individual and Group)

As per IRDAI circular no IRDA/F&A/CIR/CLD/114/05/2015 dated 28 May 2015 and circular no IRDA/F&A/CIR/CPM/134/07/2015 dated 24 July 2015 on handling of the unclaimed amounts pertaining to the policyholders, the Company is required to credit the proportionate investment income at the interest rate per annum applicable to saving bank account of State Bank of India for return to the policyholders. The Company has accordingly provided for the same in the Profit and Loss Account.

4. Risk retained and reinsured

The extent of risk retained and reinsured is as follows:

(₹ In Crore)

Particulars	At 31 March 2016		At 31 March 2015	
	Sum at risk	%	Sum at risk	%
Risk retained	317,104.40	82%	279,258.91	85%
Risk reinsured	67,580.58	18%	49,733.40	15%

5. Discontinued policy fund

Pursuant to IRDAI's circular number IRDA/F&A/CIR/MISC/232/12/2013 dated 11 December 2013, the following details are disclosed with respect to the policies discontinued either on customer request or for non-payment of premium amount within grace period:

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

a. Movement in funds for discontinued policies:

Particulars	As at 31 March	
	2016	2015
Opening balance of funds for discontinued policies	284.42	145.50
Add: Amount transferred to fund on discontinuance of policies during the year	152.47	140.84
Less: Amount transferred out of fund on revival of policies during the year	16.60	19.25
Add: Net income/gains on investments of the fund	25.95	19.08
Less: Fund management charges levied	1.89	1.25
Less: Amount refunded to policyholders' during the year	145.33	0.50
Closing balance of funds for discontinued policies#	299.02	284.42

includes unit linked discontinued fund of ₹ 67.88 crore (Previous year: ₹ 0.19 crore) forming part of Assets held to cover linked liabilities.

b. Number of policies discontinued during the year ended 31 March 2016*: 14,419 (Previous year: 15,111).

c. Percentage of discontinued to total policies (product wise) during the year ended 31 March 2016*:

Product name	As at 31 March	
	2016	2015
Bajaj Allianz Max Advantage Insurance Plan	1.63%	8.91%
Bajaj Allianz Assured Protection Insurance Plan	3.27%	11.42%
Bajaj Allianz iGain III Insurance Plan	2.55%	4.29%
Bajaj Allianz Smart Insurance Plan III	6.64%	20.07%
Bajaj Allianz Money Secure Insurance Plan	4.48%	15.69%
Bajaj Allianz Life Assure Plan	7.79%	37.87%
Bajaj Allianz Future Gain	9.72%	0.35%
Bajaj Allianz Niyamit Sanchay Suraksha	17.44%	0.00%
Bajaj Allianz Retire Rich	2.25%	0.00%

d. Number and percentage of the policies revived during the year ended 31 March 2016*:

Particulars	As at 31 March	
	2016	2015
Number of policies revived	1,348	1,263
Number of policies discontinued	71,759	52,506
Percentage of policies revived	1.88%	2.41%

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

- e. Charges imposed/readjusted on account of discontinued policies/revival of discontinued policies during the year ended 31 March 2016*:

Particulars	As at 31 March	
	2016	2015
Charges imposed on account of discontinued policies ¹	2.94	2.30
Charges readjusted on account of revival of discontinued policies	(0.09)	(0.14)
Total	2.85	2.16

¹ excluding service tax on charges

* excluding policies discontinued and revived during the same reporting year.

6. Contribution from shareholders' account to policyholders' account

The Shareholders' of the Company, in their extra ordinary general meeting held on 7 May 2010 have authorised the Board of Directors of the Company to decide on the transfer of amounts from the shareholders' account to the policyholders' account to make good the deficit, if any, in the policyholders' funds in respect of any financial year, which shall be subject to the approval of the shareholders' of the Company at the ensuing annual general meeting of the respective years. Such contributions made by the shareholders' to the policyholders' account are irreversible in nature.

B. Bajaj Allianz General Insurance Company Ltd.

- The appointed actuary has certified to the Company that actuarial estimates for IBNR (including IBNER) reserves have been determined using actuarial principles. In the determination, the Actuarial Practice Standards issued by the Institute of Actuaries of India with the concurrence of the Authority and any directions issued by the Authority in this behalf have been followed. Where sufficient data is available, the Actuary has chosen to adopt the chain ladder method. The chain ladder method has accordingly been applied to motor, fire, marine cargo, engineering, personal accident (excluding Pradhan Mantri Suraksha Bima Yojana – 'PMSBY'), workmen's compensation, health, travel and miscellaneous lines of business. These constitute almost 98% (Previous year 97.6%) of the Company's total net written premium. For liability, credit, PMSBY and agriculture lines of business the expected ultimate loss ratio method has been used to arrive at the estimate of IBNR reserve. For aviation and marine hull lines of business, a flat IBNR of ₹ 1 crore and ₹ 50 lakhs has been adopted.

Net IBNR reserves have been arrived at on the basis of actuarial estimates based on the claim data, after allowance for reinsurance recoveries.

- Extent of risk written and reinsured based on gross written premium (excluding excess of loss and catastrophe reinsurance).

Particulars	For the year ended 31 March 2016 % of business written	For the year ended 31 March 2015 % of business written
Risk retained	80%	78%
Risk reinsured	20%	22%
Total	100%	100%

3. Contribution to Environment relief fund

The Company has collected an amount of ₹ 0.61 crore (Previous year - ₹ 0.68 crore) towards Environment relief fund from public liability policies. The Company has paid all the funds collected towards Environment relief fund upto 28 February 2016 to United India Insurance Company, the implementing agency for the fund. The balance payable has been disclosed under the head current liabilities.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

4. IRDAI has vide circular no. IRDA/F&I/CIR/CMP/174/11/2010 advised all insurers to disclose under Current liabilities amount due to policyholders/insured on accounts of claims settled but not paid (except under litigation), excess collection of the premium/tax which is refundable and cheques issued but not encashed by policy holders/insured. Age wise analysis of the amount due to policyholders/insured is disclosed as below:

Age-wise analysis as at 31 March 2016:

	(₹ In Crore)						
Ageing	1 to 6 months	7 to 12 months	13 to 18 months	19 to 24 months	25 to 30 months	31 to 36 months	Beyond 36 months
Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholders	-	-	-	-	-	-	-
Sum due to the insured/policyholders on maturity or otherwise	-	-	-	-	-	-	-
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far	0.22	0.70	0.64	0.60	0.63	0.48	0.15
Cheques issued but not encashed by the policyholder/insured *	-	-	-	0.32	0.08	0.13	5.41

Age-wise analysis as at 31 March 2015:

	(₹ In Crore)						
Ageing	1 to 6 months	7 to 12 months	13 to 18 months	19 to 24 months	25 to 30 months	31 to 36 months	Beyond 36 months
Claims settled but not paid to the policyholders/insured due to any reasons except under litigation from the insured/policyholders	-	-	-	-	-	-	-
Sum due to the insured/policyholders on maturity or otherwise	-	-	-	-	-	-	-
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the authority but not refunded so far	3.26	0.97	0.94	0.72	0.03	-	-
Cheques issued but not encashed by the policyholder/insured *	-	0.80	0.13	0.14	0.18	0.14	5.71

* Does not include cheques issued to policyholders and appearing in bank reconciliation.

5. The Company periodically reviews all its long-term contracts to assess for any material foreseeable losses. Based on such review, the Company has made adequate provisions for these long-term contracts in the books of account as required under any applicable law/accounting standard.

As at 31 March 2016 the Company did not have any outstanding derivative contracts.

C. Bajaj Finance Ltd.

1. Employee Stock Option Plan:

The Board of Directors at its meeting held on 14 October 2009, approved an issue of Stock Options upto a maximum of 5% of the issued equity capital of the Company then aggregating 1,829,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The shareholders, at the annual general meeting held on 16 July 2014, approved an additional issue of 677,313 equity shares under the Stock Options schemes of the Company i.e. Employee Stock Option Plan 2009.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

The Remuneration and Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, eight grants have been made, details of which as on 31 March 2016, are given as under:

Grant date	Exercise price (In ₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	358.70	132,000	-	-	128,250	3,750	-
21-Jul-10	542.00	326,750	31,724	-	263,089	31,937	31,724
28-Jul-11	705.15	376,200	69,575	-	263,925	42,700	69,575
16-May-12	876.10	359,500	85,050	64,300	152,225	57,925	149,350
15-May-13	1,380.35	394,930	85,640	150,540	80,875	77,875	236,180
01-Nov-13	1,353.05	19,700	-	-	4,925	14,775	-
16-Jul-14	2,196.55	281,600	42,550	197,850	26,025	15,175	240,400
20-May-15	4,481.55	193,500	-	180,800	-	12,700	180,800
Total		2,084,180	314,539	593,490	919,314	256,837	908,029

Method used for accounting for share based payment plan:

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

The fair value of options used to compute pro forma net profit and earnings per share have been estimated on the date of grant using the Black - Scholes Model. The key assumptions used in Black - Scholes Model for calculating fair value as on the date of grant are:

Variables	12 Jan 10	21 Jul 10	28 Jul 11	16 May 12	15 May 13	1 Nov 13	16 Jul 14	20 May 15
1) Risk free interest rate	6.70%	7.42%	8.27%	8.36%	7.32%	8.71%	8.66%	7.76%
2) Expected life	1 -5 years	3.5-6.5 years	3.5-6.5 years	3.5-6.5 years	1-5 years	1-5 years	1 -5 years	1-5 years
3) Expected volatility	54.01%	55.38%	53.01%	49.58%	29.97%	32.83%	38.01%	34.88%
4) Dividend yield	0.62%	1.28%	1.42%	1.37%	1.09%	1.11%	0.73%	0.36%
5) Price of the underlying share in the market at the time of the option grant (₹)	358.70	542.00	705.15	876.10	1,380.35	1,353.05	2,196.55	4,481.55

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

Impact on fair value method on net profit and earnings per share

Had compensation cost for the stock option plans outstanding been determined based on fair value approach, the net profit and earnings per share would have been as per the pro forma amounts indicated below:

Particulars	As at 31 March	
	2016	2015
Net profit (as reported)	1,278.52	897.87
Add: Stock based employee compensation expense included in net income	-	-
Less: Stock based compensation expense determined under fair value based method (pro forma)	26.52	16.73
Net Profit (pro forma)	1,252.00	881.14
Basic earnings per share (as reported)	242.30	179.94
Basic earnings per share (pro forma)	237.27	176.59
Diluted earnings per share (as reported)	238.83	177.70
Diluted earnings per share (pro forma)	233.87	174.39

2. During the year, the Company transferred loans through direct assignment to the partner bank. The disclosure as required by the revised Guidelines on Securitisation Transactions issued by RBI on 21 August 2012 is given as under:

Assets transferred during FY2016	Amount
1. Gross amount of assets assigned including exposure retained by the seller	1,139.77
2. Total amount of exposure retained by the NBFC to comply with MRR	
- In form of on-Balance Sheet retention of assets	113.98
3. Total amount of exposure retained by NBFC other than MRR	
- In form of on-Balance Sheet retention of assets	-
4. Net amount of assets transferred through direct assignment in FY2016	1,025.79
5. The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2016	1,473.08

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

3. Details and terms of repayment of long-term borrowings

a) Details of privately placed secured redeemable non convertible debentures

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current maturities	
				As at 31 March			
		1 Crore(₹)	10 Crore(₹)	2016	2015	2016	2015
Mar 26	Bullet repayment		171.00	171.00	-	-	-
Oct 25	Bullet repayment		5.00	5.00	-	-	-
Aug 25	Bullet repayment		90.00	90.00	-	-	-
Apr 25	Bullet repayment		170.00	170.00	-	-	-
Nov 24	Bullet repayment		100.00	100.00	100.00	-	-
Apr 24	Bullet repayment		165.00	165.00	-	-	-
Apr 23	Bullet repayment		165.00	165.00	-	-	-
Oct 22	Bullet repayment		8.00	8.00	-	-	-
Aug 21	Bullet repayment		2.00	2.00	-	-	-
Jul 21	Bullet repayment		3.50	3.50	-	-	-
Mar 21	Bullet repayment		186.20	186.20	-	-	-
Feb 21	Bullet repayment		20.00	20.00	-	-	-
Jan 21	Bullet repayment		52.00	52.00	-	-	-
Dec 20	Bullet repayment		25.00	25.00	-	-	-
Sep 20	Bullet repayment		57.00	57.00	-	-	-
Aug 20	Bullet repayment		15.00	15.00	-	-	-
Jun 20	Bullet repayment		10.00	10.00	-	-	-
Apr 20	Bullet repayment		835.00	835.00*	-	-	-
Mar 20	Bullet repayment		50.00	50.00*	25.00	-	-
Dec 19	Bullet repayment		125.00	125.00*	125.00*	-	-
Nov 19	Bullet repayment		15.00	15.00	15.00	-	-
Oct 19	Bullet repayment		191.00	191.00*	180.00*	-	-
Sep 19	Bullet repayment		128.00	128.00*	-	-	-
Aug 19	Bullet repayment		152.50	152.50*	72.50*	-	-
Jul 19	Bullet repayment		149.00	149.00*	145.00*	-	-
Jun 19	Bullet repayment		24.00	24.00	-	-	-
May 19	Bullet repayment		130.50	130.50	-	-	-
Apr 19	Bullet repayment		547.70	547.70*	45.00	-	-
Mar 19	Bullet repayment		965.00	965.00*	-	-	-
Feb 19	Bullet repayment		77.00	77.00	-	-	-
Jan 19	Bullet repayment		100.00	100.00	50.00	-	-
Dec 18	Bullet repayment		84.00	84.00	-	-	-
Nov 18	Bullet repayment		58.00	58.00	-	-	-
Oct 18	Bullet repayment		102.00	102.00	-	-	-
Aug 18	Bullet repayment		401.00	401.00	-	-	-
Jul 18	Bullet repayment		157.90	157.90	-	-	-

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

3. Details and terms of repayment of long-term borrowings (Contd.)

a) Details of privately placed secured redeemable non convertible debentures (Contd.)

