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Corporate Information

Board of Directors

Nanoo Pamnani

Chairman

Rajeev Jain

Managing Director

Sanjiv Bajaj

Lila Poonawalla

Audit Committee

Lila Poonawalla

Chairperson

Nanoo Pamnani

Sanjiv Bajaj

Nomination and Remuneration Committee

Lila Poonawalla

Chairperson

Nanoo Pamnani

Sanjiv Bajaj

Corporate Social Responsibility Committee

Nanoo Pamnani

Chairman

Sanjiv Bajaj

Rajeev Jain

Risk Management Committee

Nanoo Pamnani

Chairman

Sanjiv Bajaj

Rajeev Jain

Atul Jain

Gaurav Kalani

Anurag Jain

Chief Executive Officer

Atul Jain

Chief Financial Officer

Gaurav Kalani

Company Secretary

Anant Damle

Auditors

S R B C & CO LLP

Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye

Practising Company Secretary

Bankers

Central Bank of India

HDFC Bank Ltd.

Canara Bank

Kotak Mahindra Bank Ltd.

ICICI Bank Ltd.

Registrar and Transfer Agent

Karvy Computershare Pvt. Ltd.

Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad - 500 032

Debenture Trustee

Catalyst Trusteeship Ltd.

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

Registered Office

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

Corporate Office

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

CIN: U65910PN2008PLC132228

Management Discussion and Analysis

Bajaj Housing Finance Ltd. ('BHFL' or 'the Company') is registered with National Housing Bank ('NHB') as a Housing Finance Company ('HFC'). BHFL is a 100% subsidiary of Bajaj Finance Ltd. ('BFL'). It started its operation in Financial year 2017-18 (FY2018) and mortgage business hitherto done under BFL is now being originated in the Company.

Industry overview

India's mortgage to GDP ratio at 10% in FY2017 is low compared to other developing countries and advanced economies. Given the growing urbanisation, tax incentives, various government initiatives like Pradhan Mantri Awas Yojana ('PMAY'), regulation of real estate industry by implementation of Real Estate (Regulation and Development) Act, 2016 ('RERA') and infrastructure status to affordable housing, the growth of the housing finance industry is expected to remain strong despite a transient impact of demonetisation, GST and initial teething problems of RERA.

Also, other policy measures as detailed below should augment growth of the housing finance sector:

- a) reduction of risk weights on loans and allowing increased LTV's to some segments;
- b) reduction in standard asset provisioning for residential housing from 0.40% to 0.25%;
- c) reduction of risk weights on Bank lending to 'AAA' rated HFCs from 100% to 20% by RBI;
- d) increased exposure limit from 10% to 15% (over the 25% sectoral limit) for Mutual Funds on investment in debt issuance of 'AA' and above rated HFCs by SEBI; and
- e) IRDA providing exemption to insurance companies on investments in 'AAA' rated HFC's from sectoral caps.

The risks however continue to be the movement in prices of real estate. The last few years have seen divergent trends in movements of real estate prices owing to mismatch in demand and supply of affordable housing and some nuances specific to select geographies.

BHFL believes that given the pent-up demand for housing valued under ₹ 1 crore and the impetus provided by various regulations, there exists considerable opportunity for housing finance for this category of customers.

The Company

The Company was incorporated as a subsidiary of Bajaj Finserv Ltd. ('BFS') on 13 June 2008. The Company was acquired by BFL in December 2014 with the intent to conduct housing finance business in a dedicated subsidiary company. The Company's name was changed to Bajaj Housing Finance Ltd. on 14 November 2014 and it got registered with NHB as a HFC vide certificate no 09.0127.15 on 24 September 2015.

The Company is a 100% subsidiary of BFL and so far has received two rounds of capital infusion from BFL including ₹ 1,200 crore on 6 February 2018. With this it has net owned funds of about ₹ 1,550 crore as at 31 March 2018.

BHFL started its operations in phased manner during the current year and effective February 2018, all incremental mortgage business is being done in this Company.

Bajaj Housing Finance Ltd.: Performance Highlights, FY2018

- Assets under management and receivable under financing stood at ₹ 3,589 crore.
- Total income was ₹ 148 crore.
- Loan losses and provisions were ₹ 15 crore – representing standard assets provisioning.
- Profit before tax was ₹ 33 crore.
- Profit after tax was ₹ 22 crore.
- Capital adequacy as on 31 March 2018 was 45.12%, which is well above the NHB norms.

BHFL focusses on the following business verticals: (i) Home Loans, (ii) Loan Against Property and Lease Rental Discounting and (iii) Developer Financing. It also has a dedicated vertical offering home loans and loan against property to rural individual and MSME customers.

The Company's capital adequacy stood at a healthy 45.12% as against regulatory stipulated norms of 12%. Its tier I capital adequacy stood at 44.69% and tier II at 0.43%.

The company enjoys the highest long term credit rating of "AAA (Stable)" by CRISIL and "IND AAA (Stable)" by India Ratings and also highest short term credit rating of CRISIL "A1+ by CRISIL" and "IND A1+" by India Ratings. As of 31 March 2018, BHFL's total borrowings stood at ₹ 2,914 crore.

Assets Under Management (AUM): A Snapshot

Table 1: Assets Under Management (AUM)

Assets Under Management	(₹ In Crore)
	FY2018
Home Loans (including Top ups)	2,906
Loan Against Property	452
Developer Financing	69
Rural MSME Loans	36
Unsecured Loans	126
Total	3,589

Business update

Home Loans

BHFL focusses on mass affluent salaried customers for its Home Loans business with loan values ranging from 35 lakh to 150 lakh and operate in 44 locations in India. The business remained in a hyper competitive state throughout FY2018. The Company intends to create micro market presence in locations it operates in and leverage pre-launch approved project financial led acquisition model to build scale in the home loan business.

Loan Against Property

BHFL focusses on mass affluent Small and Medium Enterprise ("SME") customers for offering Loan Against Property and High Networth Individual ("HNI") customers for offering Lease Rental Discounting product in 31 locations in India. Loan Against Property helps SME customers to monetise the value of their property by taking mortgage loan to fuel their business growth. Loan Against Property and Lease Rental Discounting like Home Loans is sourced through "direct to customers" model to deliver lower cost of acquisition and drive customer retention.

Developer Loans

BHFL focusses on developers with good track record of consistently meeting the project delivery timelines across 9 locations in India. Developer Financing was started to aid the home loans business to facilitate APF led home loans retail business in the micro markets. Loan to developers are given for projects with a view to get retail customers to acquire homes in these projects helping in enhancing customer proposition and aid profitable growth. BHFL provides Developer Financing after ascertaining all development approvals are in place at each project level.

Rural MSME

BHFL focusses on Micro, Small and Medium Enterprise (MSME) customers in rural markets for its Loan Against Property and Home Loans business with presence in 142 towns and cities in the country. This business caters to the needs of the relatively underserved MSME customers in rural markets through its mortgage loan offerings in these markets. The product suite includes Home Loans and Loan Against Property. This is a strategic business unit which helps the company widen its geographic reach and reduce concentration risk in urban markets.

Financial performance

Table 2 gives BHFL's standalone financial performance for FY2018 vis-à-vis the FY2017.

Table 2: BHFL's standalone financials

Particulars	₹ In Crore)	
	FY2018	FY2017
Total income	147.74	3.16
Interest and finance charges	49.56	0.35
Net interest income	98.18	2.81
Operating expenses	50.18	2.69
Pre-provisioning operating profit	48.00	0.12
Loan losses and provisions	15.00	
Profit before tax	33.00	0.12
Profit after tax	22.31	0.12
Earnings per share basic, in ₹	0.42	0.004
Earnings per share diluted, in ₹	0.42	0.004
Book value per share, in ₹	9.98	9.28

Risk management and portfolio quality

As a HFC, BHFL is exposed to various risks including credit, liquidity and interest rate. It is continuously investing in talent, processes and risk and underwriting infrastructure to augment its risk management capabilities.

BHFL has a well-defined risk governance structure which provides for identification, assessment and control of risks. Apart from the asset liability committee, the senior management team reviews the credit risk across various portfolios and geographies.

The Company follows NHB prudential norms for asset classifications, provisioning and provisioning of bad and doubtful debts.

Asset liability management (ALM)

BHFL had a total borrowing of ₹ 2,914 crore as on 31 March 2018. The company has a robust Asset Liability Committee (ALCO) which meets every month and continuously monitors asset-liability mismatches to ensure that there are no imbalances on either side of the balance sheet.

The Asset Liability Management (ALM) position of BHFL is based on the maturity buckets as per the guidelines issued by NHB. The Company also assesses behaviouralised maturity pattern of its assets and liabilities and maintains adequate liquidity for its business. The liquid investments as on 31 March 2018 were ₹ 1,092 crore.

Customer service

Mortgages is a long tenor and complex product entailing a long-term relationship with the customer and regular interactions. To enable a transparent, convenient and hassle-free customer experience, our dedicated team of customer service coupled with transparent operations buoyed by strong technology infrastructure helps us to be responsive to our customers.

Human resources

Human resources are the Company's most valuable assets and BHFL focusses on continuously training and upgrading the work skills of its employees. BHFL runs various induction and training programmes throughout the year in functional areas as well as in the areas of leadership, soft skills, train the trainer, etc. As on 31 March 2018, BHFL had 426 employees.

Internal control systems and their adequacy

BHFL has instituted adequate internal control systems that commensurate with the nature of its business and the size of its operations. Internal audit is carried out by internal team to evaluate the adequacy of all internal controls and processes. All significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee comprises of three independent directors.

Fulfilment of the NHB norms and standards

BHFL fulfils and often exceeds norms and standards laid down by the NHB relating to the recognition and provisioning of non-performing assets and capital adequacy, etc. The capital adequacy ratio of the Company was 45.12% as of 31 March 2018, which is well above the NHB norm of 12%.

Consolidated financial statement

Table 3 gives a summary consolidated financial performance for FY2018 consolidating the results of its wholly owned subsidiary Bajaj Financial Securities Ltd.

Table 3: BHFL'S consolidated financials

(₹ In Crore)

Particulars	FY2018	FY2017
Total income	154.63	3.73
Interest and finance charges	49.60	0.35
Net interest income	105.03	3.38
Operating expenses	50.23	2.72
Pre-provisioning operating profit	54.80	0.66
Loan losses and provisions	15.00	0.00
Profit before tax	39.80	0.66
Profit after tax	27.37	0.60
Earnings per share basic, in ₹	0.52	0.021
Earnings per share diluted, in ₹	0.52	0.021
Book value per share, in ₹	10.02	9.30

Cautionary Statement

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

Directors' Report

The Directors present their tenth Annual Report and the standalone and consolidated audited financial statements for FY2018.

Financial results

The highlights of standalone financial results are as under:

Particulars	₹ In Crore)	
	FY2018	FY2017
Total income	147.74	3.16
Interest and finance charges	49.56	0.35
Net interest income	98.18	2.81
Operating expenses	50.18	2.69
Pre-provision operating profit	48.00	0.12
Loan losses and provisions	15.00	
Profit before taxation	33.00	0.12
Tax expense	10.69	
Profit for the year after taxation	22.31	0.12
Balance brought forward from previous year	(25.16)	(25.26)
Profit available for appropriations	(2.85)	(25.14)
Appropriations		
Transfer to Reserve Fund	(4.46)	(0.02)
Balance carried to Balance Sheet	(7.31)	(25.16)

A summary of consolidated financial performance for FY2018 consolidating the results of its wholly owned subsidiary viz., Bajaj Financial Securities Ltd. ('BFinsec') is given below:

Particulars	₹ In Crore)	
	FY2018	FY2017
Total income	154.63	3.73
Interest and finance charges	49.60	0.35
Net interest income	105.03	3.38
Operating expenses	50.23	2.72
Loan losses and provisions	15.00	
Profit before tax	39.80	0.66
Tax expense	12.43	0.06
Profit after tax	27.37	0.60

Performance and financial position of subsidiary

There were no major business operations in BFinsec. The profit after tax for BFinsec was ₹ 7.06 crore as against ₹ 0.48 crore for FY2017 primarily on account of sale of mutual funds units.

Dividend

Directors do not recommend any dividend for consideration of members at the ensuing annual general meeting.

Capital infusion

During FY2018, the Company has issued and allotted 1,200,000,000 equity shares of the face value of ₹ 10 aggregating to ₹ 1,200 crore to Bajaj Finance Ltd., its holding company, on rights basis. The funds have been utilised for the business of the Company.

As on 31 March 2018, the paid-up share capital of the Company stood at ₹ 1,550 crore consisting of 1,550,000,000 equity shares of face value of ₹ 10 fully paid-up.

Share capital

During FY2018, the Company has increased its authorised share capital from ₹ 550 crore divided into 550,000,000 equity shares of the face value of ₹ 10 to ₹ 3,000 crore divided into 3,000,000,000 equity shares of the face value of ₹ 10 with the approval of members at their extra-ordinary general meeting.

Increase in borrowing powers

During FY2018, pursuant to section 180(1)(c) of the Companies Act, 2013, the Company increased the limit on the borrowing powers of the Board of Directors from ₹ 3,500 crore to ₹ 20,000 crore, to meet its growing business needs.

Working results

The receivables under financing activity as on 31 March 2018 were ₹ 3,588.86 crore. Total income during FY2018 increased to ₹ 147.74 crore from ₹ 3.16 crore during FY2017. The profit before tax for FY2018 was ₹ 33.00 crore as against ₹ 0.12 crore for FY2017. The profit after tax for FY2018 was ₹ 22.31 crore as compared to ₹ 0.12 crore for FY2017.

Operations

The operations of the Company and details on the state of affairs of the Company are covered in the 'Management Discussion and Analysis'.

Extract of annual return

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

Number of meetings of the Board

The Board of Directors met eight times during FY2018 on 12 May 2017, 11 July 2017, 22 September 2017, 13 October 2017, 12 January 2018, 19 January 2018, 22 January 2018 and 23 March 2018.

Directors' responsibility statement

In compliance of section 134(5) of the Companies Act, 2013, the Directors state that:

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

Declaration by independent directors

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

Policy on directors' appointment and remuneration

The Company has a Board approved remuneration policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes and independence of directors. A policy on directors' appointment and remuneration is placed on the Company's website <https://www.bajajfinserv.in/housing-investor-relations-policies-and-documents>

The Policy is directed towards a compensation philosophy and structure that will reward and retain talent and provides for a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Particulars of loans, guarantees and investments

The Company, being a housing finance company registered with the NHB and engaged in the business of giving loans, is exempt from complying with the provisions of section 186 of the Companies Act, 2013 in respect of loans and guarantees. Accordingly, the details of the loans given, required to be disclosed under the aforesaid section, have not been made in this Report.

Detailed information regarding investments covered under the provisions of section 186 of the Companies Act, 2013 is given in the financial statements.

Related party transactions

During FY2018, the Company entered into transactions with related parties and details of the same were placed before the Audit Committee for noting/review.

All related party transactions entered into, during FY2018, were on an arms' length basis and in the ordinary course of business under Companies Act, 2013 and hence did not require members' prior approval under the Companies Act, 2013. During FY2018 there were no related party transactions requiring disclosure under section 134 of the Companies Act, 2013.

