

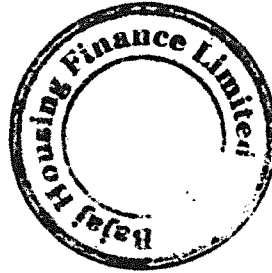
**Bajaj Housing Finance Limited**  
(Formerly Bajaj Financial Solutions Limited)  
CIN: U65910PN2008PLC132228

Regd. Office:  
Bajaj Auto Limited Complex,  
Mumbai-Pune Road,  
Akurdi, Pune 411 035  
Phone: (020) 30186403 Fax: (020) 30186364

**NOTICE**

Notice is hereby given that the eighth annual general meeting of the members of Bajaj Housing Finance Limited will be held on Tuesday, 26 July 2016 at 9.15 a.m. at the registered office of the Company at Bajaj Auto Limited Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 to transact the following business:

1. To consider and adopt the audited financial statements for the financial year ended 31 March 2016 and the Directors' and the Auditors' reports thereon.
2. To appoint a director in place of Rajeev Jain (DIN 01550158), Managing Director who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.
3. To ratify the appointment of Dalal & Shah LLP, Chartered Accountants, (Registration No. 102021WW100110) as auditors of the Company, on a remuneration of ₹ 100,000 (Rupees One Lac only) plus taxes as applicable and out-of-pocket, travelling and living expenses, for the year 2016-17.



Place: Pune  
Date: 20 May 2016

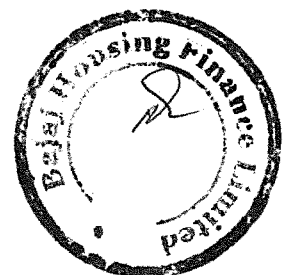
By order of the Board of Directors  
For Bajaj Housing Finance Limited

A handwritten signature in black ink, appearing to read "Anant Damle".

Anant Damle  
Company Secretary

**NOTES:**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
- 2) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days' written notice is given to the Company.
- 3) Brief details of Rajeev Jain, Managing Director, who is seeking re-appointment, are annexed hereto as per requirements of the Companies Act, 2013.
- 4) Documents referred to in the notice and the explanatory statement shall be kept open for inspection by the members at the registered office and corporate office ext. 3rd Floor, Panchshil Tech Park, Plot 43/1, 43/2, 44/2, Viman Nagar, Pune 411014 of the Company from Monday to Friday from 10.00 a.m. to 1.00 p.m., except holidays, upto the date of the meeting and also at the meeting.
- 5) Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder, Dalal & Shah, Chartered Accountants were appointed as auditors from the conclusion of 6<sup>th</sup> annual general meeting till the conclusion of 9<sup>th</sup> annual general meeting. W.e.f. 21 December 2015, the auditors' firm has been converted into a limited liability partnership having registration no. 102021WW100110. The ratification of appointment of Dalal & Shah LLP and fixation of remuneration for the year 2016-17 has been put up for approval of the members.
- 6) The following statutory registers are open for inspection of members and others at the registered office of the Company as prescribed in the respective sections of the Companies Act, 2013 as specified below on all working days during business hours:
  - (a) Register of contracts or arrangements in which directors are interested under Section 301 of the Companies Act, 1956 and Register of contracts with related party and contracts and bodies etc. in which directors are interested under Section 189 of the Companies Act, 2013.
  - (b) Register of directors' shareholdings under Section 307 of the Companies Act, 1956 and Register of directors and key managerial personnel and their shareholding under Section 170 of the Companies Act, 2013.The aforesaid registers shall be kept open for inspection at the annual general meeting by any person entitled to attend the meeting.
- 7) Corporate members are requested to send in advance duly certified copy of board resolution/power of attorney authorising their representative to attend the annual general meeting.



- 8) Members/ proxies are requested to bring the attendance slip/proxy form duly filled and signed in for attending the Meeting. Proxies are requested to bring their ID proof at the meeting for the purpose of identification.
- 9) Route map of the venue of the meeting is annexed to this notice for convenience.

**Annexure to the notice**

**BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO THE COMPANIES ACT, 2013**

Rajeev Jain, (DIN 01550158) 45, is the Managing Director of Bajaj Housing Finance Limited, liable to retire by rotation. He is appointed as Director of the Company w.e.f. 10 November 2014. He has more than 22 years of experience in the consumer lending industry. Rajeev has been associated with Bajaj Finance Limited (BFL), Holding Company of the Company for over eight years. At BFL, Rajeev has charted an ambitious growth path for the Company. BFL is now at an inflexion point and owes its exponential growth from a captive finance Company to the most diversified non-bank in India today.