(₹ In Crore)

Date of maturity	Repayment schedule	of face value		Non-current		Current maturities	
		1 Crore(₹)	10 Crore(₹)	As at 31 March			
				2016	2015	2016	2015
Jun 18	Bullet repayment		436.80	436.80*	-	-	-
May 18	Bullet repayment		209.00	209.00*	159.00*	-	-
Apr 18	Bullet repayment		651.80	651.80*	267.00*	-	-
Mar 18	Bullet repayment		181.50	181.50	181.50	-	-
Feb 18	Bullet repayment		29.10	29.10	29.10	-	-
Jan 18	Bullet repayment	595.00	96.50	691.50*	691.50*	-	-
Dec 17	Bullet repayment		199.90	199.90	49.90	-	-
Nov 17	Bullet repayment		388.00	388.00	388.00	-	-
Oct 17	Bullet repayment	125.00	332.80	457.80*	457.80*	-	-
Sep 17	Bullet repayment		261.60	261.60	261.60	-	-
Aug 17	Bullet repayment		445.20	445.20	191.40	-	-
Jul 17	Bullet repayment		76.60	76.60	5.00	-	-
Jun 17	Bullet repayment		548.50	548.50	300.00	-	-
May 17	Bullet repayment		88.20	88.20	5.30	-	-
Apr 17	Bullet repayment		641.60	641.60*	361.30*	-	-
Mar 17	Bullet repayment		100.80	-	100.80	100.80	-
Feb 17	Bullet repayment		61.90	-	61.90	61.90	-
Jan 17	Bullet repayment		352.00	-	352.00*	352.00*	-
Dec 16	Bullet repayment		129.00	-	129.00	129.00	-
Nov 16	Bullet repayment		188.60	-	150.60	188.60	-
Oct 16	Bullet repayment		725.00	-	725.00*	725.00*	-
Sep 16	Bullet repayment		264.90	-	264.90	264.90	-
Aug 16	Bullet repayment		775.00	-	775.00*	775.00*	-
Jul 16	Bullet repayment		40.00	-	40.00	40.00	-
May 16	Bullet repayment		110.00	-	110.00	110.00	-
Apr 16	Bullet repayment		349.00	-	349.00	349.00	-
Jan 16	Bullet repayment		125.00	-	-	-	125.00
Dec 15	Bullet repayment		85.00	-	-	-	85.00
Nov 15	Bullet repayment		250.00	-	-	-	250.00
Oct 15	Bullet repayment		100.00	-	-	-	100.00
Jul 15	Bullet repayment		50.00	-	-	-	50.00
Jun 15	Bullet repayment		5.70	-	-	-	5.70
May 15	Bullet repayment		210.20	-	-	-	210.20
Apr 15	Bullet repayment		875.10	-	-	-	875.10
				10,844.40	7,164.10	3,096.20	1,701.00

Note:

As on 31 March 2016 Secured Zero Coupon Bonds aggregating ₹ 5,368.60 crore were issued at a premium.

* Related parties are current holders of ₹ 895 crore of the referenced issue (previous year ₹ 425 crore).

Interest rates range from 8.5% p.a. to 10.08% p.a. as at 31 March 2016. For Zero Coupon Bonds, the interest rate is on XIRR basis.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

3. Details and terms of repayment of long-term borrowings (Contd.)

b) Terms of repayment of bank loans - secured:

(₹ In Crore)

		Non-current		Current maturities	
		As at 31 March			
Date of maturity	Repayment schedule	2016	2015	2016	2015
Mar 21	Bullet repayment	200.00	-	-	-
Dec 20	Bullet repayment	100.00	-	-	-
Oct 20	Bullet repayment	150.00	-	-	-
Sep 20	Bullet repayment	200.00	-	-	-
	2 semi-annual payment of ₹ 150 crore starting Sep 20	300.00	-	-	-
Aug 20	Bullet repayment	100.00	-	-	-
Jun 20	Bullet repayment	400.00	-	-	-
	2 semi-annual payment of ₹ 75 crore starting Jun 20	150.00	-	-	-
May 20	Bullet repayment	100.00	-	-	-
	2 semi-annual payment of ₹ 50 crore starting May 20	100.00	-	-	-
Mar 20	Bullet repayment	300.00	300.00	-	-
Feb 20	Bullet repayment	100.00	100.00	-	-
Jan 20	Bullet repayment	100.00	-	-	-
Dec 19	Bullet repayment	300.00	200.00	-	-
	2 annual payment of ₹ 25 crore starting Dec 19	50.00	-	-	-
Nov 19	Bullet repayment	100.00	-	-	-
Oct 19	Bullet repayment	100.00	-	-	-
Sep 19	Bullet repayment	100.00	-	-	-
	2 annual payment of ₹ 25 crore starting Sep 19	50.00	-	-	-
	2 semi-annual payment of ₹ 75 crore starting Sep 19	150.00	-	-	-
	4 semi-annual payment of ₹ 25 crore starting Sep 19	100.00	-	-	-
Aug 19	Bullet repayment	100.00	-	-	-
	4 semi-annual payment of ₹ 50 crore starting Jul 19	200.00	-	-	-
	2 semi-annual payment of ₹ 50 crore starting Jul 19	100.00	-	-	-
	4 semi-annual payment of ₹ 100 crore starting Jun 19	400.00	-	-	-
	8 quarterly payment of ₹ 18.75 crore starting Jun 19	150.00	-	-	-
	4 quarterly payment of ₹ 87.5 crore starting Jun 19	350.00	350.00	-	-
	2 semi-annual payment of ₹ 50 crore starting Jun 19	100.00	-	-	-
	2 semi-annual payment of ₹ 125 crore starting May 19	250.00	-	-	-
	4 semi-annual payment of ₹ 87.5 crore starting May 19	350.00	-	-	-
Mar 19	Bullet repayment	50.00	-	-	-
	4 semi-annual payment of ₹ 37.5 crore starting Mar 19	150.00	-	-	-
	4 quarterly payment of ₹ 62.5 crore starting Mar 19	250.00	250.00	-	-
Jan 19	Bullet repayment	100.00	-	-	-
Dec 18	Bullet repayment	400.00	200.00	-	-
	4 quarterly payment of ₹ 25 crore starting Dec 18	100.00	100.00	-	-

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

3. Details and terms of repayment of long-term borrowings (Contd.)

b) Terms of repayment of bank loans - secured: (Contd.)

(₹ In Crore)

		Non-current		Current maturities	
		As at 31 March			
Date of maturity	Repayment schedule	2016	2015	2016	2015
	4 quarterly payment of ₹ 75 crore starting Sep 18	300.00	300.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Sep 18	100.00	100.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Aug 18	100.00	100.00	-	-
Jun 18	Bullet repayment	100.00	100.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Jun 18	100.00	100.00	-	-
	4 quarterly payment of ₹ 62.50 crore starting Jun 18	250.00	250.00	-	-
	4 quarterly payment of ₹ 50 crore starting May 18	200.00	200.00	-	-
	4 semi-annual payment of ₹ 50 crore starting Apr 18	200.00	200.00	-	-
	4 quarterly payment of ₹ 25 crore starting Apr 18	100.00	100.00	-	-
Apr 18	Bullet repayment	100.00	-	-	-
Mar 18	Bullet repayment	200.00	200.00	-	-
	4 quarterly payment of ₹ 25 crore starting Mar 18	100.00	100.00	-	-
	4 semi-annual payment of ₹ 12.5 crore starting Mar 18	50.00	50.00	-	-
Feb 18	Bullet repayment	100.00	100.00	-	-
Jan 18	Bullet repayment	250.00	250.00	-	-
Dec 17	Bullet repayment	300.00	300.00	-	-
	4 semi-annual payment of ₹ 125 crore starting Dec 17	500.00	500.00	-	-
	4 quarterly payment of ₹ 100 crore starting Dec 17	400.00	400.00	-	-
	4 semi-annual payment of ₹ 187.50 crore starting Sep 17	750.00	750.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Aug 17	100.00	100.00	-	-
	4 semi-annual payment of ₹ 62.50 crore starting Jun 17	250.00	250.00	-	-
	4 semi-annual payment of ₹ 25 crore starting May 17	100.00	100.00	-	-
	4 semi-annual payment of ₹ 25 crore starting Mar 17	75.00	100.00	25.00	-
Oct 17	Bullet repayment	100.00	100.00	-	-
Aug 17	Bullet repayment	150.00	150.00	-	-
Jul 17	Bullet repayment	100.00	100.00	-	-
Jun 17	Bullet repayment	235.00	235.00	-	-
May 17	Bullet repayment	50.00	50.00	250.00	-
Mar 17	Bullet repayment	-	250.00	-	-
Dec 16	Bullet repayment	-	400.00	400.00	-
Nov 16	Bullet repayment	-	300.00	300.00	-
Aug 16	Bullet repayment	-	150.00	150.00	-
Jul 16	Bullet repayment	-	400.00	400.00	-
Jun 16	Bullet repayment	-	50.00	50.00	-
May 16	Bullet repayment	-	50.00	50.00	-
	4 quarterly payment of ₹ 50 crore starting Mar 16	-	150.00	150.00	50.00

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

3. Details and terms of repayment of long-term borrowings (Contd.)

b) Terms of repayment of bank loans - secured: (Contd.)

(₹ In Crore)

		Non-current		Current maturities	
		As at 31 March			
Date of maturity	Repayment schedule	2016	2015	2016	2015
	16 quarterly payment of ₹ 6.25 crore starting Feb 16	68.75	93.75	25.00	6.25
	7 quarterly payment of ₹ 36.4286 crore starting Feb 16	72.86	218.58	145.72	36.42
	7 quarterly payment of ₹ 15 crore starting Dec 15	15.00	75.00	60.00	30.00
Nov 15	Bullet repayment	-	-	-	150.00
	7 quarterly payment of ₹ 20 crore starting Nov 15	20.00	100.00	80.00	40.00
Oct 15	Bullet repayment	-	-	-	50.00
Sep 15	Bullet repayment	-	-	-	50.00
	7 quarterly payment of ₹ 14.2857 crore starting Aug 15	-	57.14	57.14	42.86
Jul 15	Bullet repayment	-	-	-	175.00
Jun 15	Bullet repayment	-	-	-	325.00
May 15	Bullet repayment	-	-	-	300.00
Apr 15	Bullet repayment	-	-	-	350.00
	3 semi-annual payments of ₹ 33.3334 crore starting Mar 15	-	-	-	66.67
	4 quarterly payments of ₹ 25 crore starting Feb 15	-	-	-	75.00
	3 annual payments of ₹ 100 crore starting Jun 14	-	100.00	100.00	100.00
	5 semi-annual payment of ₹ 30 crore starting May 14	-	30.00	30.00	60.00
	5 semi-annual payments of ₹ 10 crore starting Mar 14	-	-	-	20.00
	5 semi-annual payments of ₹ 20 crore starting Feb 14	-	-	-	40.00
	3 annual payments of ₹ 100 crore starting Aug 13	-	-	-	100.00
	16 quarterly payment of ₹ 18.75 crore starting May 13	-	75.00	75.00	75.00
		11,836.61	9,284.47	2,347.86	2,142.20

Note: Interest rates range from 9.20% p.a.p.m. to 9.95% p.a.p.m. as at 31 March 2016.

c) Details of privately placed unsecured redeemable non convertible debentures:

(₹ In Crore)

Date of maturity	of face value 1 Crore (₹)	Current maturities	
		As at 31 March	
		2016	2015
Mar 17	13.00	13.00	-
Aug 16	100.00	100.00	-
Mar 16	50.00	-	50.00
		113.00	50.00

Note:

As at 31 March 2016 current Unsecured Zero Coupon Bonds aggregating ₹ 113 crore were issued at a premium. Interest rates range from 8.56% p.a. to 8.85% p.a. on a XIRR basis as at 31 March 2016.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

3. Details and terms of repayment of long-term borrowings (Contd.)

d) Details of privately placed unsecured redeemable non-convertible debentures - subordinated debt issued at face value of ₹ 0.10 crore:

(₹ In Crore)

Date of maturity	Non-current	
	As at 31 March	
	2016	2015
Nov 25	250.00	-
Oct 25	40.00	-
Sep 24	452.50	452.50
Apr 23	50.00	50.00
Jan 23	49.70*	49.70*
Aug 22	157.40	157.40
May 21	50.00	50.00
Oct 20	36.20*	36.20*
Sep 20	27.50	27.50
Jul 20	50.00	50.00
Jun 20	50.00*	50.00*
Apr 20	65.00	65.00
	1,278.30	988.30

Note:

Interest rates range from 8.94% p.a. to 10.21% p.a. as at 31 March 2016.

* Related parties are current holders of ₹ 2.50 crore of the referenced issue (previous year ₹ 2.50 crore).

e) Terms of repayment of bank loans - unsecured:

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current		Current maturities	
		As at 31 March			
		2016	2015	2016	2015
Jun 17	Bullet repayment	100.00	100.00	-	-
Nov 16	Bullet repayment	-	75.00	75.00	-
		100.00	175.00	75.00	-

Note: Interest rate at 9.50% p.a. as at 31 March 2016.

f) Terms of repayment of fixed deposits:

(₹ In Crore)

Maturing upto	Non-current		Current maturities	
	As at 31 March			
	2016	2015	2016	2015
Mar 21	130.05	-	-	-
Mar 20	31.82	8.16	-	-
Mar 19	454.57	6.17	-	-
Mar 18	611.22	259.06	-	-
Mar 17	-	388.36	467.18	210.05
	1,227.66	661.75	467.18	210.05

Note:

Interest rate range from 7% p.a. to 10.25% p.a. as at 31 March 2016.

Repayment is on completion of fixed term ranging from 6 months to 60 months.

Includes fixed deposits accepted from related parties aggregating ₹ 58.48 crore (previous year ₹ 13.61 crore).

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of short-term borrowings

Terms of repayment of secured collateralised borrowing and lending obligation

	(₹ In Crore)	
	As at 31 March	
Date of maturity	2016	2015
Apr 16	200.00	-
	200.00	-

Note: Interest rate at 7.30% p.a.

Terms of repayment of unsecured short-term loans

	(₹ In Crore)	
	As at 31 March	
Date of maturity	2016	2015
Apr 16	500.00	-
Apr 15	-	500.00
	500.00	500.00

Note: Interest rate stood at 9.65% p.a.p.m as at 31 March 2016.

Terms of repayment of commercial Papers

	(₹ In Crore)	
	As at 31 March	
Date of maturity	2016	2015
Nov 16	95.12	-
Aug 16	48.43	-
May 16	1, 186.07	-
Apr 16	297.99	-
Feb 16	-	186.47
Nov 15	-	9.49
Oct 15	-	89.68
Aug 15	-	82.21
Jun 15	-	491.44
May 15	-	486.00
Apr 15	-	49.94
	1,627.61	1,395.23

Note: Interest rates range from 8.20% p.a. to 9.00% p.a. as at 31 March 2016.

Face Value of Commercial Papers as at 31 March 2016 aggregates ₹ 1,650 crore (previous year ₹ 1,431.30 crore).

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

C. Bajaj Finance Ltd. (Contd.)

4. Details and terms of repayment of short-term borrowings (Contd.)

Terms of repayment of Fixed Deposits

Date of maturity	(₹ In Crore)	
	As at 31 March	
	2016	2015
Mar 17	26.54	-
Feb 17	58.29	-
Jan 17	12.48	-
Dec 16	24.91	-
Nov 16	13.35	-
Oct 16	208.67*	-
Sep 16	100.52	-
Aug 16	75.19	-
Jul 16	10.49	-
Jun 16	4.40	-
May 16	6.94	-
Apr 16	6.67	-
Mar 16	-	6.03
Feb 16	-	46.13
Jan 16	-	0.61
Dec 15	-	0.40
Nov 15	-	0.68
Oct 15	-	50.35
Sep 15	-	1.75
Aug 15	-	0.41
Jul 15	-	0.47
Jun 15	-	0.38
May 15	-	0.60
Apr 15	-	3.86
	548.45	111.67

Note:

Interest rates range from 8.4% p.a. to 9.50 % p.a. as at 31 March 2016.

* Related parties are current holders of ₹ 100 crore of the referenced issue (previous year ₹ Nil).