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

"Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016" ("NHB Directions") require a housing finance company to formulate a Policy on Materiality of Related Party Transactions and also on dealing with such Related Party Transactions. Accordingly, a Policy is hereby framed as under:-

1. All Related Party Transactions ("RPTs") of the company covered under the Companies Act, 2013 and relevant provision of Accounting Standards will be approved by the audit committee of the Board from time to time.
2. Consent of the Board and the Shareholders would be taken in respect of all RPTs, except in the following cases:
 - i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 & Rules thereunder; or
 - ii. Where the transactions are entered into by the company in its ordinary course of business and are on an arms' length basis;
3. Material transactions mean the transactions which are above the threshold limits specified in the Companies Act, 2013 & Rules thereunder.

Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 & Rules thereunder and other applicable provisions for the time being in force.

The above policy is subject to change from time to time.

The policy has also been placed on the Company's website
<https://www.bajajfinserv.in/housing-investor-relations-policies-and-documents>

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 requirement of disclosure with regard to Conservation of Energy in terms of section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is not applicable to the Company since it doesn't own manufacturing facility. However, the Company makes all efforts towards conservation of energy, protection of environment and for ensuring safety.

Foreign exchange earnings and outgo

During FY2018, the Company did not have any foreign exchange earnings and outgo.

Risk management

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

Corporate social responsibility

As the Company is not covered under section 135 of the Companies Act, 2013 relating to corporate social responsibility, the directors have nothing to report on the same during FY2018.

Formal annual evaluation

Since, the Board of Directors was re-constituted on 22 January 2018; Rajeev Jain, Managing Director, the only continuing director evaluated the performance of the Board and Committees. Manner in which such formal annual evaluation was made is given below:

- Pursuant to the Guidance note on board evaluation issued by the SEBI, revised performance evaluation criteria for the Board, Committees of the Board, Chairperson and directors were approved by the Nomination and Remuneration Committee at its meeting held on 20 March 2017.
- Based on the said criteria, rating sheet was filled by the Managing Director towards the end of the year with regard to evaluation of performance of the Board and its Committees for FY2018.
- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and Board at their meeting held on 23 March 2018.
- 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 FY2018, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors and hence, the question of taking a decision on their re-appointment did not arise.

Meeting of independent directors

Pursuant to the Companies Act, 2013, the independent directors shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, independent directors met on 23 March 2018.

Since the current independent directors of the Company viz., Nanoo Pamnani and Lila Poonawalla were appointed by the Board at its meeting held on 22 January 2018 and subsequent to their appointment only one meeting of the Board has been held, the requirement for review of performance of non-independent directors and the Board as a whole, performance of the Chairperson and to assess the quantity, quality and timely flow of information between the Management and the Board, was not conducted.

Nanoo Pamnani and Lila Poonawalla were present at the meeting and Nanoo Pamnani was elected as Chairman for the meeting.

Directors and key managerial personnel (KMP)

A. Directors – Appointment and Resignation:

J Sridhar resigned as an independent director of the Company due to various other professional commitments, with effect from 11 July 2017. The Board of Directors, at its meeting held on 11 July 2017, appointed Anamika Roy Rashtrawar as an additional director in the capacity of independent director of the Company pursuant to section 149 of the Companies Act, 2013.

The Board, at its meeting held on 22 January 2018, appointed Nanoo Pamnani and Lila Poonawalla as additional directors in the capacity of independent directors of the Company pursuant to sections 149 and 161 of the Companies Act, 2013, for a term of five consecutive years with effect from 22 January 2018, subject to approval of members in general meeting. They hold office as additional directors till the conclusion of the ensuing annual general meeting. The requisite

resolutions for approval of their appointment as independent directors, are being proposed in the notice of the ensuing annual general meeting for the approval of the members. The members may further note that Nanoo Pamnani and Lila Poonawalla possess relevant expertise and experience and fulfill the criteria pertaining to independent directors as stated in section 149(6) of the Companies Act, 2013 for being appointed as independent directors.

The Board of Directors, at its meeting held on 22 January 2018, also appointed Sanjiv Bajaj as an additional director in the capacity of non-executive director, pursuant to section 161 of the Companies Act, 2013, who holds office till the conclusion of the ensuing annual general meeting. The requisite resolution for approval of his appointment as a director is being proposed in the notice of the ensuing annual general meeting for approval of the members.

Ajay Sathe, non-executive director, Sanjay Bhargava and Anamika Roy Rashtrawar, independent directors resigned as directors of the Company due to various other professional commitments with effect from 22 January 2018.

Pursuant to the provisions of the Companies Act, 2013, Rajeev Jain (DIN 01550158), Managing Director, retires from the Board by rotation this year and, being eligible, has offered his candidature for re-appointment.

Brief details of Rajeev Jain, Managing Director, who is seeking re-appointment, have been given in the notice of the annual general meeting.

B. Key managerial personnel – appointment and resignation

Sandeep Jain, Chief Financial Officer ('CFO') has ceased to be CFO of the Company with effect from 31 March 2018. The Board, at its meeting held on 23 March 2018, has appointed Gaurav Kalani as the CFO of the Company with effect from 1 April 2018.

The Board, at its meeting held on 23 March 2018, has also appointed Atul Jain as Chief Executive Officer of the Company and designated him as key managerial personnel of the Company with effect from 1 April 2018.

Remuneration of directors

During FY2018, there were no pecuniary relationship/transactions of any non-executive directors with the Company.

None of the directors of the Company has been paid sitting fee or commission for attending the meetings of Board or Committees during FY2018.

Significant and material orders

During FY2018, no significant and material orders were passed by the regulators or courts or tribunals which may impact the going concern status of the Company and its operations in future.

Adequacy of internal financial controls

The Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational which include 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 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.

Composition of Audit Committee

The current composition of Audit Committee is as follows:

Name of director	Category
Lila Poonawalla	Chairperson, non- executive, independent
Nanoo Pamnani	non- executive, independent
Sanjiv Bajaj	non-executive

The Audit Committee met four times during FY2018 on 12 May 2017, 11 July 2017, 13 October 2017 and 12 January 2018.

Vigil Mechanism

Pursuant to the Companies Act, 2013, the Company has a Board approved vigil mechanism policy to enable directors and employees to report to the Management their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

This mechanism provides safeguards against victimisation of directors/employees who avail of the mechanism and for direct access to the Chairman of the Audit Committee in exceptional cases. The vigil mechanism policy has been placed on the Company's website <https://www.bajajfinserv.in/housing-investor-relations-policies-and-documents>

Credit rating

During FY2018, the Company retained or upgraded its credit ratings owing to high capital adequacy, strong promoter support and tightened credit acceptance criteria. During FY2018, the Company has been upgraded from "IND AA+/Stable" to "IND AAA/Stable" for its long term debt programme from INDIA Ratings.

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

Long term debt rating

- "CRISIL AAA/Stable" for its long-term borrowing programme, which comprises of ₹ 3,000 crore for the non-convertible debentures (NCD) programme and ₹ 2,000 crore for its bank loan rating programme.
- "IND AAA/Stable" for its long term borrowing programme, which comprises of ₹ 500 crore for the NCD programme and ₹ 1,800 crore for its bank loan rating programme.

Short term debt rating

- "CRISIL A1+" for its short term debt programme with a programme size of ₹ 2,000 crore.
- "CRISIL A1+" for its short term bank loan facilities.
- "IND A1+" for its short term debt programme with a programme size of ₹ 2,000 crore.
- "IND A1+" for its short term bank loan facilities for ₹ 700 crore.

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

Presentation of financial results

The financial statements of the Company for the year ended 31 March 2018 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 subsidiary, prepared in compliance with the Companies Act, 2013 and Accounting Standard-21, issued by Institute of Chartered Accountant of India.

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

Statutory disclosures

- A summary of the key financials of the Company's subsidiary is included in this Annual Report. A copy of audited financial statements for the subsidiary company will be made available to the members of the Company, seeking such information at any point of time.
- The audited financial statements for the subsidiary company will be kept open for inspection by any member of the Company at its registered office during 10.00 a.m. to 12 noon.
- The financial results are placed on the Company's website <https://www.bajajfinserv.in/housing-investor-relation-annual-reports>
- Details as required under the provisions of section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are annexed to this Report.
- Details as required under the provisions of section 197(12) of the Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the said Act.
- The directors' responsibility statement as required by section 134(5) of the Companies Act, 2013, appears in a preceding paragraph.
- Pursuant to the provisions of the Companies Act, 2013, no fraud was reported by auditors of the Company to the Audit Committee during FY2018.
- Cash Flow Statement for FY2018 is attached to the Balance Sheet.
- During FY2018, no non-convertible debentures issued by the Company remained unclaimed or unpaid.
- The Company is in Compliance Housing Finance Companies - Corporate Governance (NHB) Directions, 2016.
- The Company is registered with NHB to carry on business of housing finance institution without accepting public deposit.

Secretarial Standards of ICSI

Pursuant to the approval from the Ministry of Corporate Affairs (MCA), the Institute of Company Secretaries of India (ICSI) has, on 14 June 2017, revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) effective from 1 October 2017. The Company is compliant with the same.

Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013, S R B C & CO LLP, Chartered Accountants, were appointed as statutory auditors of the Company at the 9th annual general meeting ('AGM') of the Company for a period from the conclusion of the said AGM till the conclusion of the 14th AGM, subject to ratification of their appointment by the members at every AGM held thereafter.

MCA vide its notification dated 7 May 2018 has brought into effect certain provisions of the Companies (Amendment) Act, 2017, thereby amending provisions of Companies Act, 2013, including section 139 of the Companies Act, 2013, whereby the requirement of ratification of appointment of statutory auditors at every subsequent AGM has been done away with.

However, pursuant to the provisions of Companies Act, 2013, a resolution to delegate the authority to the Board of Directors to fix the remuneration of statutory auditors of the Company for the years 2018-19 onwards is proposed in the notice of ensuing AGM for approval of the members.

The Audit Report submitted by S R B C & CO LLP, for FY2018 does not contain any qualification, reservation or adverse remark or disclaimer.

Secretarial auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013, the Board has re-appointed Shyamprasad D Limaye, company secretary in practice (FCS. No. 1587, CP No. 572), to undertake secretarial audit of the Company.

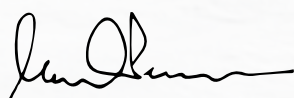
A report from secretarial auditor in the prescribed form MR-3 is annexed to this Report. The same does not contain any qualification, reservation or adverse remark or disclaimer.

Acknowledgement

The Board of Directors takes this opportunity to express its sincere appreciation for the support and co-operation from its members, NHB and other regulators, banks, financial institutions and the trustees for debenture holders.

The Board of Directors also places on record its sincere appreciation of the commitment and hard work put in by the Management and employees of the Company.

On behalf of the Board of Directors



Nanoo Pamnani
Chairman

Pune: 16 May 2018

Extract of annual return (Form MGT-9)

As on 31 March 2018

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

I. Registration and other details

Particulars	Details
CIN	U65910PN2008PLC132228
Registration date	13 June 2008
Name of the Company	Bajaj Housing Finance Ltd.
Category/Sub-category of the Company	Public Company, Limited by shares
Address of the registered office and contact details	Bajaj Auto Complex, Mumbai-Pune Road, Akurdi, Pune-411 035 Tel No.:(020) 3018 6403 Fax No.:(020) 3018 6364 Email ID: bhflinvestor.service@bajajfinserv.in Website: https://www.bajajfinserv.in/corporate-housing-finance-limited
Whether listed company	Yes (BSE Ltd. – Debenture listed)
Name, Address and Contact details of the Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032 Contact Person: S P Venugopal Tel No.: (040) 67161718 Fax No.:(040) 23001153 Toll Free No.1800 345 4001 Email ID: venu.sp@karvy.com Website: www.karvy.com

II. Principal business activities of the Company

Sr. No.	Name and description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1.	Housing Finance – Home loan, loan against property, construction funding.	64990	100

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Bajaj Finserv Ltd. Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi-411 035	L65923PN2007PLC130075	Holding	-	2(46)
2.	Bajaj Finance Ltd. Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi-411 035	L65910MH1987PLC042961	Holding	100	2(46)
3.	Bajaj Financial Securities Ltd. Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi-411 035	U67120PN2010PLC136026	Subsidiary	100	2(87)

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 2017)				No. of shares held at the end of the year (as on 31 March 2018)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	350,000,000	350,000,000	100	0	1,550,000,000	1,550,000,000	100	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	0	350,000,000	350,000,000	100	0	1,550,000,000	1,550,000,000	100	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of promoters and promoters group (A)= (A)(1)+ (A)(2)	0	350,000,000	350,000,000	100	0	1,550,000,000	1,550,000,000	100	0
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	0	0	0	0	0	0	0	0	0
(2) Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	0	0	0	0	0	0	0	0	0

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year (as on 1 April 2017)				No. of shares held at the end of the year (as on 31 March 2018)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	350,000,000	350,000,000	100	0	1,550,000,000	1,550,000,000	100	0

ii) Shareholding of promoters and promoter group

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (as on 1 April 2017)			Shareholding at the end of the year (as on 31 March 2018)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Bajaj Finance Ltd.	*350,000,000	100	0	*1,550,000,000	100	0	0
	Total	350,000,000	100	0	1,550,000,000	100	0	0

* Out of the total number of shares held, 600 shares are held jointly (100 shares jointly with six individuals each).

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

Name of shareholder	Particulars	Shareholding at the beginning of the year (as on 1 April 2017)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	*350,000,000	100.00		
Bajaj Finance Ltd.	6 February 2018 Allotment of share	1,200,000,000	77.42	1,550,000,000	100.00
	At the end of the year (31 March 2018)	*1,550,000,000	100.00		

* Out of the total number of shares held, 600 shares are held jointly (100 shares jointly with six individuals each)

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

v) Shareholding of directors and key managerial personnel

Sr. No.	Name of director and key managerial personnel	Shareholding of each director and each key managerial personnel	Shareholding at the beginning of the year (as on 1 April 2017)		Cumulative shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
(i)	Rajeev Jain (Managing Director) jointly with Bajaj Finance Ltd.	At the beginning of the year	100	0		
		At the end of the year (31 March 2018)			100	0
(ii)	Sanjiv Bajaj (Director)* jointly with Bajaj Finance Ltd.	At the beginning of the year	100	0		
		At the end of the year (31 March 2018)			100	0
(iii)	Anant Damle (Company Secretary) jointly with Bajaj Finance Ltd.	At the beginning of the year	100	0		
		At the end of the year (31 March 2018)			100	0

*appointed as director with effect from 22 January 2018.