The cumulative experience at GE, American Express and AIG has helped him change the course of BFL and put it on a high growth path.

At American International Group Rajeev was a Deputy CEO of its Consumer Finance business. At AIG, he was responsible for building the strategic framework for AIG to enter into the Consumer business, created a holding company and acquired two non-banking finance companies to establish a base for AIG in the Indian market.

Before that, Rajeev was with American Express where he spent more than eight years. During this period he did various roles across various products like credit cards, personal and business loans etc. At the time of leaving American Express, he was the Head of Personal and Small Business Lending in India.

Rajeev is a Management graduate from T A Pai Management Institute, Manipal with a Bachelor's Degree in Commerce.

Rajeev Jain is not related to directors or key managerial personnel of the Company.

During the FY 2015-16, Rajeev Jain attended all 6 Board meetings of the Company. During FY 2015-16, he was paid NIL remuneration.

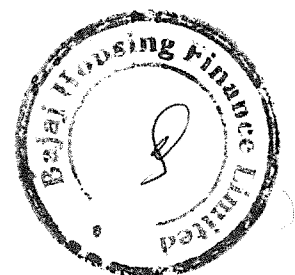
As on 31 March 2016, he holds 100 shares jointly with Bajaj Finance Limited in the Company.

**LIST OF DIRECTORSHIPS:**

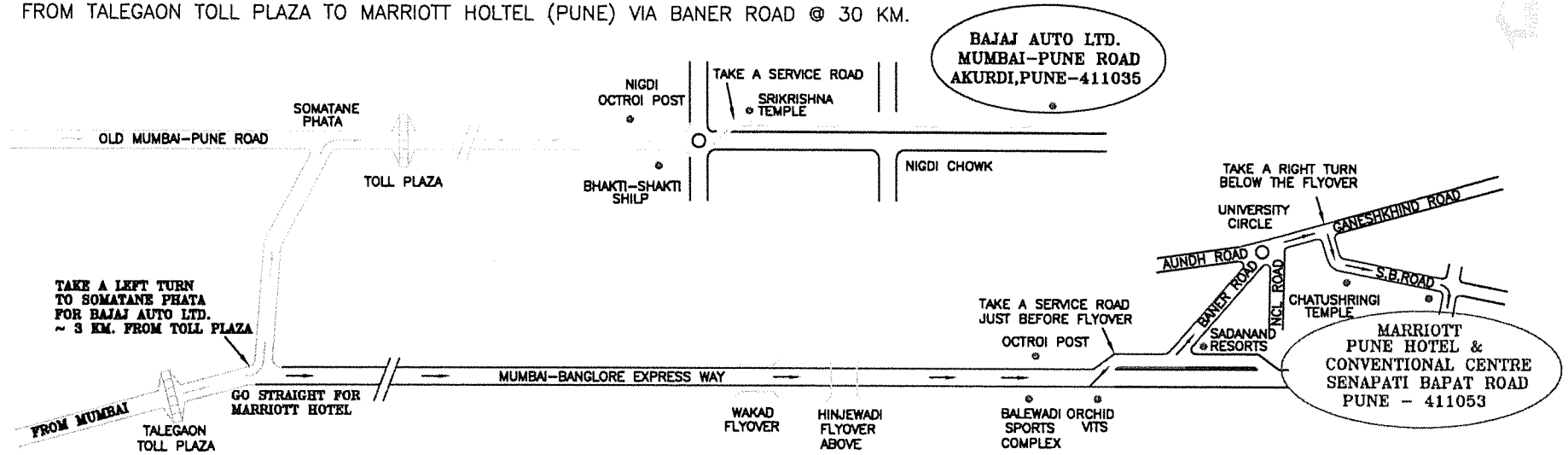
1. Bajaj Finance Limited
2. Bajaj Housing Finance Limited (Formerly Bajaj Financial Solutions Limited)