C. Bajaj Finance Ltd. (Contd.)**5. Disclosure of restructured accounts as per notification No. DNBS (PD) No. 271/CGM (NSV)-2014 dated 23 January 2014 of the Reserve Bank of India**

Type of restructuring Asset classification Details	Under CDR mechanism				Under SME debt restructuring mechanism				Others				Total			
	Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total	Total
Restructured accounts as on April 1 of the FY (opening figures)	-	1	-	-	1	-	-	-	-	-	1	160	-	-	161	-
	-	56.56	-	-	56.56	-	-	-	-	-	160.60	52.40	-	-	213.00	-
	-	21.35	-	-	21.35	-	-	-	-	-	8.78	16.96	-	-	25.74	-
Fresh restructuring during the year	-	-	-	-	-	-	-	-	-	-	-	142	-	-	142	-
	-	-	-	-	-	-	-	-	-	-	15.00	42.07	-	-	57.07	-
	-	-	-	-	-	-	-	-	-	-	43.90	6.00	-	-	49.90	-
Upgradations to restructured standard category during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downgradations of restructured accounts during the FY	-	-	-	-	-	-	-	-	-	-	-	(9)	9	-	(9)	9
	-	-	-	-	-	-	-	-	-	-	-	(15.06)	15.06	-	(15.06)	15.06
	-	-	-	-	-	-	-	-	-	-	-	(5.50)	5.50	-	(5.50)	5.50
Write-offs of restructured accounts during the FY#	-	(1)	-	-	(1)	-	-	-	-	-	-	(64)	-	-	(64)	(65)
	-	(56.56)	-	-	(56.56)	-	-	-	-	-	-	(25.43)	-	-	(25.43)	(81.99)
	-	(21.35)	-	-	(21.35)	-	-	-	-	-	-	(4.77)	-	-	(4.77)	(26.12)
Restructured accounts as on March 31 of the FY (Closing figures*)	-	-	-	-	-	-	-	-	-	-	1	229	9	-	239	239
	-	-	-	-	-	-	-	-	-	-	175.60	53.98	15.06	-	244.64	244.64
	-	-	-	-	-	-	-	-	-	-	52.68	12.69	5.50	-	70.87	70.87

Represents recoveries from restructured advances

S Represents funded interest component pursuant to CDR arrangement

@ Net roll back of ₹ 25.43 crore is after considering a write off of ₹ 1.26 crore

* ₹ 4.77 crore comprises of additional provision amounting to ₹ 8.16 crore and a release of ₹ 3.39 crore on account of write off/collections

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

30 Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
a. Claims against the Company not acknowledged as debts	25.98	16.10
b. Taxes, duties and other sums due	158.39	107.90
c. Claims, under policies, not acknowledged as debts	26.54	22.80
d. Guarantees given on behalf of Company	3.31	2.24

Bajaj Finance Ltd. has received a show cause notice from service tax authorities claiming tax on interest subsidy received from manufacturers and dealers, aggregating ₹ 309.98 crore. The Company, in line with the opinion obtained from eminent counsels, is in the process of responding to the said notice contesting the said claim.

31 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Capital commitments, net of capital advances	166.97	227.69

32 Cash flow statement

Two subsidiaries of the Company carrying out insurance business, are mandated by IRDA regulations to draw up cash flows on direct method due to the unique nature of their business and reporting framework. Owing to the impracticability to draw up meaningful cash flow statements of these two subsidiaries on the indirect method as done by the parent, a detailed consolidated cash flow statement on a consistent method across the group is not possible.

However, to better view cash flows of the group, the cashflow statement has been drawn up at an activity level on the basis of their independent cash flows statements.

The independent cash flow statements of the two insurance subsidiaries are attached herewith for viewing.

Consolidated cash flows for the year could be better viewed when summarised as follows:

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
From operating activities	(9,790.14)	(10,731.11)
From investing activities	(885.83)	3,709.28
From financing activities	11,601.63	6,838.77
Net change	925.66	(183.06)
Cash and cash flow equivalents at the beginning of the year	1,849.81	2,032.87
Cash and cash flow equivalents at the end of the year **	2,775.47	1,849.81
** Cash and cash flow equivalents at the end of the year		
Cash and bank balance as per note 19	2,192.45	1,145.02
Other bank balances as per note 19 (current and non-current)	235.09	393.77
Cash and bank balances for unit linked business	10.75	9.07
Other short-term liquid investment	586.87	816.08
Less: Unclaimed dividend bank balance	0.96	0.24
Less: Fixed deposits having maturity more than 3 months/Temporary overdraft	248.73	513.89
	2,775.47	1,849.81

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

32 Cash flow statement (Contd.)

Bajaj Allianz General Insurance Company Ltd.

Receipts and payments account

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
I. Operating activities		
Premium received from policyholders (including advance receipts and service tax)	6,466.63	5,612.09
Receipts/payments from/to re-insurers (net of commission and claims)	(108.89)	339.01
Receipts/payments from/to co-insurers (net of claims)	56.61	49.62
Payment of claims (net of salvage)	(3,785.67)	(3,949.19)
Payment of commission and brokerage	(332.69)	(271.57)
Payment of other operating expenses	(1,082.44)	(946.54)
Miscellaneous income	3.10	0.90
Deposits placed during the year	(3.99)	(3.10)
Deposits recovered during the year	2.20	1.69
Income-tax paid (net)	(245.23)	(261.44)
Service tax paid	(483.56)	(353.52)
Other payments	-	-
Cash flow before extraordinary items	486.07	217.95
Cash flow from extraordinary operations	-	-
Net cash inflow from operating activities	486.07	217.95
II. Investment activities		
Purchase of fixed assets (including capital advances)	(12.97)	(21.19)
Proceeds from sale of fixed assets	0.24	0.35
Purchase of investments	(7,854.12)	(4,437.65)
Sale of investments	6,367.73	3,600.42
Rent/interests/dividends received	741.11	636.32
Investments in money market instruments and in liquid mutual funds (net)	(47.81)	(92.70)
Interest expense and other investment expenses	(1.14)	(1.06)
Fixed deposits placed during the year	(125.00)	(100.00)
Fixed deposits matured during the year	353.12	261.27
Net cash outflow from investment activities	(578.84)	(154.24)

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

32 Cash flow statement (Contd.)

Bajaj Allianz General Insurance Company Ltd.

Receipts and payments account

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
III. Financing activities		
Proceeds from issuance of share capital	-	-
Interest/dividends paid	-	-
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Net cash flow from financing activities	-	-
Effect of foreign exchange rates on cash and cash equivalents, net	0.59	0.34
Increase/(decrease) in cash and cash equivalents during the year	(92.18)	64.05
Cash and cash equivalent at the beginning of the year	393.71	329.66
Cash and cash equivalent at the end of the year**	301.53	393.71
** Cash and cash equivalent		
Cash and bank balance	531.53	851.84
Less: Fixed deposit maturity more than 3 months	230.00	458.13
Less: Temporary overdraft	-	-
Cash and cash equivalent at the end of the year	301.53	393.71

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

32 Cash flow statement (Contd.)

Bajaj Allianz Life Insurance Company Ltd.

Receipts and payments account

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
I. Operating activities		
Premium received from policyholders, including advance receipts	6,163.45	6,226.42
Other receipts	43.08	51.13
Payments to the reinsurers, net of commissions and claims	(15.09)	(22.76)
Payment of claims	(5,019.16)	(8,391.56)
Payment of commission and brokerage	(172.20)	(202.76)
Payment of operating expenses	(1,221.31)	(1,236.57)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	(3.90)	13.24
Income-taxes paid (net)	(97.55)	(141.58)
Service tax paid	(261.28)	(226.37)
Other payments	-	-
Cash flows before extraordinary items	(583.96)	(3,930.81)
Cash flow from extraordinary operations	-	-
Net cash from operating activities	(583.96)	(3,930.81)
II. Investing activities		
Purchase of fixed assets	(20.79)	(12.31)
Proceeds from sale of fixed assets	1.70	0.61
Purchase of investments	(81,057.38)	(34,686.50)
Loans disbursed	(12.50)	(73.50)
Loans against policies	(49.15)	(43.06)
Sale of investments	79,196.52	36,937.10
Repayment received	128.71	35.77
Rent, interest and dividend received	2,363.35	1,938.57
Investment in money market instruments and in liquid mutual funds (net)	(266.33)	143.48
Expense related to investments	(2.20)	(2.90)
Net cash from investing activities	281.93	4,237.26

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

32 Cash flow statement (Contd.)

Bajaj Allianz Life Insurance Company Ltd.

Receipts and payments account (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
III. Financing activities:		
Proceeds from issuance of share capital	-	-
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash from financing activities	-	-
Effect of foreign exchange rates on cash and cash equivalents, net	-	-
Net increase in cash and cash equivalents	(302.03)	306.45
Cash and cash equivalents at the beginning of the year	1,223.98	917.53
Cash and cash equivalents at the end of the year	921.95	1,223.98
Components of cash and cash equivalents at the end of the year		
(a) Cash (including cheques in hand and stamps in hand)	156.69	258.67
(b) Bank balances and money at call and short notice	183.03	193.66
Bank balance in Unit linked business	10.75	9.07
Temporary overdraft as per the books of accounts	(15.38)	(53.50)
(c) Other short-term liquid Investment (forming part of investments in financials)	586.86	816.08
Cash and cash equivalents at the end of the year	921.95	1,223.98

The above Receipts and payments account has been prepared as prescribed by Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 under the 'Direct method' in accordance with Accounting Standard 3 Cash Flow Statements notified under Companies (Accounting Standard) Rules, 2006.

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

33 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2016

(a) Primary segment: Business segment

(₹ In Crore)

Particulars	Insurance*	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	13,028.95	58.37	7,348.67	185.01	20,621.00
Inter segment sales and other income	-	-	34.99	135.59	170.58
Total revenue	13,028.95	58.37	7,383.66	320.60	20,791.58
Segment result	1,754.32	35.41	1,988.52	25.80	3,804.05
Tax expense	-	-	-	-	1,029.51
Tax (debits)/credits pertaining to earlier years	-	-	-	-	0.02
Minority interest	-	-	-	-	911.29
Profit for the year	1,754.32	35.41	1,988.52	25.80	1,863.27
Segment assets	55,903.08	43.81	46,633.59	495.18	103,075.66
Unallocated corporate assets	-	-	-	-	25.93
Total assets	55,903.08	43.81	46,633.59	495.18	103,101.59
Segment liabilities	46,097.46	1.52	1,959.86	25.30	48,084.14
Unallocated corporate liabilities	-	-	-	-	20.26
Total liabilities	46,097.46	1.52	1,959.86	25.30	48,104.40
Capital employed	9,805.62	42.29	44,673.73	469.88	54,997.19
Capital expenditure	23.88	-	95.25	1.73	120.86
Depreciation and amortisation	-	-	56.34	1.38	57.72
Non cash expenses other than depreciation	-	-	-	-	-

* Segment revenues for insurance business represents the premiums earned and other income. However, for the purpose of consolidated financial statements the net result of the insurance business revenue accounts together with shareholders income in accordance with the reporting framework of IRDA amounting to a net revenue of ₹ 1,543.25 crore for the year ended 31 March 2016 has been included in a manner consistent with the parent's reporting format. External sales and other income excludes accretions to unit linked investments. 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 2016 (Contd.)

33 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2015

(a) Primary segment: Business segment

(₹ In Crore)

Particulars	Insurance*	Windmill	Retail financing	Investments and others	Consolidated
Revenue					
External sales and other income	12,385.38	50.31	5,402.79	212.75	18,051.23
Inter segment sales and other income	-	-	15.49	65.93	81.42
Total revenue	12,385.38	50.31	5,418.28	278.68	18,132.65
Segment result	1,783.70	31.68	1,368.02	62.75	3,246.15
Tax expense	-	-	-	-	841.94
Tax (debits)/credits pertaining to earlier years	-	-	-	-	4.96
Minority interest	-	-	-	-	719.38
Profit for the year	1,783.70	31.68	1,368.02	62.75	1,689.79
Segment assets	54,152.24	39.92	32,972.54	792.56	87,957.26
Unallocated corporate assets	-	-	-	-	25.00
Total assets	54,152.24	39.92	32,972.54	792.56	87,982.26
Segment liabilities	45,435.12	0.94	1,217.16	21.83	46,675.05
Unallocated corporate liabilities	-	-	-	-	51.13
Total liabilities	45,435.12	0.94	1,217.16	21.83	46,726.18
Capital employed	8,717.12	38.98	31,755.38	770.73	41,256.08
Capital expenditure	31.88	8.19	65.87	0.76	106.70
Depreciation and amortisation	-	-	35.61	2.54	38.15
Non cash expenses other than depreciation	-	-	-	-	-

* Segment revenues for insurance business represents the premiums earned and other income. However, for the purpose of consolidated financial statements the net result of the insurance business revenue accounts together with shareholders income in accordance with the reporting framework of IRDA amounting to a net revenue of ₹ 1,436.64 crore for the year ended 31 March 2015 has been included in a manner consistent with the parent's reporting format. External sales and other income excludes accretions to unit linked investments.

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 2016 (Contd.)

34 Disclosure of transactions with related parties as required by the Accounting Standard 18

		(₹ In Crore)			
		2015-16		2014-15	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
Since consolidated financial statements present information about the holding and its subsidiaries as a single reporting enterprise, it is unnecessary to disclose intra - group transactions.					
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party - 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	21.81	-	10.90	-
	Business support services received	2.60	-	2.66	-
	Business support services rendered	0.20	-	1.95	-
	Sale of investments	-	-	34.97	-
	Insurance premium received	0.06	-	0.05	-
	Unallocated premium	-	-	-	(0.07)
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to Equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	0.39	-	0.36	(0.03)
	Rental income	0.05	-	0.28	-
	Reimbursement of expenses received	0.01	-	-	-
	Insurance premium received	0.06	-	0.24	-
	Insurance claim paid	0.16	-	-	-
	Unallocated premium	-	(0.01)	-	0.01
	Manpower supply charges	66.76	-	222.47	(0.07)
	Insurance commission paid/payable	12.09	(0.75)	11.87	(0.65)
	Benefits paid	0.02	-	0.03	-
Bajaj Allianz Staffing Solutions Ltd. (100% owned subsidiary of Bajaj Allianz Financial Distributors Ltd.)	Other income	0.20	-	-	-
	Reimbursement of expenses received	0.03	-	-	-
	Insurance premium received	1.25	-	-	-
	Insurance claim paid	0.43	-	-	-
	Unallocated premium	-	(0.02)	-	-
	Manpower supply charges	178.16	-	-	-
Allianz Cornhill Information Services Pvt. Ltd.	Insurance premium received	0.05	-	0.01	-
Allianz SE	Contribution to equity of BALICL including premium	-	(1,099.13)	-	(1,099.13)
	Contribution to equity of BAGICL including premium	-	(195.27)	-	(195.27)
	Billable expenses incurred on behalf	0.12	0.51	0.03	-
	Billable expenses recovered on behalf	0.72	-	-	-
	Receipt of award	0.15	-	-	-
	Reimbursement of revenue expenses received	0.02	0.01	0.02	-
Allianz Insurance Management Asia Pacific Pte.	Billable expenses incurred	0.08	0.01	0.01	(0.01)
	Billable expenses recovered on behalf	0.01	-	-	-
	Reimbursement received of revenue expenditure	0.01	-	-	-
	Paid towards revenue expenditure	0.02	-	0.06	-
Allianz Investment Management Singapore Pte. Ltd.	Data provision charges	1.47	(0.33)	3.18	(0.72)
	Investment management	0.28	(0.06)	0.32	(0.07)
AGCS Marine Insurance Company	Reinsurance premium paid/payable	5.00	(1.66)	2.49	0.22
	Commission on reinsurance premium	0.77	-	0.65	-
	Claims recovery on reinsurance	2.38	-	0.99	-
Allianz Global Risks US Insurance Company	Reinsurance premium paid/payable	0.67	0.16	0.53	(0.44)
	Commission on reinsurance premium	0.10	-	0.06	-