V. Indebtedness

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

(Amount in ₹)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
· Addition	29,292,192,850	13,750,000,000	NIL	43,042,192,850
· Reduction	150,000,000	13,750,000,000	NIL	13,900,000,000
Net Change	29,142,192,850	NIL	NIL	29,142,192,850
Indebtedness at the end of the financial year				
i) Principal Amount	29,142,192,850	NIL	NIL	29,142,192,850
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	162,619,634	NIL	NIL	162,619,634
Total (i+ii+iii)	29,304,812,484	NIL	NIL	29,304,812,484

VI. Remuneration of directors and key managerial personnel

- Remuneration to managing director, whole-time directors and/or manager: NIL
- Remuneration to other directors: NIL
- Remuneration to key managerial personnel other than MD/Manager/WTD: NIL

VII. Penalties/punishment/compounding of offences

During FY2018, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Remuneration details under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended for the financial year ended 31 March 2018

Name of director/key managerial personnel	Ratio of remuneration of director to median remuneration of employees	% Increase in remuneration in the financial year
A. Whole time director		
Rajeev Jain – Managing Director	NIL	NIL
B. Non-executive directors		
J Sridhar	NIL	NIL
Ajay Sathe	NIL	NIL
Anamika Roy Rashtrawar	NIL	NIL
Sanjay Bhargava	NIL	NIL
Nanoo Pamnani-Chairman	NIL	NIL
Sanjiv Bajaj	NIL	NIL
Lila Poonawalla	NIL	NIL
C. Key Managerial Personnel		
Rajeev Jain, Managing Director		NIL
Sandeep Jain, Chief Financial Officer		NIL
Anant Damle, Company Secretary		NIL
D. % increase in Median Remuneration of employees other than managing director		
		NIL
E. Number of permanent employees on the rolls of the Company as on 31 March 2018:		
		426

Note:

- No remuneration was paid to any of the directors and key managerial personnel during FY2018.

Notes on disclosures under rule 5

- Average percentage increase in salary of employees other than Managing Director- Not Applicable since employees have been hired from November 2017.
- No remuneration was paid to the Managing Director during the year.

Secretarial audit report (Form MR-3)

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

For the financial year ended 31 March 2018

To The Members of
Bajaj Housing Finance Ltd.
 (CIN: U65910PN2008PLC132228)
 Bajaj Auto Ltd. Complex,
 Mumbai-Pune Road,
 Akurdi, Pune-411035

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

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31 March 2018, 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 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) 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.

(iv) Rules, regulations, directions and guidelines issued by the National Housing Bank as are applicable to the Company;

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

(i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

(ii) Listing Agreement entered into by the Company with BSE Ltd. (for Debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive, non-executive and independent directors. 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 to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously.

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

I further report that, during the period, the Company has:

(i) On 22 January 2018, increased the borrowing powers of the Company from ₹ 3,500 crore to ₹ 20,000 crore under section 180(1)(c) of the Companies Act, 2013 and creation of charge/ security on the Company's assets with respect to borrowings up to maximum of ₹ 20,000 crore under section 180(1)(a) of the Companies Act, 2013.

(ii) On 6 February, 2018, allotted 1,200,000,000 equity shares of face value of ₹ 10 aggregating to ₹ 1,200 crore on rights basis to its promoter i.e. Bajaj Finance Ltd.

(iii) Allotted Debentures on private placement basis, from time to time totalling to an amount of ₹ 2,022.00 crore and complied with the Rules and Regulations under various Acts.

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Shyamprasad D Limaye
FCS No. 1587
CP No. 572

Pune: 16 May 2018



Standalone Financial Statements

Independent Auditors' Report on the Standalone Financial Statements

To the Members of **Bajaj Housing Finance Ltd.**

We have audited the accompanying standalone financial statements of Bajaj Housing Finance Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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 that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with 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 the design, implementation and maintenance of adequate internal financial control 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

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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. 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

In our opinion and to the best of our information and according to the explanations given to us, the 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 2018, its profit and its cash flows for the year ended on that date.

Other matter

The financial statements of the Company for the year ended 31 March 2017, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on 12 May 2017.

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the Directors as on 31 March 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2018, 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 2' to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Annexure 1 to Independent Auditors' Report

Annexure 1 referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date

Re: Bajaj Housing Finance Ltd.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the Management during the year and no material discrepancies were identified on such verification.
 - (c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment/fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have been regularly deposited with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the Management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.
- (ix) According to the information and explanations given by the Management, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilisation were gainfully invested in liquid assets payable on demand.

Annexure 1 to Independent Auditors' Report (Contd.)

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the Management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the Management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has complied with provisions of section 42 of the Act in respect of the preferential allotment of equity shares during the year. According to the information and explanations given by the Management, we report that the amount raised have been used for the purposes for which those were raised, though idle/surplus funds which were not required for immediate utilisation were gainfully invested in liquid assets payable on demand.
- (xv) According to the information and explanations given by the Management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Annexure 2 to Independent Auditors' Report

Annexure 2 referred to in paragraph 2 (f) under the heading 'Report on other legal and regulatory requirements' of our report of even date

Report on internal financial controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Bajaj Housing Finance Ltd. ('the Company') as of 31 March 2018 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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of internal financial controls over financial reporting with reference to these standalone financial statements

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

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

Annexure 2 to Independent Auditors' Report (Contd.)

- (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.

Inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2018	2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,550.00	350.00
Reserves and surplus	4	(2.82)	(25.13)
		1,547.18	324.87
Non-current liabilities			
Long-term borrowings	5	2,728.42	-
Other long-term liabilities	6	12.76	-
Long-term provisions	7	14.66	-
		2,755.84	-
Current liabilities			
Short-term borrowings	8	185.80	-
Trade payables	9		
- Total outstanding dues of micro enterprises and small enterprises		0.02	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		6.74	0.18
Other current liabilities	9	219.16	0.03
Short-term provisions	7	0.83	-
		412.55	0.21
TOTAL		4,715.57	325.08
ASSETS			
Non-current assets			
Fixed assets	10		
- Property, Plant and Equipment		3.01	2.38
- Intangible assets		0.05	-
		3.06	2.38
Non-current investments	11	14.00	12.00
Deferred tax assets (net)	12	-	-
Receivables under financing activity	13	3,460.60	0.05
Long-term loans and advances	14	1.71	0.03
		3,479.37	14.46
Current assets			
Current investments	11	992.10	310.38
Receivables under financing activity	13	128.26	-
Cash and bank balances	15	110.69	0.24
Short-term loans and advances	14	5.02	-
Other current assets	16	0.13	-
		1,236.20	310.62
TOTAL		4,715.57	325.08
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

Anant Damle
Company Secretary

On behalf of the Board of Directors

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director

Statement of Profit and Loss

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2018	2017
INCOME			
Revenue from operations	17	145.40	3.13
Other income	18	2.34	0.03
Total Income (I)		147.74	3.16
EXPENDITURE			
Employee benefits expense	19	18.16	-
Finance costs	20	49.56	0.35
Depreciation and amortisation	10	0.15	0.01
Loan losses and provisions	21	15.00	
Other expenses	22	31.87	2.68
Total Expenditure (II)		114.74	3.04
Profit before tax (I-II)		33.00	0.12
Tax expense			
- Current tax		10.69	-
- Deferred tax expense/(credit)		-	-
Total tax expense		10.69	-
Profit after tax		22.31	0.12
Earnings per share:	23		
(Nominal value per share ₹ 10)			
Basic (₹)		0.42	0.004
Diluted (₹)		0.42	0.004
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

Anant Damle
Company Secretary

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director

Cash Flow Statement

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
A. Cash flow from operating activities		
Profit before tax	33.00	0.12
Adjustments for:		
Depreciation and amortisation	0.15	0.01
Finance costs	49.56	0.35
Share issue expenses	-	2.51
Contingent provision against standard assets	15.00	-
Sundry credit balance appropriated	-	(0.03)
Provision no longer required	(0.14)	-
Provision written back for diminution of investment	(2.00)	-
Profit on sale of investments	(48.33)	(3.12)
Interest on Fixed deposits & other investments	(0.72)	(0.01)
	13.52	(0.29)
Cash from operations before working capital changes	46.52	(0.17)
Changes in working capital:		
Increase in trade payables	6.72	0.15
Increase in short-term provisions	0.29	-
Increase in long-term provisions	0.20	-
Increase in other current liabilities	215.54	0.03
Increase in other long-term liabilities	0.08	-
(Increase) in long-term loans and advances	(1.37)	(0.02)
(Increase) in short-term loans and advances	(5.02)	-
(Increase) in other current assets	(0.02)	-
	216.42	0.16
	262.94	(0.01)
Taxes paid (net of refunds)	(11.00)	0.01
Finance costs paid	(33.29)	(0.35)
	(44.29)	(0.34)
	218.65	(0.35)
(Increase) in receivables under financing activity, current	(128.26)	-
(Increase) in receivables under financing activity, non-current	(3,460.55)	(0.05)
	(3,588.81)	(0.05)
Net cash used in operating activities (A)	(3,370.16)	(0.40)
Carried forward	(3,370.16)	(0.40)

Cash Flow Statement (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Brought forward	(3,370.16)	(0.40)
B. Cash flow from investing activities		
Purchase of Property, Plant and Equipment	(0.78)	(2.39)
Purchase of Intangible assets	(0.05)	-
Purchase of investments	(11,488.02)	(638.72)
Sale of investments	10,855.22	343.11
Investment income: Interest on deposit and others	0.02	0.03
Fixed Deposits matured during the year	-	0.96
Net cash generated (used) from investing activities (B)	(633.61)	(297.01)
C. Cash flow from financing activities		
Share issue expenses	-	(2.51)
Proceeds from borrowings	4,304.22	-
Repayment of borrowings	(1,390.00)	-
Issue of equity share capital	1,200.00	300.00
Net cash generated from financing activities (C)	4,114.22	297.49
Net increase/(decrease) in cash and cash equivalents (A+B+C)	110.45	0.08
Cash and cash equivalents at the beginning of the year	0.24	0.16
Cash and cash equivalents at the end of the year	110.69	0.24

Components of cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Cash and cash equivalents comprises of:		
Balances with scheduled banks in:		
Current accounts	10.69	0.24
Fixed Deposits with original maturity of less than three months	100.00	-
Total cash and cash equivalents at the end of the year	110.69	0.24

Note:

- The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS) -3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules, 2014
- All figures in brackets indicate outflow.

As per our report of even date

On behalf of the Board of Directors

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

Anant Damle
Company Secretary

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director

Notes to standalone financial statements for the year ended 31 March 2018

1 Corporate information

Bajaj Housing Finance Ltd. ('the Company') earlier known as ('Bajaj Financial Solutions Ltd.')

was incorporated as a subsidiary of Bajaj Finserv Ltd. (BFS) on 13 June 2008. The Company was acquired by Bajaj Finance Ltd. from BFS during the financial year 2014-15 with an intent to carry out housing finance business in a dedicated subsidiary company. The Company name was changed to Bajaj Housing Finance Ltd. on 14 November, 2014. The Company got registered with NHB as Housing Finance Company vide certificate no 09.0127.15 dated 24 September 2015. The Company has started its operations in phased manner during the current Financial year and effective January 2018, all incremental mortgage business is being done in this Company.

2 Statement of significant accounting policies

Basis of preparation

The financial statements have been prepared in conformity with generally accepted accounting principles in India ('Indian GAAP') to comply in all material respects with the notified Accounting Standards ('AS') under section 133 of the Companies Act 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the guidelines issued by National Housing bank ('NHB guidelines'). The financial statements have been prepared on an accrual basis and under the historical cost convention except as detailed in Note 2.1(J).

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The complete financial statements have been prepared along with all disclosures.

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

2.1 Summary of significant accounting policies

a) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on Management's knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Cost includes purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

Gain or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

c) Depreciation on property, plant and equipment

- Depreciation is provided on a pro-rata basis for all property, plant and equipment on straight line method over the useful life of assets, except buildings which is determined on written down value method.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

2 Statement of significant accounting policies (Contd.)

- Depreciation on leasehold improvements is provided for on straight line method over the primary period of lease of premises.
- Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold, as the case may be.
- Assets having unit value up to ₹ 5,000/- is charged off fully in the year of purchase of assets.
- Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013.
- Property, plant and equipment which are depreciated over useful life different than those indicated in Schedule II are as under:

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

d) Intangible assets and amortisation thereof

Costs relating to acquisition and development of computer software are capitalised in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight-line method over a period of five years, which is the Management's estimate of its useful life.

e) Impairment of asset

The carrying amount of assets are reviewed 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 the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

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

f) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value except for certificate of deposits, commercial papers and treasury bills which are valued at carrying cost determined in accordance with the NHB guidelines.

Quoted current investments for the purpose of valuation are grouped under categories and are carried at lower of cost or market value/net realisable value for each category.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

g) Receivable under financing activity and provisioning/write-off of Assets

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

The provisioning/write-off on overdue assets is as per the Management estimates, subject to the minimum provision required as per the NHB guidelines.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

2 Statement of significant accounting policies (Contd.)

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. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the NHB guidelines.

Contingent provision against standard asset, as required by the NHB Directions, is also made by the Company on the standard assets outstanding which is disclosed under 'Long-term and Short-term Provisions' in note no. 7 to the financial statements.

h) Operating Leases

As a lessor: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received under operating leases are credited to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

i) Foreign currency translation

Initial recognition

Foreign currency transactions are recorded at exchange rate prevailing on date of transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Revenue from operations

Interest, finance charges, service charges etc. are recognised as income on accrual basis with reference to the terms of finance agreements entered into with borrowers, as the case may be, except in the case of delinquent assets provided for, penal, dishonor, foreclosure charges etc., where income is recognised on realisation basis.

(ii) Income from investment

- a. Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.
- b. Profit/loss earned on sale of investments is recognised on settlement date basis. Profit or loss on sale of investments is determined on the basis of weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(iii) Other Income

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

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

2 Statement of significant accounting policies (Contd.)

k) Retirement and other employee benefits

i. Gratuity:

Payment for present liability of future payment of gratuity is being fully made to the approved gratuity fund viz. Bajaj Auto Ltd. Gratuity Fund Trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in plan assets managed by LIC and BALICL as compared to actuarial liability determined using the projected unit credit method are recognised as a liability in accordance with AS-15 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

ii. Superannuation:

Defined contribution to superannuation fund is being made as per the scheme of the Company.

iii. Provident fund and Employee State insurance

Retirement benefit in the form of provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

iv. Privilege Leave

Earned leave during the financial year and remaining unutilised will be encashed at the year-end based on basic salary. The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date. The compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

v. Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

l) Share Issue expenses

Share issue expenses related to issuance of equity are charged to Statement of Profit and Loss as and when incurred.

m) Income taxes

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

n) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

2 Statement of significant accounting policies (Contd.)

o) Provisions

A provision is recognised when the Company has a present obligation as a result of 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 its 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.

p) Cash and Cash Equivalent

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand and balance with bank including fixed deposit and short-term highly liquid investment with an original maturity of three months or less.

q) Borrowing Costs

All borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.

3 Share Capital

(₹ In Crore)

Particulars	As at 31 March	
	2018	2017
Authorised		
# 3,000,000,000 equity shares of ₹ 10 each (Previous Year 550,000,000 equity shares of ₹ 10 each)	3,000.00	550.00
Issued		
#1,550,000,000 equity shares of ₹ 10 each (Previous year 350,000,000 equity shares of ₹ 10 each)	1,550.00	350.00
Subscribed and paid up		
#1,550,000,000 equity shares of ₹ 10 each fully called up and paid up (Previous Year 350,000,000 equity shares of ₹ 10 each fully called up and paid up)	1,550.00	350.00
	1,550.00	350.00

Pursuant to approval of the Members

The Company has, vide resolution passed in the Extra-Ordinary General Meeting held on 22 January 2018, increased its authorised share capital from 5,500,000,000/- (Rupees Five Hundred and Fifty Crore) divided into 550,000,000 equity shares of face value of ₹ 10/- each to ₹ 30,000,000,000/- (Rupees Three Thousand Crore) divided into 3,000,000,000 equity shares of face value of ₹ 10/- each.