**CHAIRMANSHIP/MEMBERSHIP OF THE COMMITTEES:**

NIL

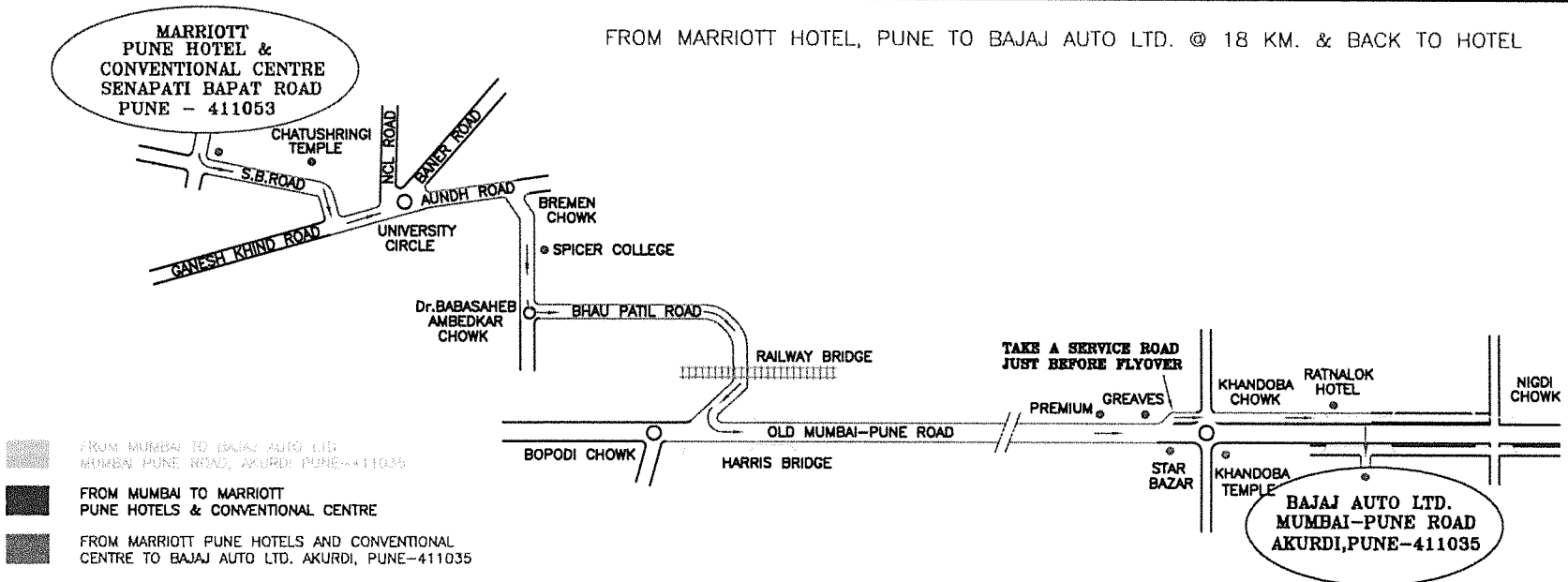





FROM TALEGAON TOLL PLAZA TO BAJAJ AUTO LTD. (PUNE) VIA SOMATANE PHATA @ 17 KM.  
 FROM TALEGAON TOLL PLAZA TO MARRIOTT HOLTEL (PUNE) VIA BANER ROAD @ 30 KM.



NOT TO SCALE

FROM MARRIOTT HOTEL, PUNE TO BAJAJ AUTO LTD. @ 18 KM. & BACK TO HOTEL



-  FROM MUMBAI TO BAJAJ AUTO LTD. MUMBAI-PUNE ROAD, AKURDI, PUNE-411035
-  FROM MUMBAI TO MARRIOTT PUNE HOTELS & CONVENTIONAL CENTRE
-  FROM MARRIOTT PUNE HOTELS AND CONVENTIONAL CENTRE TO BAJAJ AUTO LTD. AKURDI, PUNE-411035

NOT TO SCALE

**BAJAJ HOUSING FINANCE LIMITED**  
(Formerly Bajaj Financial Solutions Limited)

**DIRECTORS' REPORT**

The Directors present their eighth annual report and the audited financial statements for the year ended 31 March 2016.