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

34 Disclosure of transactions with related parties as required by the Accounting Standard 18 (Contd.)

		(₹ In Crore)			
Name of related party and Nature of relationship	Nature of transaction	2015-16		2014-15	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Allianz Global Corporate and Speciality AG, Spain	Reinsurance premium paid/payable	0.30	-	0.09	(0.02)
	Commission on reinsurance received/receivable	0.06	-	0.01	-
Allianz Global Corporate and Speciality AG, UK	Reinsurance premium paid/payable	20.65	(1.11)	3.65	(2.10)
	Commission on reinsurance received/receivable	2.94	-	0.55	-
	Claims recovery on reinsurance	2.31	-	11.41	-
	Risk survey fees	-	-	0.04	0.04
Allianz Global Corporate and Speciality SE, Netherlands	Reinsurance premium paid/payable	0.23	(0.01)	0.22	-
	Commission on reinsurance received/receivable	0.08	-	0.10	-
Allianz Global Corporate and Speciality SE, Italy	Reinsurance premium paid/payable	0.35	(0.01)	0.10	(0.34)
	Commission on reinsurance received/receivable	0.14	-	0.11	-
	Claims recovery on reinsurance	0.06	-	-	-
Allianz Global Corporate and Speciality SE, Switzerland	Reinsurance premium paid/payable	0.62	-	0.27	(0.40)
	Commission on reinsurance received/receivable	0.22	-	0.11	-
Allianz Global Corporate and Speciality SE, Denmark - Nordic Region	Reinsurance premium paid/payable	1.00	(0.26)	0.58	(0.01)
	Commission on reinsurance received/receivable	0.21	-	0.07	-
Allianz Global Corporate and Speciality SE - Malaysia	Reinsurance premium paid/payable	-	-	-	-
	Billable expenses	-	-	0.01	(0.01)
Insurance Joint Stock Company Allianz Russia	Reinsurance premium paid/payable	-	-	0.02	-
	Commission on reinsurance received/receivable	-	-	0.01	-
Allianz Global Corporate and Speciality SE Munich	Reinsurance premium paid/payable	52.69	(7.39)	59.30	(8.67)
	Commission on reinsurance received/receivable	8.74	-	11.84	-
	Claims recovery on reinsurance	15.34	-	18.37	-
Allianz SE Reinsurance, Branch Asia Pacific	Reinsurance premium paid/payable	226.76	106.50	441.69	28.88
	Commission on reinsurance received/receivable	46.71	-	104.90	0.01
	Claims recovery on reinsurance	431.66	-	171.07	4.60
	Reinsurance profit commission receivable	1.74	-	0.91	-
	Profit commission on reinsurance	5.29	-	-	-
	CAT XOL premium paid/payable	13.65	-	12.05	-
	CAT XOL claim recovered	18.26	-	155.16	-
Allianz Hongkong-(Formerly known as Allianz China)	Reinsurance premium paid/payable	-	-	0.02	-
	Commission on reinsurance received/receivable	-	-	0.01	-
Allianz Marine and Aviation Versicherungs AG	Reinsurance premium paid/payable	-	-	0.04	-
	Commission on reinsurance received/receivable	-	-	0.01	-
	Claims recovery on reinsurance	-	-	0.04	-
Allianz Global Corporate and Speciality AG Singapore (Previously known as Allianz Insurance Company of Singapore - PTE)	Reinsurance premium paid/payable	1.93	(0.16)	0.62	(0.23)
	Commission on reinsurance received/receivable	0.21	-	0.08	-
	Claim recovery on reinsurance	-	-	0.21	-
	Reinsurance premium received/receivable	0.02	-	2.55	0.55
	Commission on reinsurance premium	-	-	0.28	-
	Risk survey fee	0.18	-	0.07	(0.04)
Allianz Belgium	Reinsurance premium paid/payable	0.37	-	0.47	(0.28)
	Commission on reinsurance received/receivable	0.03	-	0.05	-
	Claim recovery on reinsurance	0.01	-	0.67	-

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

34 Disclosure of transactions with related parties as required by the Accounting Standard 18 (Contd.)

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2015-16		2014-15	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Allianz Elementar Versicherungs - Austria	Reinsurance premium paid/payable	0.31	0.02	0.30	(0.17)
	Commission on reinsurance received/receivable	0.06	-	0.08	-
	Claim recovery on reinsurance	0.26	-	0.15	-
Allianz Global Corporate and Speciality SE -France	Reinsurance premium paid/payable	20.96	(9.15)	23.17	(9.72)
	Commission on reinsurance received/receivable	3.14	-	2.15	-
	Claims recovery on reinsurance	93.49	-	24.24	-
Allianz Risk Transfer AG	Reinsurance premium paid/payable	31.69	-	29.29	-
	Commission on reinsurance received/receivable	0.31	-	0.27	-
Allianz Australia Insurance Ltd.	Reinsurance premium paid/payable	0.14	(0.11)	-	-
	Commission on reinsurance received/receivable	0.03	-	-	-
Euler Hermes Deutschland [Formerly known as Euler Hermes Cr Insurance (S) Ltd.]	Reinsurance premium paid/payable	7.78	(0.16)	9.24	(0.44)
	Commission on reinsurance received/receivable	1.51	-	1.69	-
	Claims recovery on reinsurance	10.10	-	4.22	-
	Billable expenses incurred on behalf	2.36	0.99	2.48	0.85
Euler Hermes Europe, Singapore Branch	Reinsurance premium paid/payable	12.68	(4.04)	3.87	(3.09)
	Commission on reinsurance received/receivable	2.27	-	0.78	-
	Claims recovery on reinsurance	1.10	-	-	-
Allianz Risk Transfer N.V.	Reinsurance premium paid/payable	0.60	-	-	-
Allianz CP General Ins Co. Ltd.	Reinsurance premium received/receivable	-	-	-	-
	Claims paid/payable	0.53	-	9.65	-
	Software consultancy fees	0.97	-	-	-
Allianz Global Assistance Australia	Billable expenses recovered on behalf	0.01	-	-	-
Allianz Managed Operations and Services SE	SAS license fees	0.66	(4.07)	0.20	(2.09)
	Paid towards opus revenue expenditure	2.52	(4.66)	4.02	(2.67)
	Income from software consultancy	-	-	0.04	-
	License and Maintenance fees paid	0.93	-	1.01	-
	E-learning service fees	0.34	-	-	-
	Billable expenses incurred on behalf	-	-	0.08	-
Allianz Managed Operations and Services SE India	Insurance premium received	0.06	-	0.06	-
	Insurance claims paid	0.01	-	0.15	-
	Unallocated premium	-	(0.07)	-	(0.06)
AGA Assistance (India) Pvt. Ltd.	Insurance claims paid	4.00	-	7.44	-
	Premium received as an agent	-	(0.05)	-	0.02
	Insurance commission paid/payable	0.96	(0.04)	0.54	(0.05)
	Billable expenses incurred on behalf	0.07	0.08	0.19	-
AGA Services (India) Pvt. Ltd.	Insurance claims paid	16.05	-	19.62	-
	Fees received for loss minimisation activity	-	-	0.19	-
	Other expenses paid/payable	1.92	0.13	1.25	(0.33)
Euler Hermes Services India Pvt. Ltd.	Credit risk assessment fees paid	2.11	-	1.89	-
Allianz Insurance Lanka Ltd.	Reinsurance premium received/receivable	-	(0.07)	0.08	-
	Commission on reinsurance paid/payable	-	-	0.02	-
	Claims paid on reinsurance accepted	0.23	-	-	-
IDS GmbH	Legal and professional charges	0.04	-	0.31	(0.07)

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

34 Disclosure of transactions with related parties as required by the Accounting Standard 18 (Contd.)

		(₹ In Crore)			
		2015-16		2014-15	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
C Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj (Chairman)	Sitting Fees	0.11	-	0.10	-
	Commission	0.17	(0.17)	0.10	(0.10)
Madhur Bajaj	Sitting Fees	0.07	-	0.07	-
	Commission	0.11	(0.11)	0.07	(0.07)
Rajiv Bajaj	Sitting Fees	0.06	-	0.06	-
	Commission	0.08	(0.08)	0.06	(0.06)
Niraj Bajaj	Nil	-	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Sanjiv Bajaj (Managing Director)	Remuneration	1.46	-	1.37	-
(Also Key management personnel)	Sitting Fees	0.09	-	0.09	-
	Commission	3.24	(3.24)	2.90	(2.90)
D Key Management Personnel and their Relatives:					
Tapan Singhel (MD and CEO - BAGICL)	Remuneration	3.60	-	3.83	-
Anuj Agarwal (MD and CEO - BALICL)	Remuneration	2.49	-	1.79	-
Rajeev Jain (CEO - BFL)	Remuneration	6.26	(3.03)	5.14	(2.28)
	ESOPs exercised	7.10	-	2.86	-
	Medical Reimbursement	0.22	-	-	-
Nanoo Pamnani (Vice Chairman)	Commission	-	-	0.89	(0.89)
	Sitting fees and expenses	0.01	-	0.09	-
Sanjay Asher (Director-BALICL)	Sitting Fees	0.04	-	0.04	-
Manu Tandon (Director-BALICL)	Sitting Fees	0.03	-	0.03	-
Suraj Mehta (Director-BALICL)	Sitting Fees	0.03	-	0.02	-
S H Khan (Director-BALICL)	Sitting Fees	0.04	-	0.07	-
Lila Poonawala (Director-BALICL)	Sitting Fees	0.04	-	-	-
E Enterprises over which anyone in (c) and (d) exercises significant influence:					
Bajaj Auto Ltd.	Sale of windpower	18.23	-	1.67	-
	Business support services received	12.30	(0.02)	17.24	(0.69)
	Business support services rendered	0.82	-	1.52	-
	Aviation charges paid	-	-	0.54	-
	Interest subsidy	15.46	0.09	7.24	0.07
	Investment sold	-	-	151.45	-
	Insurance premium received by BAGICL/BALICL	13.71	-	9.29	-
	Insurance claims paid by BAGICL/BALICL	19.04	-	7.27	-
	Security deposit paid	-	0.21	-	0.21
	Unallocated premium	-	(6.65)	-	(6.46)
	Investments held	-	30.07	-	-
Bajaj Electricals Ltd.	Purchases	1.19	(0.01)	0.34	-
	Insurance claims paid	4.46	-	4.98	-
	Insurance premia received	4.78	-	4.22	-
	Unallocated premium	-	(0.12)	-	(0.09)
Bajaj Auto Holdings Ltd.	Purchase of shares by BAHIL (209,005 shares of ₹ 5 each)	-	(0.10)	0.10	(0.10)
	Dividend paid	0.07	-	-	-
	Non-convertible debentures issued	-	(5.00)	-	(5.00)
	Interest on non-convertible debentures issued	(0.48)	-	-	-

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

34 Disclosure of transactions with related parties as required by the Accounting Standard 18 (Contd.)

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2015-16		2014-15	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Hind Musafir Agency Ltd.	Services received	31.81	(0.78)	23.40	(0.46)
	Insurance premium received	0.02	-	0.01	-
	Insurance claims paid	0.01	-	-	-
	Other expenses paid/payable	0.02	-	0.11	(0.01)
Mukand Ltd.	Sale of windpower	28.21	1.99	40.15	3.74
	Insurance premium received	3.85	-	3.97	-
	Insurance claims paid	6.98	-	3.07	-
	Unallocated premium	-	(0.01)	-	(0.01)
	Rent and other expenses paid	0.06	-	0.06	-
	Security deposit paid	-	4.00	-	4.00
	Interest received	5.14	-	5.59	-
	Loan given	-	30.93	34.68	46.69
Mukand Engineers Ltd.	Principal repayment received	15.76	-	16.49	-
	Insurance premium received	0.26	-	0.35	-
	Insurance claims paid	0.12	-	0.21	0.01
Hercules Hoists Ltd.	Unallocated premium	-	(0.13)	-	(0.01)
	Fixed deposits accepted	8.37	(8.37)	13.50	(13.50)
	Fixed deposits repaid	13.50	-	3.00	-
	Interest paid on fixed deposits	1.72	-	0.29	-
	Interest accrued on fixed deposits	0.50	(0.50)	1.27	(1.27)
Maharashtra Scooters Ltd.	Business support services rendered	0.08	0.02	0.08	-
	Non-convertible debentures issued	-	(80.00)	-	(80.00)
	Interest on non-convertible debentures issued	(7.25)	-	-	-
	Contribution to equity (1,897,466 shares of ₹ 10 each)	-	(1.90)	-	(1.90)
	Dividend paid	8.13	-	3.69	-
Indian School of Business	Reimbursement of expenses paid	0.30	-	-	-
Jamnalal Sons Pvt. Ltd.	Security deposit	(0.09)	(0.09)	-	-
	Rent and other expenses	(0.08)	-	-	-

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard 18 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

35 Deferred taxes

(₹ In Crore)

Particulars	As at 31 March	
	2016	2015
Liabilities	45.13	39.59
Assets	377.83	285.78
Net	(332.70)	(246.19)

Notes to consolidated financial statements for the year ended 31 March 2016 (Contd.)

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

(₹ In Crore)

Particulars	Net assets (i.e. total assets minus total liabilities)		Share in profit or (loss)	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
1. Parent:				
Bajaj Finserv Ltd.	20.13%	2,695.98	8.76%	163.13
2. Subsidiaries (Indian):				
Bajaj Allianz General Insurance Company Ltd.	20.83%	2,789.71	30.28%	564.22
Bajaj Allianz Life Insurance Company Ltd.	56.99%	7,631.49	47.17%	878.97
Bajaj Finance Ltd.	56.12%	7,515.38	68.62%	1,278.63
Bajaj Financial Holdings Ltd.	0.02%	2.48	-	-
(Less): Minority interests in all subsidiaries	(43.88%)	(5,876.68)	(48.91%)	(911.29)
(Less): Inter-company eliminations	(10.26%)	(1,374.49)	(5.96%)	(111.08)
3. Joint ventures (as per proportionate consolidation method) (Indian):				
Bajaj Allianz Financial Distributors Ltd.	0.06%	8.45	0.04%	0.69
(Less): Inter-company eliminations	(0.01%)	(1.20)	-	-
Total	100.00%	13,391.12	100.00%	1,863.27

37 Since the parent company, Bajaj Finserv Ltd. is no longer registered with RBI under section 45IA of the Reserve Bank of India Act, 1934, the requirement of creating a Reserve fund in terms of section 45-IC(1) (called as 'Reserve fund' hereinafter) of the Reserve Bank of India Act, 1934/transferring 20% of the profit to the Reserve fund does not arise. Consequently, no amount has been transferred to the said Reserve fund during the year 2015-16 and balance in Reserve fund of ₹ 120.10 crore has been transferred to Surplus in Statement of Profit and Loss.

38 Previous year figures

Previous year figures have been regrouped wherever necessary to make them comparable with those of the current year.

39 Miscellaneous

₹ 1 crore is equal to ₹ 10 million.