1,200,000,000 fully paid-up equity shares of face value of ₹ 10/- each were allotted at par on 6 February 2018 to Bajaj Finance Ltd., holding company of the Company on rights basis.

During previous year 2016-17, pursuant to approval of the Members -

The Company has, vide resolution passed in the Extra-Ordinary General Meeting held on 20 May 2016, increased its authorised share capital from ₹ 500,000,000/- (Rupees Fifty Crore) divided into 50,000,000 equity shares of face value of ₹ 10/- each to ₹ 5,500,000,000/- (Rupees Five Hundred and Fifty Crore) divided into 550,000,000 equity shares of face value of ₹ 10/- each.

300,000,000 fully paid-up equity shares of face value of ₹ 10/- each were allotted at par on 21 June 2016 to Bajaj Finance Ltd., holding company of the Company on rights basis.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

3 Share Capital (Contd.)

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2018		As at 31 March 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year (Subscribed and Paid up)	350,000,000	350.00	50,000,000	50.00
Add: Issue of shares on Right basis	1,200,000,000	1,200.00	300,000,000	300.00
Outstanding at the end of the year	1,550,000,000	1,550.00	350,000,000	350.00

1,200,000,000 fully paid-up equity shares of face value of ₹10/- each were allotted at par on 6 February 2018 to Bajaj Finance Ltd., holding company of the Company on rights basis.

300,000,000 fully paid-up equity shares of face value of ₹10/- each were allotted at par on 21 June 2016 to Bajaj Finance Ltd., holding company of the Company on rights basis.

(b) Terms/rights/restrictions attached to equity shares

- (i) The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by Holding Company (Face value ₹10)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finance Ltd.	1,550,000,000	1,550.00	350,000,000	350.00

(d) Details of shareholders holding more than 5% shares in the Company (Face value ₹10)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Nos.	% Holding	Nos.	% Holding
Bajaj Finance Ltd. (Holding Company)	1,550,000,000	100.00%	350,000,000	100.00%

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

4 Reserves and surplus

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Statutory Reserve		
Balance at the beginning of the year:		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.03	0.01
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	-	-
	0.03	0.01
Addition/Appropriation/Withdrawal during the year:		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	4.46	0.02
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	-	-
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	4.49	0.03
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	-	-
	4.49	0.03
Surplus/(Deficit) in the Statement of Profit and Loss:		
Balance as at the beginning of the year	(25.16)	(25.26)
Profit for the year	22.31	0.12
	(2.85)	(25.14)
Less: Appropriations:		
Transfer to Reserve Fund in terms of section 29C of the NHB Act, 1987	4.46	0.02
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	-	-
Total appropriations	4.46	0.02
Balance as at the end of the year	(7.31)	(25.16)
	(2.82)	(25.13)

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

5 Long-term borrowings

Particulars	(₹ In Crore)			
	Non-current		Current maturity	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
(A) Secured				
Privately placed redeemable non-convertible debentures/bonds secured by a first pari-passu charge by mortgage of Company's Office at Unit No.804, admeasuring 2,610 sq. ft. 8th Floor, Block A of Wing Delta, bearing old Door nos. 113 to 122 and 128 to 134 and New No.177,Raheja Towers, Anna Salai, Mount Road, Chennai - 600 002 of nominal value and debts/loan receivables under financing activity as stated in the respective information memorandum.	2,028.42	-	-	-
From Banks, against hypothecation of assets under finance, book debts and other receivables	700.00	-	-	-
	2,728.42	-	-	-
	2,728.42	-	-	-

(B) Details of privately placed secured redeemable non-convertible debentures

Date of maturity	Repayment schedule	Of face value ₹ 0.10 Crore	(₹ In Crore)			
			Non-current		Current maturity	
			As at 31 March		As at 31 March	
			2018	2017	2018	2017
Jun-21	Bullet repayment	80.00	79.91	-	-	-
May-21	Bullet repayment	833.10	835.41	-	-	-
Apr-21	Bullet repayment	1,008.90	1,013.10	-	-	-
Nov-20	Bullet repayment	100.00	100.00	-	-	-

Note

- As on Mar 31 2018, of the total Non Current Secured Zero Coupon Bonds issued, Face Value of ₹ 1,842.00 crore were issued at a premium.

- Interest rates range from 7.50% p.a. to 8.25% p.a. as at 31 March 2018. For Zero Coupon Bonds, the interest rate is on XIRR basis.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

5 Long-term borrowings (Contd.)

(C) Terms of repayment of bank loans – secured

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current		Current maturity	
		As at 31 March		As at 31 March	
		2018	2017	2018	2017
	2 Annual payment of ₹ 100.00 crore starting Dec 21	200.00	-	-	-
Dec 20	Bullet repayment	50.00	-	-	-
	12 quarterly payment of ₹ 8.33 crore starting Jun 20	100.00	-	-	-
	12 quarterly payment of ₹ 4.17 crore starting Apr 20	50.00	-	-	-
	12 quarterly payment of ₹ 4.17 crore starting Mar 20	50.00	-	-	-
	4 quarterly payment of ₹ 50.00 crore starting Mar 20	200.00	-	-	-
	12 quarterly payment of ₹ 4.17 crore starting Feb 20	50.00	-	-	-
		700.00	-	-	-

Interest rates range from 7.66% p.a.p.m. to 8.44% p.a.p.m. as at 31 March 2018.

6 Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2018	2017
Security deposits	0.08	-
Interest accrued but not due	12.68	-
	12.76	-

7 Provisions

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Provision for employee benefits				
Gratuity	0.13	-	-	-
Privilege leave entitlements	-	-	0.29	-
Other long-term service benefit	0.07	-	-	-
	0.20	-	0.29	-
Other provisions				
For contingent provision against standard assets (previous year ₹ 4,000)	14.46	-	0.54	-
	14.46	-	0.54	-
	14.66	-	0.83	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

8 Short-term borrowings

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Secured*		
From Banks against hypothecation of assets under finance, book debts and other receivables		
– Cash credit	110.80	–
– Overdraft facility	75.00	–
	185.80	–

*Interest rates range from 8.10% p.a.p.m. to 8.45% p.a.p.m. as at 31 March 2018

9 Trade payables and other current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
(A) Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Since paid)	0.02	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	6.74	0.18
Total (A)	6.76	0.18
(B) Other current liabilities		
Interest accrued but not due	3.59	–
Others		
– Statutory dues	4.36	0.03
– Employee benefits payable	6.09	–
– Temporary overdraft as per books	170.12	–
Other payables	31.51	–
Payable to related party	3.49	–
Total (B)	219.16	0.03

Notes

- There are no amounts that are due and remain unpaid to Investor Education and Protection Fund as at the close of the year.
- Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year-end are furnished below:

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	0.02	–
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end (current year ₹ 26,027)	–	–
Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.09	–
Interest paid to suppliers under MSMED Act (other than section 16)	–	–
Interest paid to suppliers under MSMED Act (section 16) (current year ₹ 26,207)	–	–
Interest due and payable to suppliers under MSMED Act, for payments already made (current year ₹ 12,668)	–	–
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (current year ₹ 26,027)	–	–

Standalone Financial Statements

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

10 Fixed assets

Current year

(₹ In Crore)

Particulars	Gross block at cost			As at 31 March 2018	Depreciation and amortisation			Net block	
	As at 1 April 2017	Additions	Deductions		As at 1 April 2017	Deductions	For the Year	As at 31 March 2018	As at 31 March 2018
(A) Property, plant and equipment									
Building	2.39	-	-	2.39	0.01	-	0.12	0.13	2.26
Computers (Dep for the current year ₹ 2,997)	-	0.01	-	0.01	-	-	-	-	0.01
Office equipments	-	0.02	-	0.02	-	-	0.02	0.02	-
Vehicles	-	0.75	-	0.75	-	-	0.01	0.01	0.74
TOTAL (A)	2.39	0.78	-	3.17	0.01	-	0.15	0.16	3.01
(B) Intangible assets									
Computer software	-	0.05	-	0.05	-	-	-	-	0.05
TOTAL (B)	-	0.05	-	0.05	-	-	-	-	0.05

Previous year

(₹ In Crore)

Particulars	Gross block at cost			As at 31 March 2017	Depreciation and amortisation			Net block	
	As at 1 April 2016	Additions	Deductions		As at 1 April 2016	Deductions	For the Year	As at 31 March 2017	As at 31 March 2017
(A) Property, plant and equipment									
Building	-	2.39	-	2.39	-	-	0.01	0.01	2.38
Total (A)	-	2.39	-	2.39	-	-	0.01	0.01	2.38
(B) Intangible assets									
Computer software	-	-	-	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-	-	-	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

11 Investments

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Other than trade				
Unquoted				
In Commercial Paper				
2,000 (-) Units of NABARD maturing on 21 May 2018 (Face value ₹ 500,000 each)	-	-	99.06	-
2,000 (-) Units of Power Finance Corp maturing on 25 June 2018 (Face value ₹ 500,000 each)	-	-	98.39	-
2,000 (-) Units of National Housing Bank maturing on 07 June 2018 (Face value ₹ 500,000 each)	-	-	98.74	-
	-	-	296.19	-
In Certificate of Deposit				
5,000 (-) Units of Axis maturing on 31 May 2018 (Face value ₹ 100,000 each)	-	-	49.43	-
5,000 (-) Units of Axis maturing on 06 June 2018 (Face value ₹ 100,000 each)	-	-	49.38	-
5,000 (-) Units of ICICI maturing on 31 May 2018 (Face value ₹ 100,000 each)	-	-	49.43	-
5,000 (-) Units of Kotak maturing on 28 June 2018 (Face value ₹ 100,000 each)	-	-	49.17	-
10,000 (-) Units of SIDBI maturing on 29 May 2018 (Face value ₹ 100,000 each)	-	-	98.90	-
	-	-	296.31	-
In Mutual Funds:				
Quoted:				
(-)188,912 Treasury Advantage Fund Institutional Plan- Direct Plan - Growth	-	-	-	40.00
(-)972,401 IDFC Ultra Short-term fund - Growth-(Direct Plan)	-	-	-	2.25
(-)1,364,662 ICICI Prudential Flexible Income Direct Plan - Growth	-	-	-	40.00
(-)16,096,126 Kotak Treasury Advantage Fund - Direct Plan - Growth	-	-	-	40.00
(-)15,012,535 HDFC Floating Rate Income Fund - Short-term Plan - Direct Plan - Whole sale option - Growth option	-	-	-	40.00
(-)186,570 Reliance Money Manager Fund -Direct Growth Plan Growth Option	-	-	-	40.00
(-) 116,208 Invesco India Ultra Short-term Fund - Direct Plan Growth	-	-	-	25.00
(-) 125,553 SBI Ultra Short-term Debt Fund Direct Plan - Growth	-	-	-	25.00
(-) 34,779 Tata Ultra Short-term fund Direct Plan - Growth	-	-	-	8.13
(-) 3,366,739 L&T Ultra Short-term Fund Direct Plan - Growth	-	-	-	9.00
Carried over	-	-	-	269.38
Carried over	-	-	592.50	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

11 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current portion		Current maturities/investments	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Brought over	-	-	592.50	-
In Mutual Funds:				
Quoted:				
Brought over	-	-	-	269.38
(-) 41,715 ICICI Prudential Liquid – Direct Plan – Growth	-	-	-	1.00
(-)1,331,278 Birla Sun Life Savings Fund – Growth – Direct Plan	-	-	-	40.00
44,800,793(-) HDFC Floating Rate Income Fund Short-term Plan Direct Plan Wholesale Option Monthly Dividend	-	-	45.50	-
4,556,874(-) Aditya Birla Saving Fund Weekly Dividend Direct Plan	-	-	45.76	-
4,507,575(-) ICICI Prudential Flexible Income Direct Monthly Dividend Reinvest	-	-	45.70	-
69,715(-) Invesco India Ultra Short-term Fund Direct Discretionary Dividend – Reinvest	-	-	17.04	-
441,146(-) UTI Treasury Advantage Fund Direct Plan Monthly Dividend Reinvest	-	-	45.60	-
259,790(-) Axis Liquid Fund Direct Growth	-	-	50.00	-
2,082,285(-) ICICI Prudential Liquid Money Market Fund – Direct Plan – Growth	-	-	50.00	-
104,640(-) Invesco India Liquid Fund Direct Plan Growth	-	-	25.00	-
118,105(-) Reliance Liquid Fund Treasury Plan Direct Growth Plan Growth Option	-	-	50.00	-
88,008(-) UTI Liquid Cash Plan Institutional Direct Plan Growth	-	-	25.00	-
	-	-	399.60	310.38
In fully paid equity shares:				
Trade:				
Unquoted:				
Long-term				
In wholly owned subsidiary				
14,000,000 (14,000,000) Shares of ₹ 10 in Bajaj Financial Securities Ltd.	14.00	14.00	-	-
Less: Provision for diminution in investment	-	(2.00)	-	-
	14.00	12.00	-	-
TOTAL	14.00	12.00	992.10	310.38

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

11 Investments (Contd.)

Particulars	Book value		Market value	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Quoted	399.60	310.38	400.04	329.26
Unquoted	606.50	12.00		

Notes:

Open Ended Mutual Funds though not listed are quoted on National Stock Exchange (NSE) and are transactable through the exchange with Fund Houses at previous day close Net Asset Value (NAV). Hence considered as quoted.

12 Deferred tax assets (net)

Particulars	As at 31 March	
	2018	2017
A) Deferred tax liability		
On account of timing difference in:		
– Depreciation and amortisation	0.40	–
Gross deferred tax liability	Total (A)	0.40
B) Deferred tax asset		
On account of timing difference in:		
– Disallowance u/s 43B of the Income Tax Act, 1961	0.14	–
– Contingent provision towards standard assets	0.26	–
Gross deferred tax asset*	Total (B)	0.40
	Total (A - B)	–

* Deferred tax asset created to the extent of Deferred tax liability

Standalone Financial Statements

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

13 Receivables under financing activity

(Good unless otherwise stated)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
(A) Secured				
Against equitable mortgage of immovable property under finance agreements [Includes overdue installments ₹ 73,463 (previous year ₹ Nil)]	3,339.59	0.05	123.67	-
TOTAL (A)	3,339.59	0.05	123.67	-
(B) Unsecured				
Loans at agreement values less installments received [Includes overdue installments ₹ 42,414 (previous year ₹ Nil)]	121.01	-	4.59	-
TOTAL (B)	121.01	-	4.59	-
TOTAL (A + B)	3,460.60	0.05	128.26	-

14 Loans and advances, unsecured

(Good unless otherwise stated)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Security deposits	1.39	-	-	-
Advance tax (net of provision for taxation ₹ 10.69 crore, previous year ₹ Nil)	0.32	0.01	-	-
Advances recoverable in cash or kind, unsecured, considered good	-	0.02	5.02	-
Advances recoverable in cash or kind, unsecured, considered doubtful	-	0.13	-	-
Less: Provision	-	(0.13)	-	-
	-	-	-	-
	1.71	0.03	5.02	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

15 Cash and bank balances

Particulars	(₹ In Crore)	
	Current Maturity	
	As at 31 March	
	2018	2017
Cash and cash equivalents		
Cash equivalents:		
Bank balance in current accounts	10.69	0.24
Fixed deposits (Original maturity of less than 3 month)	100.00	-
	110.69	0.24
	110.69	0.24

16 Other current assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Interest receivable on fixed deposits	0.11	-
Other receivables (previous year ₹ 3,700)	0.02	-
	0.13	-

Standalone Financial Statements

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

17 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Finance activity:		
(i) Interest on loans (previous year ₹ 2,017)	72.30	
(ii) Service and administration charges (previous year ₹ 3,217)	23.94	
	96.24	
Other operating revenue:		
(i) Interest		
(a) On Certificate of deposits	0.26	-
(b) On Fixed Deposits	0.13	0.01
(c) Penal and others	0.06	-
	0.45	0.01
(ii) Discount on Commercial papers	0.33	-
(iii) Profit on sale of current investments, net *	48.33	3.12
(iv) Foreclosure income	0.04	-
(v) Miscellaneous charges and receipts	0.01	-
	49.16	3.13
	145.40	3.13

* Consequent to deployment of temporary idle funds to defray cost of borrowings, hence classified under 'Other Operating Revenue'.