**Financial results**

The highlights of standalone financial results are as under:

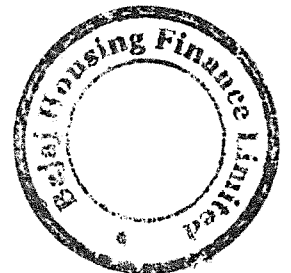
	FY 2015-16 (in ₹)	FY 2014-15 (in ₹)
Total Income	929,912	945,937
Profit/ (loss) before taxation	529,939	78,920
Profit/ (loss) after taxation	529,939	78,920
Surplus/ (loss) brought forward	(253,011,541)	(253,090,461)
Profit/ (loss) carried to Balance Sheet	(252,481,602)	(253,011,541)

**Material developments**

- National Housing Bank (NHB) has granted a certificate of registration dated 24 September 2015 to the Company to commence the business of housing finance institution without accepting public deposits.
- As required by NHB at the time of granting the aforesaid certificate of registration and pursuant to the approval of the members, the Company amended objects clause of Memorandum of Association (MOA) of the Company pertaining to fixed deposits, undertaking of insurance business and pertaining to undertaking of business of Asset Reconstruction Company.
- Pursuant to the approval of the members at their extra ordinary general meeting held on 20 May 2016, the authorised share capital of the Company has been increased from ₹ 50,00,00,000/- (Rupees fifty crore) divided into 5,00,00,000 equity shares of face value of ₹ 10/- each to ₹ 550,00,00,000/- (Rupees five hundred and fifty crore) divided into 55,00,00,000 equity shares of face value of ₹ 10/- each.
- Considering the business plan of the Company for FY 2016-17, the Board has approved issue of 30,00,00,000 equity shares of ₹ 10/- each for cash at par to the existing members of the Company on rights basis.
- Pursuant to the approval of the members at their extra ordinary general meeting held on 20 May 2016, the Board of Directors has been authorised to borrow sums up to ₹ 3,500 crore (Rupees three thousand and five hundred crore).

**Dividend**

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



## Subsidiary

Bajaj Financial Securities Limited (BFINSEC) which was formed to carry on the business of stock broking, depository participant and mutual fund distribution had suspended its activities considering the change in the regulatory landscape and has surrendered all its licenses obtained for the aforesaid business.

Other than BFINSEC, the Company does not have any other subsidiary.

The highlights of financial results of BFINSEC are as under:

	FY 2015-16	FY 2014-15
	(in ₹)	(in ₹)
Total Income	986,021	858,390
Profit/ (loss) before taxation	566,846	154,642
Profit/ (loss) after taxation	566,846	154,642
Surplus/ (loss) brought forward	(19,543,947)	(19,698,589)
Profit/ (loss) carried to Balance Sheet	(18,977,101)	(19,543,947)

## Statutory disclosures

As the Company has no manufacturing activities, the Directors have nothing to report on conservation of energy, research & development and technology absorption, as required under Section 134(3)(m) of the Companies Act, 2013.

There have been no foreign exchange earnings or outgo during the year under review.

There are no details which are required to be disclosed under the provisions of Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

An extract of the annual return as provided under Section 92(3) of the Companies Act, 2013 in the prescribed Form MGT-9 is annexed to this report as Annexure 1.

During the year under review, the Company has not accepted any deposits.

During the year under review, there was no fraud reported by the auditors to the Audit Committee, pursuant to the provisions of the Companies Act, 2013.

## Directors and Key Managerial Personnel

Rajeev Jain, (DIN 01550158) Chairman and Managing Director, retires from the Board by rotation this year and being eligible, offers himself for re-appointment at the ensuing annual general meeting. The Nomination and Remuneration Committee has recommended the re-appointment of Rajeev Jain, Chairman as a Director liable to retire by rotation.

Rajesh Viswanathan resigned from the post of Chief Financial Officer (CFO) w.e.f. 03 February 2016 and Sandeep Jain, CFO and Key Managerial Person of Bajaj Finance Limited, was appointed as CFO and Key Managerial Person of the Company w.e.f. 25 March 2016.

No remuneration was paid to Managing Director during the year pursuant to his terms of appointment.



## **Board meetings**

The Board of Directors met six times during the year on 20 May 2015, 22 July 2015, 13 October 2015, 23 December 2015, 27 January 2016 and 25 March 2016.

## **Directors' responsibility statement**

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- (ii) 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;
- (iii) 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;
- (iv) the Directors have prepared the annual accounts on a going concern basis; and
- (v) 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 from Independent Directors**

Independent directors of the Company have given a declaration that they meet the criteria on independence as provided in Section 149(6) of the Companies Act, 2013.

## **Remuneration policy**

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 copy of the remuneration policy has been annexed to this report as Annexure 2.

## **Audit Committee**

The Audit Committee consisting of J Sridhar, Sanjay Bhargava and Ajay Sathe, Directors as members met four times during the year on 20 May 2015, 22 July 2015, 13 October 2015 and 27 January 2016.