In terms of our report of even date

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Salient features of the financial statements of subsidiaries for the year ended 31 March 2016

Form AOC-1:

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

Part A: Subsidiaries

Particulars	(₹ In Crore)			
	Bajaj Allianz General Insurance Co. Ltd.	Bajaj Allianz Life Insurance Co. Ltd.	Bajaj Finance Ltd. (Consolidated)	Bajaj Financial Holdings Ltd.
a Reporting period for the subsidiary	1 April 2015 to 31 March 2016	1 April 2015 to 31 March 2016	1 April 2015 to 31 March 2016	1 April 2015 to 31 March 2016
b Paid up share capital	110.23	150.71	53.55	2.50
c Reserves and surplus	2,679.48	7,480.78	7,271.18	(0.02)
d Total assets	2,789.71	44,359.09	46,456.60	2.48
e Total liabilities	2,789.71	44,359.09	46,456.60	2.48
f Investments	8,679.63	7,564.67	1,029.10	2.40
g Turnover/Operating result	787.40	755.85	7,383.66	-
Transfer from policyholders' account	-	311.44	-	-
h Profit before tax	771.47	982.85	1,964.68	-
i Provision for tax	207.25	103.88	686.05	-
j Profit after tax	564.22	878.97	1,278.63	-
k Proposed dividend	-	-	45.39	-
l % of shareholding	74.00%	74.00%	57.28%	100.00%
Name of subsidiary sold during the year:				
Nil				

Part B: Joint venture

Particulars	(₹ In Crore)	
	Bajaj Allianz Financial Distributors Ltd. (Consolidated)*	
a Latest audited balance sheet date	31 March 2016	
b Shares of joint venture held by the Company on the year end		
- Number	1,200,000	
- Amount of investment in joint venture	1.20	
- Extent of holding %	50.00%	
c Description of how there is significant influence	By way of shareholding	
d Reason why associate/joint venture is not consolidated	N.A.	
e Net worth attributable to shareholding as per latest audited Balance Sheet	8.45	
f Profit/(loss) for the year		
- Considered in consolidation	1.39	
- Not considered in consolidation	-	

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

On behalf of the Board of Directors

Rahul Bajaj
Chairman

S Sreenivasan
Chief Financial Officer

Sanjiv Bajaj
Managing Director

Sonal R Tiwari
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Pune: 24 May 2016

Standalone Financial Statements

Independent Auditors' Report on the Standalone Financial Statements

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

1. We have audited the accompanying standalone financial statements of Bajaj Finserv Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

10. As required by section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at 31 March 2016 on its financial position in its standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31 March 2016.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2016.

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Bajaj Finserv Ltd. on the standalone financial statements for the year ended 31 March 2016

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

1. We have audited the internal financial controls over financial reporting of Bajaj Finserv Ltd. ('the Company') as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

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

Meaning of internal financial controls over financial reporting

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

Annexure A to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Bajaj Finserv Ltd. on the standalone financial statements for the year ended 31 March 2016

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 9 on fixed assets to the financial statements, are held in the name of the Company.
2. The Company is in the business of wind power generation and investment, and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of the said Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
4. The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of investments made by it.
5. The Company has not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
6. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, value added tax and service tax as at 31 March 2016 which have not been deposited on account of a dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Income tax	Additional demand on the basis of assessment order received.	48.34	AY 2009-10 AY 2011-12, 2012-13 AY 2013-14	CIT(A)
Sales tax	Additional demand on the basis of assessment order received.	0.49	2008-09	DCST
Sales tax	Additional demand on the basis of assessment order received.	0.32	2009-10	JCST
Sales tax	Additional demand on the basis of assessment order received.	0.01	2011-12	Tribunal

Annexure B to Independent Auditors' Report (Contd.)

8. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the Balance Sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard 18, Related Party Disclosures specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company was registered as Non Deposit Accepting Non Banking Financial Company. During the year vide order dated 23 October 2015, the Company has been 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 clause 3(xvi) of the Order are not applicable to the Company.

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2016	2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	79.57	79.56
Reserves and surplus	4	2,616.41	2,480.73
		2,695.98	2,560.29
Non-current liabilities			
Deferred tax liabilities (net)	5	10.74	11.36
Other long-term liabilities	6	1.87	-
Long-term provisions	7	6.74	5.98
		19.35	17.34
Current liabilities			
Trade payables	8	2.63	2.10
Other current liabilities	8	7.69	8.52
Short-term provisions	7	21.62	51.76
		31.94	62.38
Total		2,747.27	2,640.01
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	75.15	75.11
Capital work-in-progress		0.97	0.76
		76.12	75.87
Non-current investments	10	2,102.88	1,800.77
Long-term loans and advances	11	32.20	30.98
Other non-current assets	13	1.87	-
		2,213.07	1,907.62
Current assets			
Current investments	10	276.00	712.82
Trade receivables	12	8.19	3.74
Cash and bank balances	14	225.25	3.37
Short-term loans and advances	11	0.84	1.00
Other current assets	13	23.92	11.46
		534.20	732.39
Total		2,747.27	2,640.01

Summary of significant accounting policies followed by the Company

2

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Statement of Profit and Loss

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2016	2015
Revenue from operations	15	242.32	200.24
Other income	16	9.13	11.42
Total revenue		251.45	211.66
Expenses			
Employee benefits expense	17	17.05	16.63
Depreciation and amortisation		1.38	2.54
Other expenses	18	38.21	34.39
Total expenses		56.64	53.56
Profit before tax		194.81	158.10
Tax expense			
Current tax		32.30	30.73
Deferred tax		(0.62)	1.44
Total tax expense		31.68	32.17
Profit for the year		163.13	125.93
Basic and diluted Earnings per share (In ₹)	19	10.3	7.9
(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
In terms of our report of even date

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Cash Flow Statement

Particulars	For the year ended 31 March	
	2016	2015
I. Operating activities		
Profit before tax	194.81	158.10
Adjustments:		
Add:		
i) Depreciation and amortisation	1.38	2.54
ii) Loss on sale of assets	0.26	0.02
	1.64	2.56
Less:		
i) Profit on sale of investments, net	9.94	74.70
ii) Surplus on redemption of securities, net	-	0.01
iii) Profit on sale of subsidiary	-	5.00
iv) Amortisation of premium/discount on acquisition of fixed income securities	37.31	11.72
	47.25	91.43
	149.20	69.23
Change in assets and liabilities		
i) Trade receivables	(4.45)	(3.04)
ii) Loans and advances and other assets	(14.46)	(8.42)
iii) Other bank balances	(0.72)	(0.04)
iv) Liabilities and provisions	2.34	4.60
	(17.29)	(6.90)
(Purchase)/sale of money market mutual funds, etc., net*	0.63	10.60
Net cash from operating activities before income-tax	132.54	72.93
Income-tax refund/paid for earlier years (net)	(3.09)	-
Income-tax paid	(33.16)	(34.37)
Net cash from operating activities	96.29	38.56
Carried forward	96.29	38.56

Cash Flow Statement (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2016	2015
Brought forward	96.29	38.56
II. Investing activities		
i) Capital expenditure	(1.94)	(9.12)
ii) Sales proceeds of assets	0.05	0.04
iii) Sale of subsidiary*	-	17.00
iv) Investment in subsidiary*	(102.03)	-
v) Sale of current and long-term investments*	747.41	873.49
vi) Purchase of current and long-term investments*	(464.05)	(896.60)
Net cash from investing activities	179.44	(15.19)
III. Financing activities		
i) Dividend paid	(54.98)	(27.81)
ii) Rights issue proceeds (net of expenses)	0.41	0.18
Net cash from financing activities	(54.57)	(27.63)
Net change in cash and cash equivalents	221.16	(4.26)
Cash and cash equivalents as at 1 April 2015	3.13	7.39
[Opening balance]		
Cash and cash equivalents as at 31 March 2016	224.29	3.13
[Closing balance]		
	-	-

* As Company is an investment company, dividend received and interest earned are considered as part of cash flow from operating activities. Purchase and sale of investment has been classified into operating and investing activity based on the intention of Management at the time of purchase of securities.

In terms of our report of even date

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

Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

S Sreenivasan
Chief Financial Officer

Sonal R Tiwari
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Notes to financial statements for the year ended 31 March 2016

- 1** The Company is primarily engaged in the business of promoting financial services such as finance, insurance, wealth management etc. through its investments in subsidiaries and joint ventures. The Company is also engaged in the business of generating power through wind turbines, a renewable source of energy.

The Company has been recognised as a Core Investment Company (CIC) by the Reserve Bank of India (RBI) in terms of the regulations governing Non-Banking Financial Companies and is no more required to be registered thereunder.

2 Summary of significant accounting policies followed by the Company

Basis of preparation

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

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016.

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

1) System of accounting

- i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial statements are prepared under the historical cost convention. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- iii) Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

2) Revenue recognition

a) Income

The Company recognises income (including rent etc.) on accrual basis. However, where the ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent of uncertainty.

- (1) Income from debentures and bonds is accrued over the maturity of the security, net of amortisation of premium/discount, thereby recognising the implicit yield to maturity, with reference to the coupon dates, where applicable. However, income is accrued only where interest is serviced regularly and is not in arrears, as per the guidelines framed by the Management.
- (2) Dividend is accrued in the year in which it is declared whereby a right to receive is established.
- (3) Profit/loss on sale of investments is recognised on the contract date.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

2 Summary of significant accounting policies followed by the Company (Contd.)

b) Wind farm income

Income from windpower generation is recognised on acceptance by Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) of units generated and after giving allowance for wheeling and transmission losses. Simultaneously, relevant entitlements for generating green energy are recognised to the extent the ultimate collection is reasonably certain.

3) Fixed assets and depreciation

A. Tangible assets

- i) Tangible assets except land are carried at cost of acquisition, construction or at manufacturing cost, as the case may be, less accumulated depreciation. Land is carried at cost of acquisition. Cost represents all expenses directly attributable to bringing the asset to its working condition for its expected use.
- ii) Land and buildings acquired/constructed, not intended to be used in the operations of the Company are categorised as investment property under Investments and not as Fixed assets.

B. Depreciation and amortisation

- (a) Leasehold land
Premium on leasehold land is amortised over the period of lease.
- (b) On other tangible assets
 - i. a. Depreciation is provided on a pro rata basis on the straight line method over the useful lives of the assets.
 - b. Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of it's corresponding asset, the component is depreciated over it's shorter life.
 - c. Useful life of assets are determined by the Management by internal technical assessments.
- ii. Assets which are depreciated over useful life/residual value different than those indicated by Schedule II are as under:

Asset class having residual value at ₹ 1

Computers

Furniture

Office equipment

Electric fittings

- iii. Depreciation on additions is being provided on pro rata basis from the month of such additions.
- iv. Depreciation on assets sold, discarded or demolished during the year is being provided upto the month in which such assets are sold, discarded or demolished.

C. Impairment of assets

An assessment is done at each Balance Sheet date as to whether there are any indications that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/Cash Generating Unit (CGU) is made. Where the carrying value of the asset/CGU exceeds the recoverable amount, the carrying value is written down to the recoverable amount.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

2 Summary of significant accounting policies followed by the Company (Contd.)

4) Investments

- a) Current investments representing debt securities with a maturity less than 1 year and those intended to be held for a period less than 1 year from the date on which the investment is made are stated at cost adjusted for amortisation and diminution with reference to realisable value, as necessary.
- b) Debt securities, other than current, are carried at cost, less amortisation of premium/discount, as the case may be, and provision for diminution, if any, as considered necessary. Debt securities maturing within 12 months from the close of the year (current maturities) are reclassified as current investments.
- c) Investments with maturity of less than 3 months from the date of acquisition are classified as cash and cash equivalents.
- d) Investments other than debt securities (Eg. equity, mutual funds etc.) are valued at cost of acquisition, less provision for diminution as considered necessary where they are intended to be held for a long-term, else current investments are valued at lower of cost or realisable value.
- e) Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments.
- f) The Management has laid out guidelines for the purpose of assessing likely impairments in investments and for making provisions based on given criteria. Appropriate provisions are accordingly made, which in the opinion of the Management are considered adequate.

5) Employee benefits

a) Privilege leave entitlements

Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment the liability is recognised on the basis of an independent actuarial valuation.

b) Gratuity

Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully covers the same under Cash Accumulation Policy and Debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the liability on the basis of an independent actuarial valuation is recognised as a liability.

c) Superannuation

Defined contribution to superannuation fund is being made as per the scheme of the Company.

d) Defined provident fund contribution is made to Government Provident Fund Authority.

e) Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.

f) Long-term incentive plan

The Company's liability towards long-term incentive plan being defined benefit plan is accounted for on the basis of an independent actuarial valuation.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

2 Summary of significant accounting policies followed by the Company (Contd.)

6) Taxation

- a) Provision for tax is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income-tax Act, 1961 and the Income Computation and Disclosure Standards prescribed therein. Excess/short provisions and interest thereon are recognised only on completion of assessment or where adjustments made by the Assessing Officer are disputed, on receiving the 'Order Giving Effect' to the tax determined by the CIT (Appeals) and thereafter on final settlement of further disputes.
- b) MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal tax during the specified period.
- c) Deferred tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax liabilities are expected to crystallise with reasonable certainty. However, in case of deferred tax assets (representing unabsorbed depreciation or carried forward losses) are recognised, if and only if there is virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised. Deferred tax is recognised on adjustments to revenue reserves to the extent the adjustments are allowable as deductions in determination of taxable income and they would reverse out in future periods.

7) Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

8) Operating leases

As a lessee

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

As a lessor

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

9) 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 shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

3 Share capital

Particulars	(₹ In Crore)	
	As at 31 March 2016	2015
Authorised:		
200,000,000 equity shares of ₹ 5 each	100.00	100.00
Issued, subscribed and fully paid-up shares:		
159,131,453 (159,125,184) equity shares of ₹ 5 each	79.57	79.56
	79.57	79.56

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at 31 March 2016		As at 31 March 2015	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	159,125,184	79.56	159,122,352	79.56
Equity shares earlier held in abeyance, issued during the year [See note 3 e.]	6,269	0.01	2,832	
Outstanding at the end of the year	159,131,453	79.57	159,125,184	79.56

b. Further, of the above

1,805,071 equity shares thereof are deemed to be issued by way of Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares outstanding on the record date. Outstanding GDRs at the close of the year were 37,532 (41,132)

c. 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 dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2016		As at 31 March 2015	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 5 each fully paid				
Bajaj Holdings & Investment Ltd.	62,314,214	39.16%	62,314,214	39.16%
Jamnalal Sons Pvt. Ltd.	15,110,824	9.50%	15,110,824	9.50%

e. Shares reserved for issue at a subsequent date

20,408 (26,677) equity shares of ₹ 5 each offered by way of right in an earlier year, have been held in abeyance pending adjudication of title and subscription thereafter.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

3 Share capital (Contd.)

f. Utilisation of funds raised on issue of equity shares

(₹ In Crore)

Particulars	As at 31 March	
	2016	2015
Amount receivable from rights issue - as per letter of offer	940.44	940.44
Less: Amount not received on shares kept in abeyance	1.32	1.73
Amount received from rights issue - (A)	939.12	938.71
Deployment of rights issue proceeds:		
(a) Investment in Bajaj Finance Ltd. - conversion of warrants	63.96	63.96
(b) Investment in Bajaj Finance Ltd. - subscription to rights issue	478.67	478.67
(c) Investment in Bajaj Finance Ltd. - subscription to convertible warrants	102.03	-
(d) Share issue expenses	3.16	3.16
(e) General corporate purposes	185.96	185.55
Total deployment of rights issue proceeds - (B)	833.78	731.34
Balance amount to be utilised (A - B)	105.34	207.37
Interim utilisation of balance rights issue proceeds:		
Investment in money market instruments and mutual funds	105.34	207.37

Notes to financial statements for the year ended 31 March 2016 (Contd.)