18 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Miscellaneous income	0.20	-
Provisions no longer required (previous year ₹ 26,398)	0.14	-
Provision written back for diminution of investment	2.00	-
Sundry credit balances appropriated (current year ₹ 1,463)		0.03
Interest on income tax refunds, net (current year ₹ 20,949, previous year ₹ 5,210)		
	2.34	0.03

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

19 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Employees' emoluments		
- Salaries, wages and bonus	17.41	-
- Contribution to provident and other funds	0.48	-
- Staff welfare expenses	0.27	-
	18.16	-

20 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Interest expenses	29.31	-
Discount in respect of Commercial Papers issued	18.58	-
Other financing costs	1.67	0.35
	49.56	0.35

21 Loan losses and provisions

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Contingent provision against standard assets (previous year ₹ 4,000)	15.00	
	15.00	

Standalone Financial Statements

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

22 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Business support charges	19.34	-
Credit verification expenses	4.45	-
Dealer incentive	1.54	-
Outsourcing/back office expenses	1.34	-
Travelling expenses (previous year ₹ 6,240)	1.03	-
Advertisement and publicity	0.81	-
Printing and stationary	0.51	0.09
Customer experience cost	0.49	-
Bank charges (previous year ₹ 27,150)	0.18	-
Auditors' remuneration*	0.10	0.02
Information technology expenses	0.07	-
Share issue expenses	-	2.51
Sundry debit balances written off	-	0.01
Provision made in earlier years adjusted	-	(0.01)
Sundry expenses	2.01	0.06
	31.87	2.68

* Payment to auditor (net of service tax/GST credit availed)

Particulars	For the year ended 31 March	
	2018	2017
	As auditor:	
- Audit fee	0.01	0.01
- Tax audit fee	-	-
- Limited review	-	-
In other capacity:		
- Other services (certification fees)	0.09	0.01
- Reimbursement of expenses	-	-
	0.10	0.02

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

23 Computation of Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Particulars	For the year ended 31 March	
	2018	2017
A) Basic		
(i) Computation of Profit (numerator):		
Net Profit attributable to shareholders (₹ in crore)	22.31	0.12
(ii) Computation of weighted average number of shares (denominator):		
Number of shares outstanding at the beginning of the year	350,000,000	50,000,000
Weighted average number of equity shares issued and outstanding during the year	177,534,247	233,424,658
Adjusted weighted average equity shares	527,534,247	283,424,658
EPS (Basic) (₹)	0.42	0.004
B) Diluted		
(i) Computation of Profit (numerator):		
Net Profit attributable to shareholders (₹ in crore)	22.31	0.12
(ii) Computation of weighted average number of shares (denominator):		
Number of shares outstanding at the beginning of the year	350,000,000	50,000,000
Weighted average number of equity shares issued and outstanding during the year	177,534,247	233,424,658
Adjusted weighted average equity shares	527,534,247	283,424,658
EPS (Diluted) (₹)	0.42	0.004

24 Contingent liability

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Contingent liability not provided for as on year end	-	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

25 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
(A) Capital commitments: Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	0.17	-
(B) Other commitments: The Company's capital commitments towards partially disbursed loans	14.41	0.36

26 Expenditure in foreign currency and unhedged exposure

(i) **Foreign currency expenditure:** Nil (previous year Nil)

(ii) **Unhedged foreign currency exposures:** Nil (previous year Nil)

27 Segment information

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable business segments as per Accounting Standard-17 on 'Segment Reporting', notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules and the Companies (Accounting Standards) Amendments Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

28 Liabilities towards retirement and other employee benefits

(A) Gratuity

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Amount to be recognised in Balance Sheet		
Present value of funded obligations	0.61	-
Fair value of plan assets	(0.48)	-
Amount not recognised as an asset [limit in para 59(b)]		
Net liability	0.13	-
Amounts in Balance Sheet		
Liability (Non-current as shown in note no.7)	0.13	-
Assets	-	-
Net liability/(asset)	0.13	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

(A) Gratuity (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2018	2017
Expense To Be Recognised in the Statement of Profit and Loss		
Current Service Cost	0.11	-
Interest on Defined Benefit Obligation	0.02	-
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) Recognised in Year (current year ₹ 58,528)		-
Effect of the limit in Para 59 (b)	-	-
Premium allocation difference and other charges transferred	-	-
Total, Included in 'Employee Benefits Expense'	0.13	-
Actual Return on Plan Assets	0.03	-

Particulars	As at 31 March	
	2018	2017
Reconciliation of Benefit Obligations and Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	-	-
Liabilities assumed on acquisition	0.45	-
Current Service Cost	0.11	-
Interest Cost	0.02	-
Actuarial Losses/(Gain)	0.03	-
Benefits Paid	-	-
Closing Defined Benefit Obligation	0.61	-
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	-	-
Assets acquired on acquisition	0.45	-
Expected Return on Plan Assets	-	-
Actuarial Gain/(Losses)	0.03	-
Contributions by Employer	-	-
Benefits Paid	-	-
Closing Fair Value of Plan Assets	0.48	-

Particulars	2018	2017
Summary of the actuarial assumptions		
Discount Rate	7.75%	-
Expected Rate of Return on Assets	7.50%	-
Salary Escalation Rate – Senior Staff	11.00%	-
– Junior Staff	11.00%	-

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Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

(A) Gratuity (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2018	2017
Expected contribution to fund in the next year	0.15	-
Category of plan assets	2018	2017
Insurer managed funds	100%	-

(₹ In Crore)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Experience adjustments					
Defined benefit obligation	0.61	-	-	-	-
Plan assets	0.48	-	-	-	-
Surplus/(deficit)	(0.13)	-	-	-	-
Experience adjustments on plan liabilities	0.04	-	-	-	-
Experience adjustments on plan assets	0.03	-	-	-	-

(B) Compensated absences

(₹ In Crore)

Particulars	2018	2017
Present value of unfunded obligations	0.29	-
Expense recognised in the Statement of Profit and Loss	-	-
Discount rate (p.a.)	7.75%	-
Salary escalation rate (p.a) - Senior staff	11.00%	-
Salary escalation rate (p.a) - Junior staff	11.00%	-

(C) Long-term service benefit liability

(₹ In Crore)

Particulars	2018	2017
Present value of unfunded obligations	0.07	-
Expense recognised in the Statement of Profit and Loss	0.01	-
Discount rate (p.a.)	7.75%	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

29 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2017 1 July 2017

(1) Capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
(i) CRAR (%)	45.12%	99.96%
(ii) CRAR Tier I capital (%)	44.69%	99.96%
(iii) CRAR Tier II capital (%)	0.43%	0.00%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-

(2) Reserve funds u/s 29C of NHB Act-1987

Refer Note no 4

(3) Investments

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
(1) Value of investments		
(i) Gross value of investments		
(a) In India	1006.10	324.38
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	2.00
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	1,006.10	322.38
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	2.00	2.00
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	2.00	-
(iv) Closing balance	-	2.00

(4) Derivatives

The Company has not entered into any derivate/Forward Rate Agreement/Interest Rate Swap/Exchange traded interest rate derivative during the financial year.

(5) Securitisation

The Company has not entered into any securitisation transactions during the year.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

29 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2017 1 July 2017 (Contd.)

(6) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

The Company has not sold any financial assets to securitisation/reconstruction company for asset reconstruction during the year.

(7) Details of Assignment transactions undertaken

The Company has not entered into any assignment transactions during the year.

(8) Details of non-performing financial assets purchased/sold

The Company has not sold any non performing financial assets during the year.

(9) Asset Liability Management (Maturity pattern of certain items of assets and liabilities)

(₹ In Crore)

Particulars	Upto 30/31 days (one month)	Over 1 month and up to 2 months	Over 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 month and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years and up to 7 years	Over 7 years and up to 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	-	-	-	-	185.80	341.67	358.33	-	-	-	885.80
Market Borrowing	-	-	-	-	-	100.00	1,928.42	-	-	-	2,028.42
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	20.86	5.66	7.12	30.12	64.50	313.90	334.36	377.13	636.97	1,798.24	3,588.86
Investments	992.10	-	-	-	-	-	-	-	-	14.00	1,006.10
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

(10) Exposures

(₹ In Crore)

Category	As at 31 March	
	2018	2017
(A) Exposures to real estate sector		
(a) Direct exposure	-	-
(i) Residential mortgages -		
Residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh ₹ 221.40 crore (previous year ₹ Nil)	3167.49	0.05
(ii) Commercial real estate -		
Lending secured by mortgages on commercial real estates –‘Commercial Real Estate as defined under paragraph 28 of the Housing Finance Companies (NHB) Directions, 2010.’	237.98	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
(a) Residential	-	-
(b) Commercial real estate	-	-
(b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

29 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2017 1 July 2017 (Contd.)

(10) Exposures (Contd.)

Category	As at 31 March	
	2018	2017
(₹ In Crore)		
(B) Exposures to capital market		
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	-	-

(11) Details of financing of parent company products

Not Applicable

(12) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded

Company has not exceeded prudential exposure limit as on the reporting date.

(13) Unsecured Advances

Refer Note no. 13

(14) Registration obtained from other financial sector regulators

Company has not obtained registration from any other financial sector regulators.

(15) Disclosure of Penalties imposed by NHB and other regulators

During the year there were no penalties imposed by NHB or any other regulators.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

29 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2017 1 July 2017 (Contd.)

(16) Rating assigned by Credit Rating Agencies and migration of rating during the year

				(₹ In Crore)	
Rating Agency	Program	Rating assigned	Migration in ratings during the year	2018	2017
India Ratings	Secured Non-Convertible Debenture and Unsecured Tier II debt	IND AAA/Stable	Rating upgraded from AA+/Stable to AAA/Stable	500.00	2,000.00
	Long-Term Bank Rating	IND AAA/Stable	Rating upgraded from AA+/Stable to AAA/Stable	1,800.00	3,000.00
	Short-Term Bank Rating	IND A1+	NIL	700.00	500.00
	Commercial Paper	IND A1+	NIL	2,000.00	1,500.00
CRISIL	Non-Convertible Debenture	CRISIL AAA/Stable	NIL	3,000.00	500.00
	Long-Term Bank Rating	CRISIL AAA/Stable	NIL	2,000.00	1,000.00
	Commercial Paper	CRISIL A1+	NIL	2,000.00	500.00

(17) Provisions and contingencies

			(₹ In Crore)	
			As at 31 March	
Particulars	2018	2017		
Break up of 'Provisions and Contingencies' shown under the head expenditure in Profit and Loss Account				
1. Provisions for depreciation on investment	-	-		
2. Provision made towards income tax	10.69	-		
3. Provision towards NPA	-	-		
4. Provision for standard assets* (previous year ₹ 4,000)	15.00	-		
5. Other provision and contingencies	-	-		

* Provision for standard assets include Commercial Real Estate of ₹ 2.03 crore (previous year Nil), Commercial Real Estate-Residential Housing of ₹ 0.26 crore (previous year Nil) and others of ₹ 12.71 crore (previous year ₹ 4,000).

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

29 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2017 1 July 2017 (Contd.)

(18) Break up of Loan and Advances and Provisions thereon

(₹ In Crore)

Particulars	Housing		Non-Housing	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Standard Assets				
a) Total Outstanding Amount	2,206.08	0.05	1,382.78	-
b) Provisions made (previous year ₹ 4,000)	5.75	-	9.25	-
Sub-Standard Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-I				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	2,206.08	0.05	1,382.78	-
b) Provisions made	5.75	-	9.25	-

(19) Draw Down from Reserves

There is no draw down during the year from Reserves

(20) Concentration of Public Deposits, Advances, Exposures and NPAs

(A) Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

Company has not accepted any public deposits during the year.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

29 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2017 1 July 2017 (Contd.)

(B) Concentration of loans and advances

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Total loans and advances to twenty largest borrowers	273.87	0.05
Percentage of loans and advances to twenty largest borrowers to total advances	7.63%	100%

(C) Concentration of all Exposure (including off-Balance Sheet exposure)

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Total Exposure to twenty largest borrowers/customers	273.87	0.05
Percentage of Exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	7.63%	100%

(21) Concentration of NPAs

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Total Exposure to top ten NPA accounts	-	-

(22) Sector-wise NPAs

Particulars	(₹ In Crore)	
	Percentage of NPAs to Total Advances in that sector	
Housing Loans:		
Individuals	-	-
Builders/Project Loans	-	-
Corporates	-	-
Others (specify)	-	-
Non-Housing Loans:		
Individuals	-	-
Builders/Project Loans	-	-
Corporates	-	-
Others (specify)	-	-

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

29 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2017 1 July 2017 (Contd.)

(23) Movement of NPAs

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
I) Net NPAs to Net Advances (%)	-	-
II) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
III) Movement of Net NPAs		
a) Opening balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Provisions made during the year	-	-
c) Write-off/write-back of excess provisions	-	-
d) Closing balance	-	-

(24) Overseas Assets

Company has not held any overseas assets as on reporting date (previous year Nil).

(25) Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	(₹ In Crore)	
	Domestic	Overseas
	NA	NA

(26) Disclosure of Complaints

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Customers Complaints*		
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	3	-
c) No. of complaints redressed during the year	3	-
d) No. of complaints pending at the end of the year	-	-

*Represents complaints reported on NHB – GRIDS Portal.

Notes to standalone financial statements for the year ended 31 March 2018 (Contd.)

30 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	2017-18		2016-17	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Holding company, Subsidiaries and Fellow subsidiary:					
Bajaj Finserv Ltd. (Ultimate Holding company)		-	-	-	-
Bajaj Finance Ltd. (Holding company from 1 Nov 2014)	Contribution to Equity	1,200.00	(1,550.00)	300.00	(350.00)
	Asset Purchase – Building at Chennai	-	-	2.21	-
	Security Deposit Received	0.08	(0.08)	-	-
	Rent Received	0.18	-	-	-
	Business Support Charges	17.75	(2.17)	-	-
	Other Employee related	1.98	-	-	-
	Miscellaneous receivable (previous year ₹ 3,700)	-	-	-	-
Bajaj Financial Securities Ltd. (Wholly owned subsidiary)	Contribution to Equity	-	14.00	-	14.00
Bajaj Allianz General Insurance Co Ltd (Fellow subsidiary)	Insurance premium adjusted (including cancellation receipts)	4.64	(0.10)	-	-
Bajaj Allianz Life Insurance Co Ltd. (Fellow subsidiary)	Insurance premium adjusted (including cancellation receipts)	12.49	(1.21)	-	-
Bajaj Finserv Direct Ltd. (Formerly known Bajaj Financial Holdings Ltd.) (Fellow subsidiary)	Nil	-	-	-	-
B Associates, joint ventures and investing parties:					
C Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj	Nil	-	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Madhur Bajaj	Nil	-	-	-	-
Niraj Bajaj	Nil	-	-	-	-
D Key Management Personnel and their Relatives:					
Rajeev Jain (Managing Director)	Remuneration	-	-	-	-
E Enterprises over which anyone in (b) and (c) exercises significant influence:					
Bajaj Electricals Ltd.	Asset Purchase/Settlement	-	-	0.01	-
Hind Musafir Agency	Services received	0.08	(0.02)	-	-

Name of the related party 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. Accordingly disclosure have been made in respective notes to financial statements as required by schedule III to the Companies Act, 2013.