## **Auditors' report**

There is no qualification, reservation or adverse remark or disclaimer made in the auditors' report.

## **Secretarial Auditor**

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



A report from secretarial auditor is annexed to this Report. The same does not contain any qualification, reservation or adverse remark or disclaimer.

### **Particulars of Loans, Guarantees or Investments**

Information regarding Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 are detailed in the Financial Statements.

### **Related Party Transactions**

During the year there were no transactions with any related party.

### **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.

### **Formal annual evaluation**

During FY2016, evaluation of the performance of the Board, its Committees and individual directors was done on the basis of evaluation criteria approved by the Nomination and Remuneration Committee. Rating sheets were circulated to the Directors for the purpose of evaluation of performance of the Board, its Committees and individual Directors.

A summary of performance evaluation of the Board, its Committees and individual directors was prepared on the basis of rating sheets received from the individual Directors and the same was placed before the Board.

### **Significant and Material Orders Passed by the Regulators or Courts**

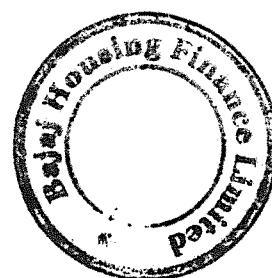
During the year under review, there were no orders passed by the Regulators or Courts or tribunals, which may impact the going concern status of the Company and its operations in future.

### **Adequacy of Internal Financial Controls**

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

### **Presentation of financial results**

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





## Secretarial Standards of ICSI

Pursuant to the approval from the Ministry of Corporate Affairs, the Institute of Company Secretaries of India (ICSI) has on 23 April 2015, notified the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) effective from 1 July 2015. The Company is complying with the same.

## Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013, Dalal & Shah, Chartered Accountants, were appointed as statutory auditors of the Company at the 6th annual general meeting (AGM) of the Company for a period from the conclusion of the said AGM till the conclusion of the 9th AGM subject to ratification of their appointment by the members at every AGM held thereafter. W.e.f. 21 December 2015, the auditors' firm has been converted into a limited liability partnership having registration no. 102021WW100110. A resolution for ratification of appointment of Dalal & Shah LLP, Chartered Accountants, as auditors and fixation of their remuneration for the year 2016–17 is proposed in the notice of the ensuing AGM for the approval of the members.

The Company has received from Dalal & Shah LLP, an eligibility certificate for ratification of their appointment for the year 2016–17 and that their appointment shall be in accordance with the prescribed conditions and that the LLP is not disqualified under the Companies Act, 2013.

The Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

Pune: 20 May 2016



On behalf of the Board of Directors

  
Rajeev Jain (DIN 01550518)  
Chairman and Managing Director



**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2016.

To,  
The Members,  
Bajaj Housing Finance Limited,  
(Formerly Bajaj Financial Solutions Limited)  
(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 Limited, (Formerly Bajaj Financial Solutions Limited) (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company 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 2016, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) National Housing Bank Act, 1987, Directions and Guidelines thereunder

The Company is a Public Company which is a subsidiary of Listed Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

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 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, alongwith agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the period, National Housing Bank (NHB) has granted a certificate of registration dated 24 September 2015 to the Company to commence the business of housing finance institution without accepting public deposits.

I further report that during the period Company altered object clause of its Memorandum of Association by passing Special Resolution at Extra Ordinary General Meeting held on 26 December 2015, after complying with the rules and regulation in this context.

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.

*Date:* 20 May 2016

*Place:* Pune

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

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
As on 31 March 2016

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

**I. REGISTRATION AND OTHER DETAILS:**

Sr. No.	Particulars	Details
1	CIN	U65910PN2008PLC132228
2	Registration date	13/06/2008
3	Name of the Company	Bajaj Housing Finance Limited (Formerly Bajaj Financial Solutions Limited)
4	Category/ Sub-category of the Company	Public Company, Limited by shares
5	Address of the registered office and contact details	Bajaj Auto Limited Complex, Mumbai-Pune Road, Akurdi, Pune- 411035 Tel: 020 3018 6403
6	Whether listed company	No
7	Name, Address and Contact details of the Registrar and Transfer Agent, if any	NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
NIL	NIL	NIL	NIL

**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 Limited Address: Bajaj Auto Ltd. Complex, Mumbai - Pune Road, Akurdi - 411 035	L65923PN2007PLC130075	Holding	57.28	Section 2(46)