4 Reserves and surplus

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Securities premium account		
Balance as at the beginning of the year	928.47	928.29
Add: Received during the year	0.40	0.18
Closing balance	928.87	928.47
Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	120.10	94.91
Add: Transferred from surplus in Statement of Profit and Loss [See note 29]	-	25.19
Less: Transfer to surplus in Statement of Profit and Loss [See note 29]	120.10	-
Closing balance	-	120.10
General reserve		
Balance as at the beginning of the year	1,180.83	1,168.24
Add: Transferred from surplus in Statement of Profit and Loss	16.31	12.59
Closing balance	1,197.14	1,180.83
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	251.33	192.05
Less: Transitional adjustments to carrying value of tangible assets whose revised useful life has expired, net of deferred tax aggregating ₹ 0.54 crore in previous year [See note 9(d)]	-	1.02
Add: Transfer from Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 [See note 29]	120.10	-
Profit for the year	163.13	125.93
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 [See note 29]	-	25.19
Transfer to General reserve	16.31	12.59
Interim dividend	27.85	-
Proposed dividend	-	27.85
Total appropriations	44.16	65.63
Balance in Statement of Profit and Loss	490.40	251.33
	2,616.41	2,480.73

Notes to financial statements for the year ended 31 March 2016 (Contd.)

5 Deferred tax liabilities (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Deferred tax liabilities		
On account of timing difference in		
Depreciation	10.03	10.45
Amortisation of discount on acquisition of fixed income securities	2.09	2.13
Gross deferred tax liabilities	12.12	12.58
Deferred tax assets		
On account of timing difference in		
Provision for privilege leave etc.	0.24	0.22
Amortisation of premium/discount on acquisition of fixed income securities	0.04	-
Adjustments on account of gratuity provisions	1.10	1.00
Gross deferred tax assets	1.38	1.22
	10.74	11.36

6 Other long-term liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Security deposits	1.87	-
	1.87	-

7 Provisions

Particulars	(₹ In Crore)			
	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Provision for employee benefits [See note 24]				
Provision for gratuity	3.17	2.90	-	-
Provision for compensated absences	-	-	0.70	0.63
Provision for long-term incentive plan	3.57	3.08	0.66	-
	6.74	5.98	1.36	0.63
Other provisions				
Provision for tax (net of tax paid in advance)	-	-	20.26	23.28
Proposed dividend*	-	-	-	27.85
	-	-	20.26	51.13
	6.74	5.98	21.62	51.76

* The Company has declared and paid an interim dividend of ₹ 1.75 per equity share (35%) and the said amount is to be treated as final dividend for the year ended 31 March 2016. The final dividend for the year ended 31 March 2015 was also ₹ 1.75 per equity share (35%).

Notes to financial statements for the year ended 31 March 2016 (Contd.)

8 Current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Trade payables		
Total outstanding dues of micro enterprises and small enterprises *	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.63	2.10
	2.63	2.10
Other current liabilities		
Security deposits	-	1.87
Unclaimed dividend	0.96	0.24
Directors' remuneration and commission payable	3.43	3.18
Employee benefits payable	3.00	2.25
Taxes payable	0.10	0.42
Other payables	0.20	0.56
	7.69	8.52
	10.32	10.62

* On the basis of information requested from vendors with regards to their registration (filing of Memorandum) under 'The Micro, Small and Medium Enterprises Development Act, 2006. (27 of 2006)' and in view of the terms of payments not exceeding 45 days, which has been promptly paid, no liability exists at the close of the year and hence no disclosures have been made in this regard.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

9 Fixed assets (tangible assets)

Current year

(₹ In Crore)

Particulars	Gross block (a)				Depreciation				Net block	
	As at 31 Mar 15	Additions	Deductions/ adjustments	As at 31 Mar 16	As at 31 Mar 15	Adjustments	Deductions	For the year (a)	As at 31 Mar 16	As at 31 Mar 16
Land freehold (c)	18.95	-	-	18.95	-	-	-	-	-	18.95
Land leasehold (d)	-	-	(8.19)	8.19	-	-	-	-	-	8.19
Buildings (b) (d)	46.19	-	9.48	36.71	8.13	-	1.23	0.54	7.44	29.27
Computers	1.08	0.04	-	1.12	0.99	-	-	0.06	1.05	0.07
Electric fittings	0.47	-	-	0.47	0.15	-	-	0.07	0.22	0.25
Furniture	1.56	0.05	-	1.61	0.66	-	-	0.19	0.85	0.76
Office equipment	1.72	0.16	0.01	1.87	1.47	-	-	0.09	1.56	0.31
Vehicles	3.15	1.48	0.44	4.19	0.80	-	0.20	0.43	1.03	3.16
Wind energy generators	283.72	-	-	283.72	269.53	-	-	-	269.53	14.19
Total	356.84	1.73	1.74	356.83	281.73	-	1.43	1.38	281.68	75.15

(a) Refer note 2 clause 3) A. and B. of summary of significant accounting policies.

(b) Includes office premises given on lease ₹ 8.25 crore, depreciation for the year ₹ 0.13 crore (previous year ₹ 0.13 crore), accumulated depreciation ₹ 2.23 crore (previous year ₹ 2.10 crore), net block ₹ 6.02 crore (previous year ₹ 6.15 crore).

(c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore and cost of shares therein ₹ 2,000.

(d) Building was demolished during the year. Accordingly, cost of leasehold land earlier included in Buildings has been reclassified.

Previous year

(₹ In Crore)

Particulars	Gross block (a)				Depreciation				Net block	
	As at 31 Mar 14	Additions	Deductions/ adjustments	As at 31 Mar 15	As at 31 Mar 14	Adjustments (d)	Deductions	For the year (a) (d)	As at 31 Mar 15	As at 31 Mar 15
Land freehold (c)	10.76	8.19	-	18.95	-	-	-	-	-	18.95
Buildings (b)	46.19	-	-	46.19	5.96	1.47	-	0.70	8.13	38.06
Computers	0.99	0.10	0.01	1.08	0.76	0.06	-	0.17	0.99	0.09
Electric fittings	0.47	-	-	0.47	0.09	-	-	0.06	0.15	0.32
Furniture	1.56	-	-	1.56	0.47	-	-	0.19	0.66	0.90
Office equipment	1.54	0.18	-	1.72	0.39	0.03	-	1.05	1.47	0.25
Vehicles	2.77	0.48	0.10	3.15	0.48	-	0.05	0.37	0.80	2.35
Wind energy generators	283.72	-	-	283.72	269.53	-	-	-	269.53	14.19
Total	348.00	8.95	0.11	356.84	277.68	1.56	0.05	2.54	281.73	75.11

(a) Refer note 2 clause 3) A. and B. of summary of significant accounting policies.

(b) Includes office premises given on lease ₹ 8.25 crore, depreciation for the year ₹ 0.13 crore (previous year ₹ 0.13 crore), accumulated depreciation ₹ 2.10 crore (previous year ₹ 1.97 crore), net block ₹ 6.15 crore (previous year ₹ 6.28 crore).

(c) Includes proportionate ownership in land consequent to acquisition of office premises under a Deed of Apartment, at an attributed cost of ₹ 2.94 crore and cost of shares therein ₹ 2,000.

(d) Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing after 1 April 2014, the Company has re-worked depreciation with reference to the estimated economic lives of fixed assets in the manner prescribed by Schedule II to the Act as against past practice of providing at the minimum of rates prescribed in Schedule XIV of the Companies Act, 1956. In case of any asset whose useful life has completed at the beginning of the year, the carrying value, net of residual value, as at 1 April 2014 has been adjusted to the retained earnings and in other cases the carrying value has been depreciated over the remaining of the revised life of the assets and recognised in the Statement of Profit and Loss. Depreciation Adjustments as disclosed above includes ₹ 1.56 crore adjusted against retained earnings. As a result of this change, the charge of depreciation in Statement of Profit and Loss is higher by ₹ 1.15 crore.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

10 Investments

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(A) Long-term Investments:				
In Fully Paid Equity Shares:				
Trade:				
In Subsidiary Company:				
Quoted:				
30,856,613 Shares of ₹ 10 each in Bajaj Finance Ltd.	1,502.62	1,502.62	-	-
Unquoted:				
111,524,660 Shares of ₹ 10 each in Bajaj Allianz Life Insurance Co. Ltd. (joint venture)	111.52	111.52	-	-
81,568,165 Shares of ₹ 10 each in Bajaj Allianz General Insurance Co. Ltd. (joint venture)	81.57	81.57	-	-
2,500,000 Shares of ₹ 10 each in Bajaj Financial Holdings Ltd.	2.50	2.50	-	-
	195.59	195.59	-	-
In Joint Venture:				
Unquoted:				
1,200,000 Shares of ₹ 10 each in Bajaj Allianz Financial Distributors Ltd.	1.20	1.20	-	-
In Warrants:				
Unquoted:				
925,000 (-) Preferential Convertible Warrants of ₹ 4,412 each in Bajaj Finance Ltd. (25% paid up for ₹ 1,103 each)	102.03	-	-	-
In Bonds and Debentures:				
Fully paid:				
Others:				
Quoted:				
250 9% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.00	25.00	-	-
500 9.58% Bajaj Finance Ltd. of ₹ 1,000,000 each	50.89	50.89	-	-
250 9.66% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.51	25.51	-	-
500 (-) 8.8896% Bajaj Finance Ltd. of ₹ 1,000,000 each	50.00	-	-	-
750 (-) 8.95% Bajaj Finance Ltd. of ₹ 1,000,000 each	75.01	-	-	-
250 (-) 9.40% Bajaj Finance Ltd. of ₹ 1,000,000 each	25.40	-	-	-
Carried over	251.81	101.40	-	-
Carried over	1,801.44	1,699.41	-	-

Notes to financial statements for the year ended 31 March 2016 (Contd.)

10 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Brought over	1,801.44	1,699.41	-	-
In Bonds and Debentures: (Contd.)				
Fully paid: (Contd.)				
Others: (Contd.)				
Quoted: (Contd.)				
Brought over	251.81	101.40	-	-
Less: Amortisation of premium/(discount) on acquisition	0.37	0.04	-	-
	251.44	101.36	-	-
In Mutual Fund Units:				
Unquoted:				
- (6,750,000) HDFC Fixed Maturity Plan Direct Growth (Series 29)	-	-	-	6.75
- (13,500,000) ICICI Prudential Fixed Maturity Plan Direct (Series 72[Plan L/S])	-	-	-	13.50
- (18,700,000) IDFC FTP Series 70 Direct Plan- Growth	-	-	-	18.70
- (3,000,000) L&T Fixed Maturity Plan Growth (Series 10[Plan H])	-	-	-	3.00
- (4,500,000) Reliance Fixed Horizon Fund Plan Growth (Plan XXV[Series 21])	-	-	-	4.50
- (8,000,000) Tata Fixed Maturity Plan Growth (Series 46 [Plan M/Q])	-	-	-	8.00
	-	-	-	54.45
In Fixed Deposits:				
Unquoted:				
8.71% Bajaj Finance Ltd.	50.00	-	-	-
Total (A)	2,102.88	1,800.77	-	54.45
(B) Current investments:				
In Certificate of Deposit:				
Unquoted:				
- (2,500) Certificate of Deposit of ₹ 100,000 each of Axis Bank Ltd. - 08-03-2016	-	-	-	23.04
- (2,500) Certificate of Deposit of ₹ 100,000 each of Axis Bank Ltd. - 26-06-2015	-	-	-	23.95
Carried over	-	-	-	46.99

Notes to financial statements for the year ended 31 March 2016 (Contd.)

10 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(B) Current investments: (Contd.)				
In Certificate of Deposit: (Contd.)				
Unquoted: (Contd.)				
Brought over	-	-	-	46.99
- (2,500) Certificate of Deposit of ₹100,000 each of Axis Bank Ltd. - 28-10-2015	-	-	-	23.32
- (2,500) Certificate of Deposit of ₹100,000 each of Axis Bank Ltd. - 30-10-2015	-	-	-	23.31
- (2,500) Certificate of Deposit of ₹100,000 each of Canara Bank - 01-03-2016	-	-	-	23.02
- (7,500) Certificate of Deposit of ₹100,000 each of Canara Bank - 17-02-2016	-	-	-	68.96
- (2,500) Certificate of Deposit of ₹100,000 each of Corporation Bank - 11-03-2016	-	-	-	23.05
- (7,500) Certificate of Deposit of ₹100,000 each of Corporation Bank - 11-12-2015	-	-	-	69.18
- (5,000) Certificate of Deposit of ₹100,000 each of Export-Import Bank of India - 16-03-2016	-	-	-	46.08
- (2,500) Certificate of Deposit of ₹100,000 each of IDBI Bank Ltd. - 02-03-2016	-	-	-	23.01
- (5,000) Certificate of Deposit of ₹100,000 each of IDBI Bank Ltd. - 15-02-2016	-	-	-	45.93
- (7,500) Certificate of Deposit of ₹100,000 each of Indian Bank - 09-03-2016	-	-	-	69.17
- (5,000) Certificate of Deposit of ₹100,000 each of Oriental Bank Of Commerce - 12-02-2016	-	-	-	45.99
- (2,500) Certificate of Deposit of ₹100,000 each of Oriental Bank Of Commerce - 17-02-2016	-	-	-	22.97
- (2,500) Certificate of Deposit of ₹100,000 each of Punjab National Bank - 21-03-2016	-	-	-	23.08
- (2,500) Certificate of Deposit of ₹100,000 each of State Bank of Patiala - 23-03-2016	-	-	-	23.11
10,000 (-) Certificate of Deposit of ₹100,000 each of Axis Bank Ltd. - 26-10-2016	-	-	92.97	-
	-	-	92.97	577.17
Less: Amortisation of premium/(discount) on acquisition	-	-	(2.88)	(5.92)
	-	-	95.85	583.09
Carried over	-	-	95.85	583.09

Notes to financial statements for the year ended 31 March 2016 (Contd.)