Transaction values are excluding taxes and duties

Outstanding Amount in bracket denotes credit balances

31 Previous period financial statements were audited by the Company's previous auditors and figures have been regrouped/rearranged, wherever necessary, to confirm to current period presentation.

32 Amounts less than ₹50,000 have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes 1 to 32

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

Anant Damle
Company Secretary

On behalf of the Board of Directors

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director

Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

	(₹ In Crore)
1 Name of the subsidiary	Bajaj Financial Securities Ltd.
2 The date since when subsidiary was acquired	07.04.2010
3 Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2017 - 31.03.2018
4 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable
5 Share capital	14.00
6 Reserves and surplus	5.64
7 Total assets	21.45
8 Total Liabilities	1.82
9 Investments	21.41
10 Turnover	8.89
11 Profit before taxation	8.80
12 Provision for taxation (net)	1.74
13 Profit after taxation	7.06
14 Proposed dividend	NA
15 % of shareholding	100%

Part B: Associates and Joint Ventures - Not Applicable

In terms of our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

Anant Damle
Company Secretary

On behalf of the Board of Directors

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director



Consolidated Financial Statements

Independent Auditors' Report on the Consolidated Financial Statements

To the Members of **Bajaj Housing Finance Ltd.**

We have audited the accompanying consolidated financial statements of Bajaj Housing Finance Ltd. (hereinafter referred to as 'the Holding Company'), its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), comprising of the consolidated Balance Sheet as at 31 March 2018, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; 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 have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

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, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 auditor's 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 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2018, its consolidated profit and its consolidated cash flows for the year ended on that date.

Other matter

The consolidated financial statements of the Company for the year ended 31 March 2017, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on 12 May 2017.

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

Report on other legal and regulatory requirements

As required by section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with 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 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary company, none of the Directors of the Group's companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India, refer to our separate report in 'Annexure 1' to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group does not have any pending litigations as at 31 March 2018 which would impact its consolidated financial position.
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2018.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary during the year ended 31 March 2018.

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Annexure 1 to Independent Auditors' Report on the Consolidated Financial Statements

Annexure 1 referred to in paragraph (f) under the heading 'Report on other legal and regulatory requirements' of our report of even date

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of Bajaj Housing Finance Ltd. as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Bajaj Housing Finance Ltd. (hereinafter referred to as the 'Holding Company') and its subsidiary, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

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

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

Annexure 1 to Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that, could have a material effect on the financial statements.

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

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 with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Consolidated Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2018	2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,550.00	350.00
Reserves and surplus	4	2.82	(24.55)
		1,552.82	325.45
Non-current liabilities			
Long-term borrowings	5	2,728.42	-
Other long-term liabilities	6	12.76	-
Long-term provisions	7	14.66	-
		2,755.84	-
Current liabilities			
Current maturities of long-term borrowings	5	-	-
Short-term borrowings	8	185.80	-
Trade payables	9	-	-
- Total outstanding dues of micro enterprises and small enterprises		0.02	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		6.78	0.23
Other current liabilities	9	219.20	0.03
Short-term provisions	7	2.57	-
		414.37	0.26
TOTAL		4,723.03	325.71
ASSETS			
Non-current assets			
Fixed assets	10		
- Property, Plant and Equipment		3.01	2.38
- Intangible assets		0.05	-
		3.06	2.38
Non-current investments	11	-	-
Deferred tax assets (net)	12	-	-
Receivables under financing activity	13	3,460.60	0.05
Long-term loans and advances	14	1.72	0.04
		3,465.38	2.47
Current assets			
Current investments	11	1,013.51	322.92
Receivables under financing activity	13	128.26	-
Cash and bank balances	15	110.73	0.29
Short-term loans and advances	14	5.02	-
Other current assets	16	0.13	0.03
		1,257.65	323.24
TOTAL		4,723.03	325.71
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

Anant Damle
Company Secretary

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director

Consolidated Statement of Profit and Loss

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2018	2017
INCOME			
Revenue from operations	17	154.28	3.70
Other income	18	0.35	0.03
Total Income (I)		154.63	3.73
EXPENDITURE			
Employee benefits expense	19	18.16	-
Finance costs	20	49.60	0.35
Depreciation and amortisation	10	0.15	0.01
Loan losses and provisions	21	15.00	
Other expenses	22	31.92	2.71
Total expenditure (II)		114.83	3.07
Profit before tax (I-II)		39.80	0.66
Tax expense			
Current tax		12.43	0.06
Deferred tax expense/(credit)		-	-
Total tax expense		12.43	0.06
Profit after tax		27.37	0.60
Earnings per share:	23		
(Nominal value per share ₹ 2/-)			
Basic (₹)		0.52	0.021
Diluted (₹)		0.52	0.021
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

Anant Damle
Company Secretary

On behalf of the Board of Directors

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director

Consolidated Cash Flow Statement

(₹ In Crore)

Particulars	For the year ended 31 March	
	2018	2017
A. Cash flow from operating activities		
Profit before tax	39.80	0.66
Adjustments for:		
Depreciation and amortisation	0.15	0.01
Finance costs	49.60	0.35
Share issue expenses	-	2.51
Loan loss and provisions	15.00	-
Sundry credit balance appropriated	-	(0.03)
Provision no longer required	(0.15)	-
Profit on sale of investments	(57.20)	(3.64)
Interest on Fixed deposits and other investments	(0.73)	(0.06)
	6.67	(0.86)
Cash from operations before working capital changes	46.47	(0.20)
Changes in working capital:		
Increase in trade payables	6.72	0.18
Increase in short-term provisions	0.29	-
Increase in long-term provisions	0.20	-
Increase in other current liabilities	215.58	0.03
Increase in other long-term liabilities	0.08	-
(Increase) in long-term loans and advances	(1.37)	(0.03)
(Increase) in short-term loans and advances	(5.02)	-
(Increase) in other current assets	(0.02)	-
	216.46	0.18
	262.93	(0.02)
Taxes paid (net of refunds)	(11.00)	(0.04)
Finance costs paid	(33.33)	(0.35)
	(44.33)	(0.39)
	218.60	(0.41)
(Increase) in receivables under financing activity, current	(128.26)	-
(Increase) in receivables under financing activity, non-current	(3,460.55)	(0.05)
	(3,588.81)	(0.05)
Net cash used in operating activities (A)	(3,370.21)	(0.46)
Carried forward	(3,370.21)	(0.46)

Consolidated Cash Flow Statement (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Brought forward	(3,370.21)	(0.46)
B. Cash flow from investing activities		
Purchase of Property, Plant and Equipment	(0.78)	(2.39)
Purchase of Intangible assets	(0.05)	-
Purchase of investments	(11,509.68)	(641.92)
Sale of investments	10,876.77	345.78
Interest on Fixed deposits and other investments	0.06	0.09
Fixed Deposits matured during the year	0.11	1.41
Net cash generated (used) from investing activities (B)	(633.57)	(297.03)
C. Cash flow from financing activities		
Share issue expenses	-	(2.51)
Proceeds from borrowings	4,304.22	-
Repayment of borrowings	(1,390.00)	-
Issue of equity share capital	1,200.00	300.00
Net cash generated from financing activities (C)	4,114.22	297.49
Net increase/(decrease) in cash and cash equivalents (A+B+C)	110.44	-
Cash and cash equivalents at the beginning of the year	0.29	0.29
Cash and cash equivalents at the end of the year	110.73	0.29

Components of cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Cash and cash equivalents comprises of:		
Balances with scheduled banks in:		
In Current accounts	10.73	0.29
Fixed Deposits with original maturity of less than three months	100.00	-
Total cash and cash equivalents at the end of the year	110.73	0.29

Notes:

- The above cash flow statement have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules, 2014
- All figures in brackets indicate outflow.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

Anant Damle
Company Secretary

On behalf of the Board of Directors

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director

Notes to consolidated financial statements for the year ended 31 March 2018

1 Corporate information

Bajaj Housing Finance Ltd. ('Parent Company') earlier known as ('Bajaj Financial Solutions Ltd.')

was incorporated as a subsidiary of Bajaj Finserv Ltd. (BFS) on 13 June 2008. The company was acquired by Bajaj Finance Ltd. from BFS during the financial year 2014 – 15 with an intent to carry out housing finance business in a dedicated subsidiary company. The company name was changed to Bajaj Housing Finance Ltd. on 14 November, 2014. The Company got registered with NHB as Housing Finance Company vide certificate no 09.0127.15 dated 24 September 2015. The Company has started its operations in phased manner during the current Financial year and effective January 2018, all incremental mortgage business is being done in this Company.

2 (a) Basis of preparation of consolidated financial statements

The consolidated financial statements comprise of the financial statements of Bajaj Housing Finance Ltd. and its subsidiaries (hereinafter collectively referred to as the 'Group')

The financial statements have been prepared in conformity with generally accepted accounting principles in India ('Indian GAAP') to comply in all material respects with the notified Accounting Standards ('AS') under section 133 of the Companies Act 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and National Housing Bank Guidelines/Regulations to the extent applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention except as detailed in note no. 2.1(j).

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The complete financial statements have been prepared along with all disclosures.

All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the products and services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of its assets and liabilities, except for receivables considered doubtful, which are shown as non-current.

(b) Principles of consolidation

- (i) The consolidated financial statements are prepared in accordance with AS 21-Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The financial statements of the Group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India.

The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions resulting in unrealised profits or losses.

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

- (ii) The subsidiary companies considered in preparation of consolidated financial statements are:

Name of the Company	Country of incorporation	Proportion of ownership as at reporting date	Consolidated as
Bajaj Financial Securities Ltd.	India	100%	Subsidiary

For the purpose of consolidated financial statements, the results of the Company and its subsidiaries have been derived from the respective Company's audited financial statements.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

(iii) Disclosure in terms of Schedule III of the Companies Act, 2013:

(₹ In Crore)

Name of the Company	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 and loss	Amount
Bajaj Housing Finance Ltd.	98.74%	1,553.18	74.21%	20.31
Bajaj Financial Securities Ltd.	1.26%	19.64	25.79%	7.06

(iv) Minority interest, if any, in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the date of investments.

2.1 Summary of significant accounting policies

a) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on Management's knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Cost includes purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

Gain or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

c) Depreciation on Property, plant and equipment

- Depreciation is provided on a pro-rata basis for all property, plant and equipment on straight line method over the useful life of assets, except buildings which is determined on written down value method.
- Depreciation on leasehold improvements is provided for on straight line method over the primary period of lease of premises.
- Depreciation on addition to assets and assets sold during the year is being provided for on a pro-rata basis with reference to the month in which such asset is added or sold, as the case may be.
- Assets having unit value up to ₹ 5,000 is charged off fully in the year of purchase of assets.
- Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013.
- Property, plant and equipment 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 Group
Motor vehicles	8 years	4 years

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

2.1 Summary of significant accounting policies (Contd.)

d) Intangible assets and amortisation thereof

Costs relating to acquisition and development of computer software are capitalised in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight-line method over a period of five years, which is the Management's estimate of its useful life.

e) Impairment of asset

The carrying amount of assets are reviewed 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 the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

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

f) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value except for certificate of deposits, commercial papers and treasury bills which are valued at carrying cost determined in accordance with the NHB guidelines to the extent applicable.

Quoted current investments for the purpose of valuation are grouped under categories and are carried at lower of cost or market value/net realisable value for each category.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

g) Receivable under financing activity and provisioning/write-off of Assets

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

The provisioning/write-off on overdue assets is as per the Management estimates, subject to the minimum provision required as per the NHB guidelines.

The parent company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets and delinquent assets not yet NPAs as considered necessary. However, the parent company ensures that the said provisions are not lower than the provisions stipulated in the NHB guidelines.

Contingent provision against standard asset, as required by the NHB Directions, is also made by the parent company on the standard assets outstanding which is disclosed under 'Long-term and Short-term Provisions' in note no. 7 to the financial statements.

h) Operating Leases

As a lessor: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received under operating leases are credited to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

2.1 Summary of significant accounting policies (Contd.)

i) Foreign currency translation

Initial recognition

Foreign currency transactions are recorded at exchange rate prevailing on date of transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) Revenue from operations

Interest, finance charges, service charges etc. are recognised as income on accrual basis with reference to the terms of finance agreements entered into with borrowers, as the case may be, except in the case of delinquent assets provided for, penal, dishonor, foreclosure charges etc., where income is recognised on realisation basis.

(ii) Income from investment

- a. Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.
- b. Profit/loss earned on sale of investments is recognised on settlement date basis. Profit or loss on sale of investments is determined on the basis of weighted average cost method. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(iii) Other Income

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

k) Retirement and other employee benefits

i. Gratuity:

Payment for present liability of future payment of gratuity is being fully made to the approved gratuity fund viz. Bajaj Auto Ltd. Gratuity Fund Trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

2.1 Summary of significant accounting policies (Contd.)

in plan assets managed by LIC and BALICL as compared to actuarial liability determined using the Projected Unit Credit method are recognised as a liability in accordance with AS-15 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

ii. Superannuation:

Defined contribution to superannuation fund is being made as per the schemes of the relevant group companies.

iii. Provident fund and Employee State insurance

Retirement benefit in the form of Provident fund and Employee State Insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

iv. Privilege Leave

Earned leave during the financial year and remaining unutilised will be encashed at the year-end based on basic salary. The Group presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date. The compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

v. Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

l) Share Issue expenses

Share issue expenses related to issuance of equity are charged to Statement of Profit and Loss as and when incurred.

m) Income taxes

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

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as 'MAT Credit Entitlement.' The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

n) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

2.1 Summary of significant accounting policies (Contd.)

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

o) Provisions

A provision is recognised when the Group has a present obligation as a result of 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 its 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.

p) Cash and Cash Equivalent

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand and balance with bank including fixed deposit and short-term highly liquid investment with an original maturity of three months or less.

q) Borrowing Costs

All borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.

3 Share Capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Authorised		
# 3,000,000,000 equity shares of ₹ 10 each (Previous year 550,000,000 equity shares of ₹ 10 each)	3,000.00	550.00
Issued		
#1,550,000,000 equity shares of ₹ 10 each (Previous year 350,000,000 equity shares of ₹ 10 each)	1,550.00	350.00
Subscribed and paid up		
#1,550,000,000 equity shares of ₹ 10 each fully called up and paid up (Previous year 350,000,000 equity shares of ₹ 10 each fully called up and paid up)	1,550.00	350.00
	1,550.00	350.00

Pursuant to approval of the Members

The Company has, vide resolution passed in the Extra-Ordinary General Meeting held on 22 January 2018, increased its authorised share from 5,500,000,000/- (Rupees Five Hundred and Fifty Crore) divided into 550,000,000 equity shares of face value of ₹ 10/- each to ₹ 30,000,000,000/- (Rupees Three Thousand Crore) divided into 3,000,000,000 equity shares of face value of ₹ 10/- each.