<b>Sub-total (B)(2)</b>	0	0	0	0	0	0	0	0	0
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	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
<b>Grand Total (A+B+C)</b>	0	50,000,000	50,000,000	100	0	50,000,000	50,000,000	100	0

**ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (1 April 2015)			Shareholding at the end of the year (31 March 2016)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Bajaj Finance Limited	*5,00,00,000	100	0	*5,00,00,000	100	0	0
	Total	5,00,00,000	100	0	5,00,00,000	100	0	0

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

**iii) Change in Promoters' Shareholding (please specify, if there is no change)- No change**

**iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): There are no shareholders of the Company apart from Promoters.**

**v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.		Shareholding at the beginning of the year (1 April 2015)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For each of the Directors and Key Managerial Personnel				
<b>(i)</b>	<b>Shri Rajeev Jain (Chairman and Managing Director) jointly with Bajaj Finance Limited</b>				
	At the beginning of the year	100	0.00		
	At the end of the year	100	0.00		
<b>(ii)</b>	<b>Shri Anant Damle (Company Secretary) jointly with Bajaj Finance Limited</b>				
	At the beginning of the year	100	0.00		
	At the end of the year	100	0.00		

**V. INDEBTEDNESS: NIL**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: **NIL**

B. REMUNERATION TO OTHER DIRECTORS: **NIL**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: **NIL**

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**



**BAJAJ HOUSING FINANCE LIMITED**

**REMUNERATION POLICY**

**(I) Criteria for Determining Qualifications, Positive Attributes & Independence of Director**

**1. Qualifications of Independent Director:-**

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, operations or other disciplines related to the company's business.

**2. Positive attributes of Independent Directors:-**

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

**3. Independence of Independent Directors:-**

An Independent director should meet the requirements of the Companies Act, 2013 concerning independence of directors.

**(II) Remuneration Policy for Directors, Key Managerial Personnel and other employees**

**A. NON-EXECUTIVE DIRECTORS (NEDs)**

NEDs may be paid a sitting fee for every meeting of the board or committee thereof attended by them as member, and/or commission at such rate as may be decided by the board.

Additional commission, apart from commission referred to above, may be paid to non-executive directors as may be decided by the board of directors of the company from time to time, depending on the extra time and effort as may be devoted and contribution as may be made by the non-executive directors.

The company has no stock options plans for directors and no payment by way of bonus, pension, incentives etc. shall be paid.

## **B. MANAGING DIRECTOR & KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES**

The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The Remuneration to Managing Director, if any shall take into account the Company's overall performance, Managing Director's contribution for the same & trends in the industry in general, in a manner which will ensure and support a high performance culture.

The Remuneration to Directors, Key Managerial Personnel, Senior Management and other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Since the Key Managerial Personnel of the company are also the Key Managerial Personnel of the holding company namely, Bajaj Finance Limited, and they are in receipt of the remuneration from that company, no remuneration is being paid by the company at present.

The above criteria and policy are subject to review by the Nomination and Remuneration committee and the Board of Directors of the Company.

**FOR BAJAJ HOUSING FINANCE LIMITED**

**Pune  
14 January 2015**

**CHAIRMAN AND MANAGING DIRECTOR**

# Dalal & Shah LLP

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF BAJAJ HOUSING FINANCE LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Bajaj Housing Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

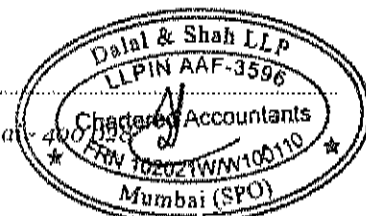
#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

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

Dalal & Shah LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai - 400 028  
T: +91 (22) 66691500, F: +91 (22) 66547804 / 07



Registered office and Head office : 252 Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai 400028

# Dalal & Shah LLP

Chartered Accountants

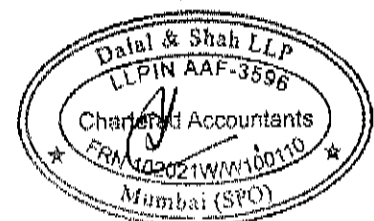
INDEPENDENT AUDITORS' REPORT  
To the Members of Bajaj Housing Finance Limited  
Report on the Financial Statements  
Page 2 of 3

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company does not have any pending litigations as at March 31, 2016 which would impact its financial position.