10 Investments (Contd.)

(₹ In Crore)				
Particulars	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Brought over	-	-	95.85	583.09
In Commercial Paper:				
Unquoted:				
- (500) Commercial Paper of ₹ 500,000 each of Housing Development Finance Corporation Ltd. 364D - 10-03-2016	-	-	-	22.99
- (1,000) Commercial Paper of ₹ 500,000 each of Small Industries Development Bank of India 364D - 16-03-2016	-	-	-	46.05
1,500 (-) Commercial Paper of ₹ 500,000 each of Housing Development Finance Corporation Ltd - 10-08-2016	-	-	70.67	-
	-	-	70.67	69.04
Less: Amortisation of premium/(discount) on acquisition	-	-	(2.23)	(0.24)
	-	-	72.90	69.28
In Mutual Fund Units:				
Unquoted:				
346,237.90 (-) ICICI Prudential Money Market Fund- Direct Growth	-	-	7.25	-
- (27,226) Tata Money Market Fund Direct Growth	-	-	-	6.00
	-	-	7.25	6.00
In Fixed Deposits:				
Unquoted:				
8.71% Bajaj Finance Ltd.	-	-	100.00	-
Total (B)	-	-	276.00	658.37
Total (A+B)	2,102.88	1,800.77	276.00	712.82
Aggregate provision for diminution in value of investments	-	-	-	-

(₹ In Crore)				
Particulars	Book value		Market value	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Quoted	1,754.06	1,603.98	21,617.76	12,779.28
Unquoted	624.82	909.61	-	-
Total	2,378.88	2,513.59	-	-

Notes to Investments

- Quoted investments for which quotations are not available, if any, have been included in market value at the face value/paid-up value, whichever is lower, except in case of Debentures and Bonds, where the Net Present Value at current yield to maturity have been considered.
- Investments made by the Company other than those with a maturity of less than one year, are intended to be held for long-term, hence diminutions in the value of quoted investments are considered to be of a temporary nature. No provision has been determined during the year ended 31 March 2016.
- Refer note 2 clause 4 for accounting policy and valuation principles for investments.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

11 Loans and advances

(Unsecured, good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Capital advances	0.06	0.11	-	-
Security deposits	4.35	4.28	-	-
Loan and advances to related parties [See note 26]	-	-	0.19	0.66
Other loans and advances				
VAT refund receivable	1.85	1.57	-	-
Advance income-tax (net of provision for tax)	10.23	9.29	-	0.01
MAT credit entitlement	15.70	15.70	-	-
Others	0.01	0.03	0.65	0.33
	27.79	26.59	0.65	0.34
	32.20	30.98	0.84	1.00

12 Trade receivables

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Others, good	-	-	8.19	3.74
	-	-	8.19	3.74

13 Other assets

(Unsecured, good, unless stated otherwise)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Credit receivable for windpower generated	-	-	3.43	5.85
REC receivable	-	-	0.02	0.01
Interest receivable on investments	1.87	-	20.47	5.60
	1.87	-	23.92	11.46

Notes to financial statements for the year ended 31 March 2016 (Contd.)

14 Cash and bank balances

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2016	2015	2016	2015
Cash and cash equivalents				
Balances with banks				
In current accounts	-	-	2.37	3.04
Cash equivalents				
Cheques/drafts on hand	-	-	-	0.09
Certificate of Deposits with maturity of less than 3 months from date of acquisition	-	-	221.92	-
	-	-	224.29	3.13
Other bank balances				
Unclaimed dividend accounts	-	-	0.96	0.24
	-	-	225.25	3.37

15 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Windfarm activity		
Income from power generation	50.22	44.98
Income from Renewable Energy Certificates (REC)	8.15	5.33
	58.37	50.31
Investment activity		
Interest		
Interest income on		
Fixed deposits	5.62	-
Long-term investments	20.00	9.13
Amortisation of (premium)/discount on acquisition of fixed income securities on		
Long-term investments	(0.33)	3.49
Current investments	37.64	8.23
	62.93	20.85
Other financial services		
Dividend income on Investment in subsidiaries	111.08	49.37
Profit on sale of subsidiary	-	5.00
Profit on sale of investments, net #	9.94	74.70
Surplus on redemption of securities, net #	-	0.01
	183.95	149.93
	242.32	200.24

Including on current investments ₹ 3.75 crore (previous year ₹ 11.94 crore).

Notes to financial statements for the year ended 31 March 2016 (Contd.)

16 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Interest - others	-	0.53
Rent	1.87	1.87
Business support service	7.09	8.72
Miscellaneous receipts	0.06	0.07
Provision no longer required	0.11	0.23
	9.13	11.42

17 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Salaries, wages and bonus to employees	11.28	10.89
Remuneration to whole-time director	4.08	3.74
Contribution to provident and other funds	1.52	1.83
Staff welfare expenses	0.17	0.17
	17.05	16.63

18 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Rent	0.06	0.06
Repairs to buildings	1.71	2.73
Repairs to machinery - windmill	8.26	7.87
Repairs to others	0.19	0.16
Energy generation expenses	12.82	9.31
REC registration, issuance and brokerage charges	0.24	0.22
Rates and taxes	0.61	0.64
Insurance	0.40	0.28
Payment to auditor	0.29	0.29
Directors' fees and travelling expenses	0.47	0.40
Commission to non-executive directors	0.37	0.38
Travelling (including foreign travel) expenses	0.20	1.75
Business support service expenses	0.91	3.56
Expenditure towards Corporate Social Responsibility (CSR) activities	1.62	1.00
Legal and professional charges	5.84	0.36
Miscellaneous expenses	4.22	5.38
	38.21	34.39

Notes to financial statements for the year ended 31 March 2016 (Contd.)

18 Other expenses (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Payment to auditor		
As auditor:		
Audit fee	0.07	0.07
Tax audit fee	0.02	0.02
Limited review	0.07	0.07
Other services (certification fees and other matters)	0.09	0.12
Reimbursement of expenses	0.04	0.01
	0.29	0.29

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Expenditure towards Corporate Social Responsibility (CSR) activities		
a) Gross amount required to be spent by the Company during the year	1.60	1.48
b) Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	1.62	1.00
	1.62	1.00

19 Earnings Per Share (EPS)

Particulars	For the year ended 31 March	
	2016	2015
Profit for the year (₹ In Crore)	163.13	125.93
Weighted average number of shares outstanding during the year (Nos)	159,127,993	159,123,927
Earnings per share (Basic and Diluted) ₹	10.3	7.9
Face value per share ₹	5.0	5.0

Notes to financial statements for the year ended 31 March 2016 (Contd.)

20 Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
a Claims against the Company not acknowledged as debts	8.64	8.26
b Income Tax matters under dispute		
Appeal by Company	29.18	27.85
c Value Added Tax (VAT) and service tax matters under dispute	3.09	1.64

21 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Capital commitments, net of capital advances	3.97	0.55
Amount payable on warrants conversion of Bajaj Finance Ltd.	306.08	-

22 Expenditure in foreign currency (accrual basis)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2016	2015
Travelling expenses	0.04	0.06
Other matters	0.57	1.47
Purchase of capital asset	0.01	-
	0.62	1.53

23 Details of windpower generation and turnover

Particulars	For the year ended 31 March	
	2016	2015
Credit for units brought forward from previous year		
In units (In Lakh)	129	72
In value (₹ In Crore)	5.85	3.80
Generated, during the year		
In units (In Lakh)	772	746
Sold, during the year		
In units (In Lakh)	851	689
In value (₹ In Crore)	52.64	42.93
Credits receivable		
In units (In Lakh)	50	129
In value (₹ In Crore)	3.43	5.85

Notes to financial statements for the year ended 31 March 2016 (Contd.)

24 Employee benefits

Liability for employee benefits has been determined on the basis of an independent actuarial valuation, in conformity with the principles set out in the Accounting Standard 15 (Revised) the details of which are as hereunder.

Funded scheme

Particulars	(₹ In Crore)	
	Gratuity	
	As at 31 March	
	2016	2015
Amount to be recognised in Balance Sheet		
Present value of funded obligations	5.52	5.12
Fair value of plan assets	(2.35)	(2.22)
Net liability	3.17	2.90
Amounts in Balance Sheet		
Liability	3.17	2.90
Assets	-	-
Net liability	3.17	2.90
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	0.26	0.20
Interest on defined benefit obligation	0.35	0.31
Expected return on plan assets	(0.11)	(0.08)
Net actuarial losses/(gains) recognised in year	0.21	0.66
Total, included in 'Employee benefits expense'	0.71	1.09
Actual return on plan assets	0.18	0.20
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	5.12	3.84
Current service cost	0.26	0.20
Interest cost	0.35	0.31
Actuarial losses/(gains)	0.28	0.77
Liabilities assumed on acquisition/(settled on divestiture)	(0.49)	-
Closing defined benefit obligation	5.52	5.12
Change in fair value of assets		
Opening fair value of plan assets	2.22	1.72
Expected return on plan assets	0.11	0.08
Actuarial gains/(losses)	0.07	0.11
Contributions by employer	0.44	0.31
Assets acquired on acquisition/(distributed on divestiture)	(0.49)	-
Closing fair value of plan assets	2.35	2.22
Expected employer's contribution next year	0.50	0.30

Notes to financial statements for the year ended 31 March 2016 (Contd.)

24 Employee benefits (Contd.)

Funded scheme (Contd.)

Particulars	As at 31 March		
	2016	2016	2015
Assets information			
Insurer managed funds	2.35	100.00%	100.00%

Particulars	Year ended 31 March				
	2012	2013	2014	2015	2016
Experience adjustments					
Defined benefit obligation	2.34	2.75	3.84	5.12	5.52
Plan assets	1.00	1.31	1.72	2.22	2.35
Surplus/(deficit)	(1.34)	(1.44)	(2.12)	(2.90)	(3.17)
Exp. adj. on plan liabilities	0.32	-	0.51	0.20	0.30
Exp. adj. on plan assets	0.03	0.04	0.06	0.11	0.07

Particulars	As at 31 March	
	2016	2015
Principal actuarial assumptions (Expressed as weighted averages)		
Discount rate (p.a.)	7.95%	7.90%
Expected rate of return on assets (p.a.)	7.50%	7.50%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Unfunded schemes

Particulars	As at 31 March 2016		As at 31 March 2015	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	0.70	4.23	0.63	3.08
Expense recognised in the Statement of Profit and Loss	0.27	1.15	0.21	1.75
Discount rate (p.a.)	7.95%	7.95%	7.90%	7.90%
Salary escalation rate (p.a.) - senior staff	10.00%		10.00%	
Salary escalation rate (p.a.) - junior staff	10.00%		10.00%	

Notes to financial statements for the year ended 31 March 2016 (Contd.)

24 Employee benefits (Contd.)

Unfunded schemes (Contd.)

Amount recognised in the Statement of Profit and Loss

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Defined Contribution Plans:		
Provident fund paid to Government authorities	0.47	0.45
Superannuation paid to Trust	0.32	0.27
Pension fund paid to Government authorities	0.02	0.02
Others [₹ 15,053 (previous year ₹ 12,801)]		
Defined Benefit Plans:		
Gratuity	0.71	1.09
Others [(₹ 30,457 (previous year ₹ 18,670)]		
	1.52	1.83

25 Segment information

Segment information based on consolidated financial statements is given in note 33 to consolidated financial statements.

The Company has disclosed the business segments as primary reporting segment on the basis that risks and returns are primarily determined by the nature of products and services. Consequently, geographical segment has been considered as a secondary segment.

The business segments have been identified on the basis of the nature of products and services, the risks and returns and internal performance reporting systems.

The business segments comprise the following:

- Insurance
- Windmill
- Retail financing
- Investments and others

Notes to financial statements for the year ended 31 March 2016 (Contd.)

26 Disclosure of transactions with related parties as required by the Accounting Standard 18

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2015-16		2014-15	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
Bajaj Allianz General Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (81,568,165 shares of ₹ 10 each)	-	81.57	-	81.57
	Rent received	1.87	-	1.87	-
	Deposit received	-	(1.87)	-	(1.87)
	Insurance premium paid	0.47	-	0.33	0.52
Bajaj Allianz Life Insurance Co. Ltd. (74% shares held by Bajaj Finserv Ltd.)	Contribution to equity (111,524,660 shares of ₹ 10 each)	-	111.52	-	111.52
	Revenue expenses reimbursed	-	0.19	-	0.14
Bajaj Finance Ltd. (57.28% shares held by Bajaj Finserv Ltd.)	Contribution to equity (30,856,613 shares of ₹ 10 each)	-	1,502.62	-	1,502.62
	Subscription to preferential convertible warrants (925,000 warrants of ₹ 4,412 each - 25% paid)	102.03	102.03	-	-
	Investment in non-convertible debentures	-	250.00	-	100.00
	Investment in fixed deposits	150.00	150.00	-	-
	Interest received on non-convertible debentures	11.82	-	-	-
	Interest accrued on Fixed Deposits	5.62	5.62	-	-
	Dividend received	111.08	-	49.37	-
	Business support services received	0.20	-	0.16	-
	Business support services rendered	6.92	-	6.18	-
	Sale of shares of Finsol to BFL	-	-	17.00	-
Bajaj Financial Holdings Ltd. (Fully owned subsidiary)	Contribution to equity (2,500,000 shares of ₹ 10 each)	-	2.50	-	2.50
Bajaj Financial Solutions Ltd. (Now Bajaj Housing Finance Ltd.) (Fellow Subsidiary)	Contribution to/(sale of) equity	-	-	(39.00)	-
Bajaj Financial Securities Ltd. (Fellow Subsidiary)	Nil	-	-	-	-
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (investing party)	Purchase of shares by BHIL (62,314,214 shares of ₹ 5 each)	-	(31.16)	-	(31.16)
	Dividend paid	21.81	-	10.90	-
	Business support services received	0.06	-	0.12	-
	Business support services rendered	-	-	1.79	-
	Sale of investments to BHIL	-	-	34.97	-
Bajaj Allianz Financial Distributors Ltd. (a joint venture - 50% shares held by Bajaj Finserv Ltd.)	Contribution to equity (1,200,000 shares of ₹ 10 each)	-	1.20	-	1.20
	Services received	0.39	-	0.36	(0.03)
C Individuals controlling voting power/exercising significant influence and their relatives:					
Rahul Bajaj (Chairman)	Sitting fees	0.05	-	0.04	-
	Commission	0.05	(0.05)	0.04	(0.04)
Madhur Bajaj	Sitting fees	0.03	-	0.03	-
	Commission	0.03	(0.03)	0.03	(0.03)
Rajiv Bajaj	Sitting fees	0.03	-	0.03	-
	Commission	0.03	(0.03)	0.03	(0.03)
Sanjiv Bajaj (Managing Director)	Remuneration	1.46	-	1.37	-
(Also Key management personnel)	Commission	3.06	(3.06)	2.81	(2.81)
Shekhar Bajaj	Nil	-	-	-	-
Niraj Bajaj	Nil	-	-	-	-

Notes to financial statements for the year ended 31 March 2016 (Contd.)

26 Disclosure of transactions with related parties as required by the Accounting Standard 18 (Contd.)

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2015-16		2014-15	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
D Key management personnel and their relatives:	Included in 'C' above				
E Enterprises over which anyone in (c) and (d) exercises significant influence:					
Bajaj Auto Ltd.	Sale of windpower	18.23	-	1.67	-
	Business support services received	0.53	-	2.90	-
	Business support services rendered	-	-	0.61	-
	Aviation charges paid	-	-	0.54	-
	Sale of investments to BAL	-	-	151.45	-
Bajaj Electricals Ltd.	Purchases	-	-	-	-
Bajaj Auto Holdings Ltd.	Purchase of shares by BAHL (209,005 shares of ₹ 5 each)	-	(0.10)	0.10	(0.10)
	Dividend paid	0.07	-	-	-
Hind Musafir Agency Ltd.	Services received	0.01	-	0.20	-
Mukand Ltd.	Sale of windpower	28.21	1.99	40.15	3.74
	Rent paid	0.06	-	0.06	-
	Security deposit paid	-	4.00	-	4.00
	Interest/(rebate) received	-	-	0.52	-
Maharashtra Scooters Ltd.	Dividend paid	1.30	-	0.65	-

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard 18 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

Notes to financial statements for the year ended 31 March 2016 (Contd.)