1,200,000,000 fully paid-up equity shares of face value of ₹ 10/- each were allotted at par on 6 February 2018 to Bajaj Finance Ltd., holding company of the Company on rights basis.

During previous year 2016-17, pursuant to approval of the Members -

The Company has, vide resolution passed in the Extra-Ordinary General Meeting held on 20 May 2016, increased its authorised share capital from ₹ 500,000,000/- (Rupees Fifty Crore) divided into 50,000,000 equity shares of face value of ₹ 10/- each to ₹ 5,500,000,000/- (Rupees Five Hundred and Fifty Crore) divided into 550,000,000 equity shares of face value of ₹ 10/- each.

300,000,000 fully paid-up equity shares of face value of ₹ 10/- each were allotted at par on 21 June 2016 to Bajaj Finance Ltd., holding company of the Company on rights basis.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

3 Share Capital (Contd.)**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2018		As at 31 March 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year (Subscribed and Paid up)	350,000,000	350.00	50,000,000	50.00
Add: Issue of shares on Right basis	1,200,000,000	1,200.00	300,000,000	300.00
Outstanding at the end of the year	1,550,000,000	1,550.00	350,000,000	350.00

1,200,000,000 fully paid-up equity shares of face value of ₹10/- each were allotted at par on 6 February 2018 to Bajaj Finance Ltd., holding company of the Company on rights basis.

300,000,000 fully paid-up equity shares of face value of ₹10/- each were allotted at par on 21 June 2016 to Bajaj Finance Ltd., holding company of the Company on rights basis.

(b) Terms/rights/restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by Holding Company (Face value ₹10)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finance Ltd.	1,550,000,000	1,550.00	350,000,000	350.00

(d) Details of shareholders holding more than 5% shares in the Company (Face value ₹10)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Nos.	% Holding	Nos.	% Holding
Bajaj Finance Ltd. (Holding Company)	1,550,000,000	100.00%	350,000,000	100.00%

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

4 Reserves and surplus

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Statutory Reserve		
Balance at the beginning of the year:		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	0.03	0.01
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	-	-
Total	0.03	0.01
Addition/Appropriation/Withdrawal during the year:		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	4.46	0.02
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	-	-
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	4.49	0.03
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	-	-
Total	4.49	0.03
Surplus/(Deficit) in the Statement of Profit and Loss:		
Balance as at the beginning of the year	(24.58)	(25.16)
Profit for the year	27.37	0.60
	2.79	(24.56)
Less: Appropriations:		
Transfer to Reserve Fund in terms of section 29C of the NHB Act, 1987	4.46	0.02
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	-	-
Total appropriations	4.46	0.02
Balance as at the end of the year	(1.67)	(24.58)
	2.82	(24.55)

Consolidated Financial Statements

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

5 Long-term borrowings

Particulars	(₹ In Crore)			
	Non-current		Current maturity	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
(A) Secured				
Privately placed redeemable non-convertible debentures/bonds secured by a first pari-passu charge by mortgage of Company's Office at Unit No.804, admeasuring 2,610 sq. ft. 8th Floor, Block A of Wing Delta, bearing old Door nos. 113 to 122 and 128 to 134 and New No.177,Raheja Towers, Anna Salai, Mount Road, Chennai - 600 002 of nominal value and debts/loan receivables under financing activity as stated in the respective information memorandum.	2,028.42	-	-	-
From Banks, against hypothecation of assets under finance, book debts and other receivables	700.00	-	-	-
	2,728.42	-	-	-
	2,728.42	-	-	-

(B) Details of privately placed secured redeemable non-convertible debentures

Date of maturity	Repayment schedule	Of face value ₹ 0.10 Crore	(₹ In Crore)			
			Non-current		Current maturity	
			As at 31 March		As at 31 March	
			2018	2017	2018	2017
Jun-21	Bullet repayment	80.00	79.91	-	-	-
May-21	Bullet repayment	833.10	835.41	-	-	-
Apr-21	Bullet repayment	1,008.90	1,013.10	-	-	-
Nov-20	Bullet repayment	100.00	100.00	-	-	-

Note

- As on 31 March 2018, of the total Non Current Secured Zero Coupon Bonds issued, Face Value of ₹ 1,842.00 crore were issued at a premium.
- Interest rates range from 7.50% p.a. to 8.25% p.a. as at 31 March 2018. For Zero Coupon Bonds, the interest rate is on XIRR basis.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

5 Long-term borrowings (Contd.)**(C) Terms of repayment of bank loans – secured** (Contd.)

(₹ In Crore)

Date of maturity	Repayment schedule	Non-current		Current maturity	
		As at 31 March		As at 31 March	
		2018	2017	2018	2017
	2 Annual payment of ₹ 100.00 crore starting Dec 21	200.00	-	-	-
Dec 20	Bullet repayment	50.00	-	-	-
	12 quarterly payment of ₹ 8.33 crore starting Jun 20	100.00	-	-	-
	12 quarterly payment of ₹ 4.17 crore starting Apr 20	50.00	-	-	-
	12 quarterly payment of ₹ 4.17 crore starting Mar 20	50.00	-	-	-
	4 quarterly payment of ₹ 50.00 crore starting Mar 20	200.00	-	-	-
	12 quarterly payment of ₹ 4.17 crore starting Feb 20	50.00	-	-	-
		700.00	-	-	-

Interest rates range from 7.66% p.a.p.m. to 8.44% p.a.p.m. as at 31 March 2018

6 Other long-term liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2018	2017
Security deposits	0.08	-
Interest accrued but not due	12.68	-
	12.76	-

7 Provisions

(₹ In Crore)

Particulars	Long-term		Short-term	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Provision for employee benefits				
Gratuity	0.13	-	-	-
Privilege leave entitlements	-	-	0.29	-
Other long-term service benefit	0.07	-	-	-
	0.20	-	0.29	-
Other provisions				
For contingent provision against standard assets (previous year ₹ 4,000)	14.46	-	0.54	-
For tax (net of advance tax ₹ 7,191, previous year Nil)	-	-	1.74	-
	14.46	-	2.28	-
	14.66	-	2.57	-

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

8 Short-term borrowings

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Secured*		
From Banks against hypothecation of assets under finance, book debts and other receivables		
– Cash credit	110.80	-
– Overdraft facility	75.00	-
	185.80	-

*Interest rates range from 8.10% p.a.p.m. to 8.45% p.a.p.m. as at 31 March 2018

9 Trade payables and other current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
(A) Trade payables		
– Total outstanding dues of micro enterprises and small enterprises (Since paid)	0.02	-
– Total outstanding dues of creditors other than micro enterprises and small enterprises	6.78	0.23
Total (A)	6.80	0.23
(B) Other current liabilities		
Interest accrued but not due	3.59	-
Others		
– Statutory Dues	4.36	0.03
– Employee benefits payable	6.09	-
– Temporary overdraft as per books only	170.12	-
– Other/miscellaneous payables	31.55	-
– Payable to related party	3.49	-
Total (B)	219.20	0.03

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Principal amount due to suppliers under MSMED Act, as at the year end (since paid)	0.02	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end (current year ₹ 26,027)	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.09	-
Interest paid to suppliers under MSMED Act (other than section 16)	-	-
Interest paid to suppliers under MSMED Act (section 16) (current year ₹ 26,207)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made (current year ₹ 12,668)	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (current year ₹ 26,027)	-	-

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

10 Fixed assets

Current year

(₹ In Crore)

Particulars	Gross block at cost			As at 31 March 2018	Depreciation and amortisation			Net block	
	As at 1 April 2017	Additions	Deductions/ adjustments		As at 1 April 2017	Deductions/ adjustments	For the Year	As at 31 March 2018	As at 31 March 2018
(A) Property, plant and equipment									
Building	2.39	-	-	2.39	0.01	-	0.12	0.13	2.26
Computers (Dep for the current year ₹ 2,997)	0.01	0.01	-	0.02	0.01	-	-	0.01	0.01
Office equipments	-	0.02	-	0.02	-	-	0.02	0.02	-
Vehicles	-	0.75	-	0.75	-	-	0.01	0.01	0.74
TOTAL (A)	2.40	0.78	-	3.18	0.02	-	0.15	0.17	3.01
(B) Intangible assets									
Computer software	0.29	0.05	-	0.34	0.29	-	-	0.29	0.05
TOTAL (B)	0.29	0.05	-	0.34	0.29	-	-	0.29	0.05
TOTAL (A + B)	2.69	0.83	-	3.52	0.31	-	0.15	0.46	3.06

Previous year

(₹ In Crore)

Particulars	Gross block at cost			As at 31 March 2017	Depreciation and amortisation			Net block	
	As at 1 April 2016	Additions	Deductions/ adjustments		As at 1 April 2016	Deductions/ adjustments	For the Year	As at 31 March 2017	As at 31 March 2017
(A) Property, plant and equipment									
Building	-	2.39	-	2.39	-	-	0.01	0.01	2.38
Computers	0.01	-	-	0.01	0.01	-	-	0.01	-
Office equipments	-	-	-	-	-	-	-	-	-
Total (A)	0.01	2.39	-	2.40	0.01	-	0.01	0.02	2.38
(B) Intangible assets									
Computer software	0.29	-	-	0.29	0.29	-	-	0.29	-
Total (B)	0.29	-	-	0.29	0.29	-	-	0.29	-
TOTAL (A + B)	0.30	2.39	-	2.69	0.30	-	0.01	0.31	2.38

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

11 Investments

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Other than trade				
Unquoted				
In Commercial Paper				
2,000 (-) Units of NABARD maturing on 21 May 2018 (Face value ₹ 500,000 each)	-	-	99.06	-
2,000 (-) Units of Power Finance Corp maturing on 25 June 2018 (Face value ₹ 500,000 each)	-	-	98.39	-
2,000 (-) Units of National Housing Bank maturing on 07 June 2018 (Face value ₹ 500,000 each)	-	-	98.74	-
	-	-	296.19	-
In Certificate of Deposit				
5,000 (-) Units of Axis maturing on 31 May 2018 (Face value ₹ 100,000 each)	-	-	49.43	-
5,000 (-) Units of Axis maturing on 06 June 2018 (Face value ₹ 100,000 each)	-	-	49.38	-
5,000 (-) Units of ICICI maturing on 31 May 2018 (Face value ₹ 100,000 each)	-	-	49.43	-
5,000 (-) Units of Kotak maturing on 28 June 2018 (Face value ₹ 100,000 each)	-	-	49.17	-
10,000 (-) Units of SIDBI maturing on 29 May 2018 (Face value ₹ 100,000 each)	-	-	98.90	-
	-	-	296.31	-
In Mutual Funds:				
Quoted:				
(-) 188,912 UTI - Treasury Advantage Fund Institutional Plan- Direct Plan - Growth	-	-	-	40.00
(-) 972,401 IDFC Ultra Short-term fund - Growth-(Direct Plan)	-	-	-	2.25
(-) 1,473,016 ICICI Prudential Flexible Income Direct Plan - Growth	-	-	-	43.20
(-) 16,096,126 Kotak Treasury Advantage Fund - Direct Plan - Growth	-	-	-	40.00
(-) 15,012,535 HDFC Floating Rate Income Fund - Short-term Plan - Direct Plan - Whole sale option - Growth	-	-	-	40.00
(-) 186,570 Reliance Money Manager Fund -Direct Growth Plan Growth	-	-	-	40.00
(-) 116,208 Invesco India Ultra Shorth Term Fund - Direct Plan Growth	-	-	-	25.00
(-) 125,553 SBI Ultra Short-term Debt Fund Direct Plan - Growth	-	-	-	25.00
(-) 34,799 Tata Ultra Short-term fund Direct Plan - Growth	-	-	-	8.13
(-) 3,366,739 L & T Ultra Short-term Fund Direct Plan - Growth	-	-	-	9.00
549 (41,715) ICICI Prudential Liquid - Direct Plan - Growth	-	-	0.01	1.00
Carried over	-	-	0.01	273.58
Carried over	-	-	592.50	-

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

11 Investments (Contd.)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Brought over	-	-	592.50	-
In Mutual Funds:				
Quoted:				
Brought over	-	-	0.01	273.58
(-) 530,590 ICICI Prudential Flexi Income - Regular Plan Growth	-	-	-	9.23
(-) 1,331,278 Birla Sun Life Savings Fund - Growth - Direct Plan	-	-	-	40.00
44,800,793(-) HDFC Floating Rate Income Fund Short-term Plan Direct Plan Wholesale Option Monthly Dividend	-	-	45.50	-
4,556,874(-) Aditya Birla Saving Fund Weekly Dividend Direct Plan	-	-	45.76	-
6,617,917(-) ICICI Prudential Flexible Income Direct Monthly Dividend Reinvest	-	-	45.70	-
69,715(-) Invesco India Ultra Short-term Fund Direct Discretionary Dividend - Reinvest	-	-	38.45	-
441,147(-) UTI Treasury Advantage Fund Direct Plan Monthly Dividend Reinvest	-	-	45.59	-
259,790(-) Axis Liquid Fund Direct Growth	-	-	50.00	-
2,082,285(-) ICICI Prudential Liquid Money Market Fund - Direct Plan - Growth	-	-	50.00	-
104,640(-) Invesco India Liquid Fund Direct Plan Growth	-	-	25.00	-
118,105(-) Reliance Liquid Fund Treasury Plan Direct Growth Plan Growth Option	-	-	50.00	-
88,008(-) UTI Liquid Cash Plan Institutional Direct Plan Growth	-	-	25.00	-
	-	-	421.01	322.81
Fixed deposits with Related Party	-	-	-	0.11
Total	-	-	1,013.51	322.92

Particulars	(₹ In Crore)			
	Book value		Market value	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Quoted	421.01	322.81	421.46	349.17
Unquoted	592.50	0.11	-	-

Notes:

Open Ended Mutual Funds though not listed are quoted on National Stock Exchange (NSE) and are transactable through the exchange with Fund Houses at previous day close Net Asset Value (NAV). Hence considered as quoted.

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

12 Deferred tax assets (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
A) Deferred tax liability		
On account of timing difference in:		
Depreciation and amortisation	0.40	-
Other liabilities		
Special Reserve		
Gross deferred tax liability	Total (A)	0.40
		-
B) Deferred tax asset		
On account of timing difference in:		
Disallowance u/s 43B of the Income Tax Act, 1961	0.14	-
Contingent provision towards standard assets	0.26	-
Gross deferred tax asset*	Total (B)	0.40
		-
	Total (A - B)	-

* Deferred tax asset created to the extent of deferred tax liability

13 Receivables under financing activity
(Good unless otherwise stated)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
(A) Secured				
Against equitable mortgage of immovable property under finance agreements [Includes overdue installments ₹ 73,463 (previous year ₹ Nil)]	3,339.59	0.05	123.67	-
TOTAL (A)	3,339.59	0.05	123.67	-
(B) Unsecured				
Loans at agreement values less installments received [Includes overdue installments ₹ 42,414 (previous year ₹ Nil)]	121.01		4.59	
TOTAL (B)	121.01	-	4.59	-
TOTAL (A + B)	3,460.60	0.05	128.26	-

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

14 Loans and advances, unsecured

(Good unless otherwise stated)

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Security deposits	1.39	-	-	-
Advance tax (net of provision for taxation ₹10.75 crore, previous year ₹0.06 crore)	0.33	0.02	-	-
Advances recoverable in cash or kind, unsecured, considered good	-	0.02	5.02	-
Advances recoverable in cash or kind, unsecured, considered doubtful	-	0.13	-	-
Less: Provision	-	(0.13)	-	-
	-	-	-	-
	1.72	0.04	5.02	-

15 Cash and bank balances

Particulars	(₹ In Crore)	
	Current Maturity	
	As at 31 March	
	2018	2017
Cash and cash equivalents		
Cash equivalents:		
Bank balance in current accounts	10.73	0.29
Fixed deposits (Original maturity of less than 3 month)	100.00	-
	110.73	0.29
	110.73	0.29

16 Other current assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Interest receivable on fixed deposits	0.11	0.03
Other receivables (previous year ₹3,700)	0.02	-
	0.13	0.03

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Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

17 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Finance activity:		
(i) Interest on loans (previous year ₹ 2,017)	72.30	
(ii) Service and administration charges (previous year ₹ 3,217)	23.94	
	96.24	
Other operating revenue:		
(i) Interest		
(a) On Certificate of deposits	0.26	-
(b) On Fixed Deposits	0.14	0.06
(c) Penal and others	0.06	-
	0.46	0.06
(ii) Discount on Commercial papers	0.33	-
(iii) Profit on sale of current investments, net*	57.20	3.64
(iv) Foreclosure income	0.04	-
(v) Miscellaneous charges and receipts	0.01	-
	58.04	3.70
	154.28	3.70

* Consequent to deployment of temporary idle funds to defray cost of borrowings, hence classified under 'Other operating revenue'.

18 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Miscellaneous income (previous year ₹ 1,127)	0.20	
Provisions no longer required (previous year ₹ 52,805)	0.15	
Provision write back for diminution in investment	-	-
Sundry credit balances appropriated (current year ₹ 2,320)		0.03
Interest on income tax refunds, net (current year ₹ 20,949, previous year ₹ 8,327)		
	0.35	0.03

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

19 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Employees' emoluments		
- Salaries, wages and bonus	17.41	-
- Contribution to provident and other funds	0.48	-
- Staff welfare expenses	0.27	-
	18.16	-

20 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Interest expenses	29.31	-
Discount in respect of commercial papers issued	18.58	-
Other financing costs	1.71	0.35
	49.60	0.35

21 Loan losses and provisions

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Contingent provision against standard assets (previous year ₹ 4,000)	15.00	
	15.00	

Consolidated Financial Statements

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

22 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2018	2017
Business support charges	19.34	-
Credit verification expenses	4.45	-
Dealer incentive	1.54	-
Outsourcing/back office expenses	1.34	-
Travelling expenses (previous year ₹ 6,240)	1.03	-
Advertisement and publicity	0.81	-
Printing and stationary	0.51	0.09
Customer experience cost	0.49	-
Bank charges (previous year ₹ 27,150)	0.18	-
Auditors' remuneration*	0.11	0.02
Information technology expenses	0.07	-
Share issue expenses	-	2.51
Sundry debit balances written off	-	0.05
Provision made in earlier years adjusted	-	(0.05)
Sundry expenses	2.05	0.09
	31.92	2.71

* Payment to auditor (net of service tax/GST credit availed)

Particulars	For the year ended 31 March	
	2018	2017
As auditor:		
Audit fee	0.01	0.01
Tax audit fee	-	-
Limited review	-	-
In other capacity:		
Other services (certification fees)	0.10	0.01
Reimbursement of expenses	-	-
	0.11	0.02

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

23 Computation of Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Particulars	For the year ended 31 March	
	2018	2017
A) Basic		
(i) Computation of Profit (numerator):		
Net Profit attributable to shareholders (₹ in crore)	27.37	0.60
(ii) Computation of weighted average number of shares (denominator):		
Number of shares outstanding at the beginning of the year	350,000,000	50,000,000
Weighted average number of equity shares issued and outstanding during the year	177,534,247	233,424,658
Adjusted weighted average equity shares	527,534,247	283,424,658
EPS (Basic) (₹)	0.52	0.021
B) Diluted		
(i) Computation of Profit (numerator):		
Net Profit attributable to shareholders (₹ in crore)	27.37	0.60
(ii) Computation of weighted average number of shares (denominator):		
Number of shares outstanding at the beginning of the year	350,000,000	50,000,000
Weighted average number of equity shares issued and outstanding during the year	177,534,247	233,424,658
Adjusted weighted average equity shares	527,534,247	283,424,658
EPS (Diluted) (₹)	0.52	0.021

24 Contingent liability

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Contingent liability not provided for as on year end	-	-

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

25 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
(A) Capital commitments: Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)	0.17	-
(B) Other commitments: The Group's capital commitments towards partially disbursed loans	14.41	0.36

26 Expenditure in foreign currency and unhedged exposure**(i) Foreign currency expenditure:** Nil (previous year Nil)**(ii) Unhedged foreign currency exposures:** Nil (previous year Nil)**27 Segment information**

The Group is engaged primarily in the business of financing and accordingly there are no separate reportable business segments as per Accounting Standard-17 on 'Segment Reporting', notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules and the Companies (Accounting Standards) Amendments Rules, 2016. The Group operates in a single geographical segment i.e. domestic.

28 Liabilities towards retirement and other employee benefits**(A) Gratuity**

Particulars	(₹ In Crore)	
	As at 31 March	
	2018	2017
Amount to be recognised in Balance Sheet		
Present value of funded obligations	0.61	-
Fair value of plan assets	(0.48)	-
Amount not recognised as an asset [limit in para 59(b)]		
Net liability	0.13	-
Amounts in Balance Sheet		
Liability (Non-current as shown in note no.7)	0.13	-
Assets	-	-
Net liability/(asset)	0.13	-

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

(A) Gratuity (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2018	2017
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	0.11	-
Interest on defined benefit obligation	0.02	-
Expected return on plan assets	-	-
Net actuarial losses/(gains) recognised in year (current year ₹ 58,528)	-	-
Effect of the limit in para 59 (b)	-	-
Premium allocation difference and other charges transferred	-	-
Total, included in 'Employee Benefits Expense'	0.13	-
Actual return on plan assets	0.03	-

Particulars	As at 31 March	
	2018	2017
Reconciliation of benefit obligations and plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	-	-
Liabilities assumed on acquisition	0.45	-
Current service cost	0.11	-
Interest cost	0.02	-
Actuarial losses/(gain)	0.03	-
Benefits paid	-	-
Closing defined benefit obligation	0.61	-
Change in fair value of assets		
Opening fair value of plan assets	-	-
Assets acquired on acquisition	0.45	-
Expected return on plan assets	-	-
Actuarial gain/(losses)	0.03	-
Contributions by employer	-	-
Benefits paid	-	-
Closing fair value of plan assets	0.48	-

Particulars	2018	2017
Summary of the actuarial assumptions		
Discount rate	7.75%	-
Expected rate of return on assets	7.50%	-
Salary escalation rate – senior staff	11.00%	-
– junior staff	11.00%	-

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Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

(A) Gratuity (Contd.)

(₹ In Crore)

Particulars	As at 31 March	
	2018	2017
Expected contribution to fund in the next year	0.15	-
Category of plan assets	2018	2017
Insurer managed funds	100%	-

(₹ In Crore)

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
Experience adjustments					
Defined benefit obligation	0.61	-	-	-	-
Plan assets	0.48	-	-	-	-
Surplus/(deficit)	(0.13)	-	-	-	-
Experience adjustments on plan liabilities	0.04	-	-	-	-
Experience adjustments on plan assets	0.03	-	-	-	-

(B) Compensated absences

(₹ In Crore)

Particulars	2018	2017
Present value of unfunded obligations	0.29	-
Expense recognised in the Statement of Profit and Loss	-	-
Discount rate (p.a.)	7.75%	-
Salary escalation rate (p.a) - Senior staff	11.00%	-
Salary escalation rate (p.a) - Junior staff	11.00%	-

(C) Long-term service benefit liability

(₹ In Crore)

Particulars	2018	2017
Present value of unfunded obligations	0.07	-
Expense recognised in the Statement of Profit and Loss	0.01	-
Discount rate (p.a.)	7.75%	-

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

29 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	2017-18		2016-17	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Holding company, subsidiaries and fellow subsidiary:					
Bajaj Finserv Ltd. (Ultimate Holding company)		-	-	-	-
Bajaj Finance Ltd. (Holding company from 1 Nov 2014)	Contribution to Equity	1,200.00	(1,550.00)	300.00	(350.00)
	Asset Purchase - Building at Chennai	-	-	2.21	-
	Security Deposit Received	0.08	(0.08)	-	-
	Rent Received	0.18	-	-	-
	Business Support Charges	17.75	(2.17)	-	-
	Other Employee related	1.98	-	-	-
	Miscellaneous receivable (previous year ₹ 3,700)	-	-	-	-
	Fixed Deposit	0.11	-	-	0.11
	Interest Accrued on fixed deposit	0.01	-	0.01	0.03
	Interest received on fixed deposit	0.04	-	-	-
Bajaj Allianz General Insurance Co. Ltd. (Fellow Subsidiary)	Insurance premium adjusted (including cancellation receipts)	4.64	(0.10)	-	-
Bajaj Allianz Life Insurance Co. Ltd. (Fellow Subsidiary)	Insurance premium adjusted (including cancellation receipts)	12.49	(1.21)	-	-
Bajaj Finserv Direct Ltd. (Formerly Known Bajaj Financial Holdings Ltd.) (Fellow Subsidiary)	Nil	-	-	-	-
B Associates, joint ventures and investing parties:					
C Individuals controlling voting power/exercising significant influence and their Relatives:					
Rahul Bajaj	Nil	-	-	-	-
Shekhar Bajaj	Nil	-	-	-	-
Madhur Bajaj	Nil	-	-	-	-
Niraj Bajaj	Nil	-	-	-	-
D Key Management Personnel and their Relatives:					
Rajeev Jain (Managing Director)	Remuneration	-	-	-	-
E Enterprises over which anyone in (b) and (c) exercises significant influence:					
Bajaj Electricals Ltd.	Asset Purchase/Settlement	-	-	0.01	-
Hind Musafir Agency	Services received	0.08	(0.02)	-	-

Name of the related party 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. Accordingly disclosure have been made in respective notes to financial statements as required by schedule III to the Companies Act, 2013.

Transaction values are excluding taxes and duties

Outstanding Amount in bracket denotes credit balances

Consolidated Financial Statements

Notes to consolidated financial statements for the year ended 31 March 2018 (Contd.)

30 Previous period financial statements were audited by the Company's previous auditors and figures have been regrouped/rearranged, wherever necessary, to confirm to current period presentation.

31 Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes 1 to 31

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 16 May 2018

Gaurav Kalani
Chief Financial Officer

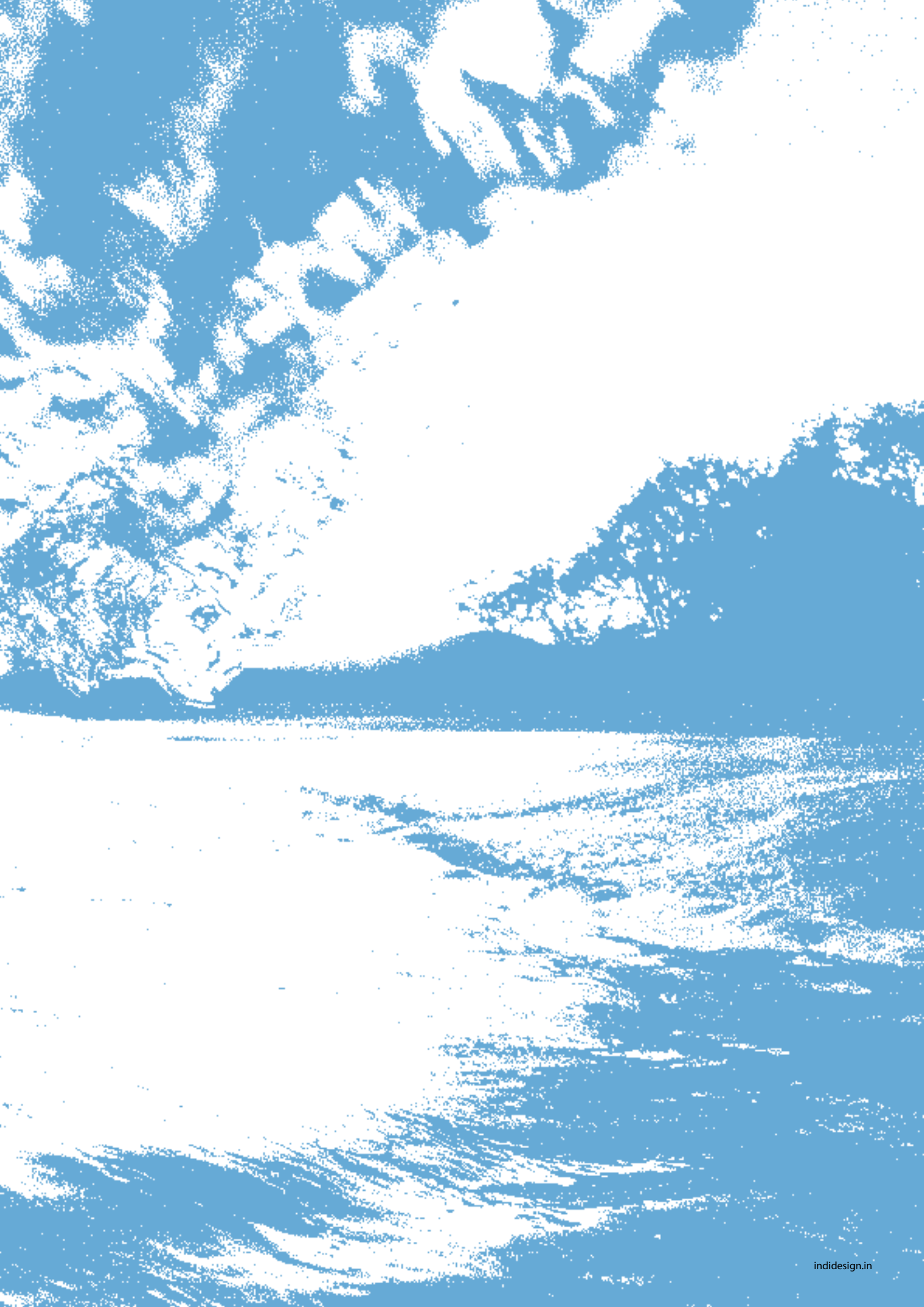
Anant Damle
Company Secretary

On behalf of the Board of Directors

Nanoo Pamnani
Chairman

Sanjiv Bajaj
Director

Rajeev Jain
Managing Director





Like the five elements of nature work in harmony, so do our companies through symbiotic relationships.

BAJAJ HOUSING FINANCE LIMITED

Regd. Office: Akurdi, Pune - 411 035, India.

Tel: (020) 30186403 Fax: (020) 30186364

<https://www.bajajfinserv.in/corporate-housing-finance-limited>