27 Lease

As a lessor:

The Company has given a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
i) Office premises:		
Gross carrying amount	8.25	8.25
Depreciation for the year	0.13	0.13
Accumulated depreciation	2.23	2.10

ii) The total future minimum lease rentals receivable at the Balance Sheet date is as under:

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Receivable		
Within one year	1.87	0.78
After one year but not more than five years	6.93	-
More than five years	-	-
	8.80	0.78

As a lessee:

The Company has taken a premise on operating lease. This lease arrangement is for a period of five years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

The total future minimum lease rentals payable at the Balance Sheet date is as under:

Particulars	(₹ In Crore)	
	As at 31 March	
	2016	2015
Payable		
Within one year	0.06	0.03
After one year but not more than five years	0.21	-
More than five years	-	-
	0.27	0.03

Notes to financial statements for the year ended 31 March 2016 (Contd.)

28 Joint ventures

The Company has the following investment in jointly controlled entity:

Name of joint venture	Country of incorporation	Proportion of ownership interest	
		As at 31 March	
		2016	2015
Bajaj Allianz Financial Distributors Ltd. (BAFDL)	India	50%	50%
Bajaj Allianz General Insurance Co. Ltd. (BAGICL)*	India	74%	74%
Bajaj Allianz Life Insurance Co. Ltd. (BALICL)*	India	74%	74%

*Consolidated as subsidiary

The Company's share of each of the assets, liabilities, income and expenses in the joint venture, based on the audited financial statements are as below:

(₹ In Crore)

Particulars	31 March 2016			31 March 2015		
	BAFDL*	BAGICL	BALICL	BAFDL*	BAGICL	BALICL
(a) Assets:						
Fixed assets	-	202.07	162.65	-	209.07	168.13
Investments (shareholders' and policyholders')	-	6,422.93	32,639.54	-	5,185.13	32,229.79
Non-current investments	3.48	-	-	3.48	-	-
Deferred tax assets (net)	0.04	46.89	-	0.10	33.43	-
Long-term loans and advances	0.08	-	-	0.04	-	-
Other non-current assets	4.52	-	-	4.59	-	-
Current investments	5.75	-	-	2.00	-	-
Trade receivables	0.47	-	-	0.36	-	-
Cash and bank balances	0.09	393.33	251.39	1.10	630.35	334.73
Short-term loans and advances	0.16	-	-	0.17	-	-
Advances and other assets	-	711.28	1,002.74	-	529.38	966.88
Other current assets	2.27	-	-	3.31	-	-
(b) Liabilities:						
Other long-term liabilities	-	-	-	-	-	-
Long-term provisions	2.17	-	-	2.73	-	-
Trade payables	0.03	-	-	0.01	-	-
Current liabilities	5.05	3,788.67	907.90	2.54	3,276.14	1,128.15
Short-term provisions	1.16	-	-	2.11	-	-
Provisions	-	1,923.45	322.70	-	1,664.38	295.67
Policyholders' funds	-	-	27,024.96	-	-	27,189.38
Funds for future appropriations	-	-	153.46	-	-	92.06

Notes to financial statements for the year ended 31 March 2016 (Contd.)

28 Joint ventures (Contd.)

Particulars	31 March 2016			As at 31 March 2015		
	BAFDL*	BAGICL	BALICL	BAFDL*	BAGICL	BALICL
(c) Income:						
Amounts transferred from the policyholders' account	-	-	230.47	-	-	361.04
Revenue from operations	127.25	581.87	559.33	117.02	579.98	482.46
Other income	0.27	0.81	-	0.28	0.67	-
(d) Expenses:						
Employee benefits expense	121.36	-	-	110.66	-	-
Other expenses	4.84	11.79	62.49	4.86	5.66	98.55
Current and deferred tax	0.65	153.37	76.87	0.58	162.86	96.55
Tax (debits)/credits pertaining to earlier years	0.02	-	-	0.02	3.98	-
(e) Share of the Company in the contingent liabilities and commitments has been disclosed in note 30 and 31 to consolidated financial statements.						

* Based on consolidated financials.

29 Since the Company is no longer registered with RBI under section 45IA of the Reserve Bank of India Act, 1934, the requirement of creating a Reserve fund in terms of section 45-IC(1) (called as 'Reserve fund' hereinafter) of the Reserve Bank of India Act, 1934/transferring 20% of the profit to the Reserve fund does not arise. Consequently, no amount has been transferred to the said Reserve fund during the year 2015-16 and balance in Reserve fund of ₹ 120.10 crore has been transferred to Surplus in Statement of Profit and Loss.

30 The consolidated financial statements of the Company alongwith its subsidiaries and joint venture are attached to these standalone financial statements. The details of the group regarding the nature of relationship and the basis of consolidation can be referred to in note 1 to the said consolidated financial statements.

31 Previous year figures

Previous year figures have been regrouped wherever necessary to make them comparable with those of the current year.

32 Miscellaneous

- ₹ 1 crore is equal to ₹ 10 million.
- Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

In terms of our report of even date
For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants
Russell I Parera
Partner
Membership Number: 42190
Pune: 24 May 2016

S Sreenivasan
Chief Financial Officer
Sonali R Tiwari
Company Secretary

On behalf of the Board of Directors
Rahul Bajaj
Chairman
Sanjiv Bajaj
Managing Director
Nanoo Pamnani
Chairman - Audit Committee



Bajaj Finserv Limited
Akurdi, Pune - 411 035, India.
www.bajajfinserv.in

Business Responsibility Report

Section A General information about the Company		
1	Corporate identification number	L65923PN2007PLC130075
2	Name of the Company	Bajaj Finserv Ltd.
3	Registered address	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035
4	Website	www.bajajfinserv.in
5	Email address	investors@bajajfinserv.in
6	Financial year reported	1 April 2015 – 31 March 2016
7	Sector(s) that the Company is engaged in	Financial Services (Investments) and Windmill
8	Three key products/services manufactured/ provided by the Company	1. Investment activity (NIC code - 6430) 2. Electric power generation (NIC Code - 3510)
9	Total number of locations where business activity is undertaken by the Company	Two locations - Corporate office and Registered office
10	Markets served by the Company	India
Section B Financial details of the Company		
1	Paid up capital	₹ 79.57 crore
2	Total turnover	₹ 251.45 crore
3	Total profit after tax	₹ 163.13 crore
4	Total spending on CSR as percentage of profit after tax (%)	Refer Annual Report on CSR activities
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR activities
Section C Other details		
1	Other Information	Refer main report
Section D BR information		
1a	Details of Director(s) responsible for BR	DIN 00014615 Sanjiv Bajaj Managing Director
1b	Details of BR Head	DIN: 03206811 Name: S Sreenivasan Designation: CFO Telephone number: (020) 3040 5711 Email ID: s.sreenivasan@bajajfinserv.in
2	Principle-wise BR policy/policies	Refer main report
3	Governance related to BR	Refer main report
Section E Principle-wise performance		
1	Principle-wise performance	Refer main report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 100 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 2015-16. This report is required to be in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

Bajaj Finserv Ltd. (BFS), to whom the said requirement became applicable for the first time in 2015-16, presents its first BRR in line with the NVGs and the BRR requirement of SEBI. This BRR provides information on key initiatives undertaken by the Company, driven by the triple bottom line aspects. The business responsibility performance of the Company is assessed annually by BFS's Board of Directors.

BFS is the holding company for the various financial services businesses under the Bajaj Group of Companies. Through its subsidiaries viz. Bajaj Finance Ltd. (listed material subsidiary) and Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. (unlisted material subsidiaries), BFS serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance, and retirement and savings solutions. BFS also has investments in renewable energy in the form of 138 windmills situated in Maharashtra, with an aggregate installed capacity of 65.2 MW.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

BFS strives to adopt high standards of corporate governance, adhering to all applicable guidelines with transparent disclosures about the Company's performance. As the holding company of financial services businesses under Bajaj Group, BFS considers ethics, transparency and accountability to be its top-most operational priority and these values are ingrained into the daily operations across the organisation. BFS regularly engages with the management teams of subsidiaries to reinforce the group values.

BFS updated its Code of Conduct for the Company's Directors and Senior Management on 10 September 2014. It states that 'Directors and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment'. A declaration of the Directors and Senior Management's affirmation to this Code of Conduct is communicated to all stakeholders by the Managing Director in the Annual Report.

BFS has established a Whistle Blower Policy which lays down the process to report any unethical behaviour or violation of the Code of Conduct. Employees can report to the Management any instances of unethical behaviour, or suspected fraud or violation of the Code of Conduct or ethics policy. Adequate measures are in place to ensure safeguards against victimisation for employees who report any unethical behaviour. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases.

No stakeholder complaints linked to the Code of Conduct adherence were received in the reporting year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

BFS is the holding company of the financial services businesses in the Bajaj Group and the operations of these subsidiaries, except with reference to adherence to group values, are not within the scope of this BRR. The only operations directly under the purview of BFS, for the purpose of this BRR, is its renewable energy investment, in the form of 138 windmills, situated in Maharashtra with an aggregate installed capacity of 65.2 MW.

This investment in generation of wind power allows access to clean energy in the grid, thus, mitigating environmental pollution, reducing dependency on fossil fuels and also contributing towards positive climate change.

In 2015-16, the windmills generated 772 lakh units which was wheeled to third party consumers through the Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) grid. While the windmills are owned by BFS, it has a comprehensive operation and maintenance contract with a reputed and competent windmill operator for operating the windmills. The wind-farms, which are maintained under the supervision of BFS engineers, are certified for management systems such as ISO 9001, 14001 and 18001 for quality, environment and health and safety respectively.

Board meetings have also been made paperless with Directors accessing relevant material electronically.

Principle 3: Businesses should promote the well-being of all employees

As of 31 March 2016, BFS had a total of 17 employees, which included 2 female employees. There were no temporary or contractual employees in the reporting year. The Company believes its employees are its greatest operational strength. As a holding company with limited spheres of operation, the Company's staffing is adequate and commensurate with the scale of its business. BFS invests in the growth and development of all its employees and engages with them on a regular basis. Employees are given opportunities to move across the subsidiaries for getting wider exposure.

BFS has policies and procedures in place to prevent any kind of discrimination. BFS has a 'Policy on Prevention of Sexual Harassment at Workplace' in place to ensure the safety and security of its female employees. The Company did not receive any complaint relating to child labor, forced labor, involuntary labor or sexual harassment in 2015-16 and none are pending as of 31 March 2016.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

BFS is an equal opportunity employer. Remuneration practices are based on merit without regard to the person's ethnic background or gender and are periodically updated based on market benchmarks. The Company practices affirmative action and ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

Principle 5: Businesses should respect and promote human rights

BFS is dedicated to uphold the human rights of all its employees, and it strictly ensures compliance with all applicable laws of the land pertaining to human rights. The Company did not receive any complaint relating to violation of human rights in 2015-16.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

BFS is committed to conduct its business in a manner that protects the natural environment. Given that BFS is a holding company with no direct business operations and less number of employees, the Company does not have any significant direct environmental impacts.

However, in line with its commitment to environmental protection, the Company has undertaken the following environmentally responsible initiatives at the two offices in Pune where BFS employees are based (viz. registered office at Akurdi and Bajaj Finserv House in Viman Nagar). Bajaj Finserv House is a shared facility where other Bajaj entities also share the space. The environmental conservation initiatives represented below is for Bajaj Finserv House except the last bullet point, which pertains to Bajaj Finserv windmill operation:

- Water Conservation: Sewage treatment plant of 75 cubic meter capacity operated and maintained as per MPCB norms; Re-use of treated water (about 20 KL per day) for flushing purpose; Sensors installed in urinals; Harvest rain water to augment underground water;
- Waste Disposal: All waste is disposed as per MPCB requirements;
- Environment Health and Safety Management System: Bajaj Finserv House is ISO 14001 and OHSAS 18001 certified, which ensures that all the environmental, health and safety aspects of the property are managed as per a structured plan-do-act-monitor model;
- Green Cover: A green cover has been maintained around the building premises which improves the local environmental quality;
- Energy Conservation: Use of less energy-intensive LED lights and shutting off the air conditioning after 7.00 p.m., among other indoor initiatives, which helps reduce the energy consumption.
- The production of wind power by BFS far exceeds its consumption and BFS thus is a net contributor to the maintenance of a healthy and green environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

BFS is a member of World Economic Forum (WEF) and Confederation of Indian Industry (CII) through which it actively engages in policy advocacy.

The Company is a proactive contributor to the discussions and resolutions within the scope of the above mentioned associations. The Company regularly puts forward its views on setting of new industry standards and regulatory developments pertaining to the non-banking finance and insurance sectors. The Company engages in areas such as governance and administration, economic reforms, inclusive development policies, among others through its participation in the above bodies. While making recommendations, BFS attempts to balance the interests of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

The Corporate Social Responsibility (CSR) philosophy of BFS has been formulated under the vision and principles of the Bajaj Group's Founder, Late Jamnalal Bajaj, who believed in creating shared value through fair and equitable business functioning. BFS believes that 'majority of expenditures under CSR should be converted to "investments in resource creation" for use over generations.'

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

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

The CSR Policy gives an overview of the projects or programmes which are proposed to be undertaken by the Company in the coming years. The Policy is available at www.bajajfinserv.in

For more information, refer to the Annual Report on CSR activities as contained in the Annual Report 2015-16.

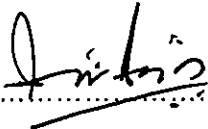
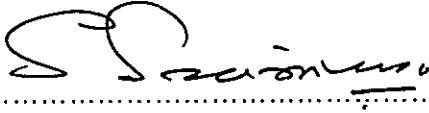
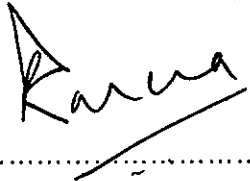

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

BFS being a holding company doesn't have any direct customers under the scope of this BRR. We have a grievance redressal mechanism for our stakeholders and shareholders. Our shareholders can raise grievance/complaints by writing to us directly or emailing us at investors@bajajfinserv.in

We stringently monitor all complaints we receive, and strive to close any complaints well within stipulated time limits. There are no outstanding customer complaints as on 31 March 2016.

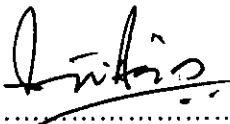


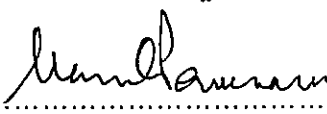
FORM A (for audit report with unmodified opinion)

[under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1.	Name of the Company	Bajaj Finserv Limited
2.	Annual financial statements for the year ended	31 March 2016-Stand-alone financial statements
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	Not Applicable
5.	<div>Sanjiv Bajaj Managing Director</div> <div>S Sreenivasan CFO</div> <div>Auditor of the Company Dalal & Shah, LLP</div> <div>Nanoo Pamnani Audit Committee Chairman</div>	<div></div> <div></div> <div></div> <div></div>

FORM A (for audit report with unmodified opinion)

[under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1.	Name of the Company	Bajaj Finserv Limited
2.	Annual financial statements for the year ended	31 March 2016-Consolidated financial statements.
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	Not Applicable
5.	<div>Sanjiv Bajaj Managing Director</div> <div>S Sreenivasan CFO</div> <div>Auditor of the Company Dalal & Shah, LLP</div> <div>Nanoo Pamnani Audit Committee Chairman</div>	<div></div> <div></div> <div></div> <div></div>