# Dalal & Shah LLP

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

To the Members of Bajaj Housing Finance Limited

Report on the Financial Statements

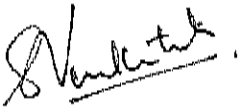
Page 3 of 3

- ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2016
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Dalal & Shah LLP

Firm Registration Number: 102021W / W100110

Chartered Accountants



S. Venkatesh

Partner

Membership Number: 037942

Mumbai

May 20, 2016

# Dalal & Shah LLP

Chartered Accountants

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Bajaj Housing Finance Limited on the financial statements for the year ended March 31, 2016

Page 1 of 2

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Bajaj Housing Finance Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

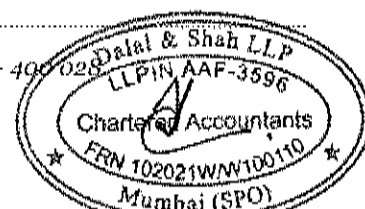
3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards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

### Meaning of Internal Financial Controls Over Financial Reporting

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

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# Dalal & Shah LLP

Chartered Accountants

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Bajaj Housing Finance Limited on the financial statements for the year ended March 31, 2016

Page 2 of 2

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.

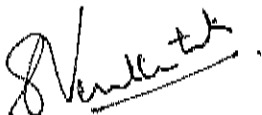
### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

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

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



S. Venkatesh  
Partner  
Membership Number : 037942

Mumbai  
May 20, 2016

# Dalal & Shah LLP

Chartered Accountants

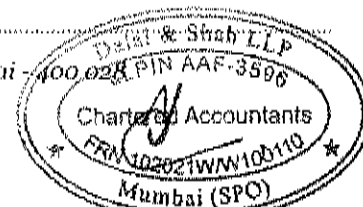
## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Bajaj Housing Finance Limited on the financial statements as of and for the year ended March 31, 2016

- i. The Company does not have any fixed assets and therefore the provisions of Clause 3(i) (a), (b) and (c) of the said Order are not applicable to the Company.
- ii. Considering the nature of activities carried on at present by the Company, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the investments made by it. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products or services of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax and service tax with the appropriate authorities. As explained to us there are no dues towards provident fund, employees state insurance, duty of customs, duty of excise, sales tax, value added tax, cess and other material statutory dues, as applicable.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax, duty of customs, duty of excise, sales tax and value added tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has neither paid nor provided for managerial remuneration and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

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Dalal & Shah (a Partnership Firm) converted into Dalal & Shah LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAF-3596) with effect from December 21, 2015. Post its conversion to Dalal & Shah LLP, its ICAI registration number is 102021W/W100110 (ICAI registration number before conversion was 102021W).



# Dalal & Shah LLP

Chartered Accountants

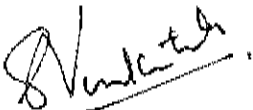
## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Bajaj Housing Finance Limited on the standalone financial statements for the year ended March 31, 2016

Page 2 of 2

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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



S. Venkatesh  
Partner  
Membership Number : 037942

Mumbai  
May 20, 2016

**BAJAJ HOUSING FINANCE LIMITED**

**BALANCE SHEET**

AS AT

31 March 2016

AND

**STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED

31 March 2016

**BAJAJ HOUSING FINANCE LIMITED**

**BALANCE SHEET AS AT 31 MARCH 2016**

Amount in ₹

Particulars	Note No.	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	500,000,000	500,000,000
Reserves and surplus	4	(252,481,602)	(253,011,541)
		<b>247,518,398</b>	<b>246,988,459</b>
<b>Current liabilities</b>			
<b>Trade payables</b>			
Total outstanding due to Micro, Small and Medium Enterprises	5	-	-
Total outstanding due to creditors other than Micro, Small and Medium Enterprises	5	371,023	252,541
Other current liabilities	5	200,234	197,454
		<b>571,257</b>	<b>449,995</b>
<b>Total</b>		<b>248,089,655</b>	<b>247,438,454</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	6	-	-
Intangible assets		-	-
		<b>-</b>	<b>-</b>
Non-current investments	7	120,000,000	120,000,000
Long-term loans and advances	8	208,629	647,499
Trade receivables	9	-	-
Other non-current assets	10	-	-
		<b>120,208,629</b>	<b>120,647,499</b>
<b>Current assets</b>			
Current investments	7	116,501,395	116,785,246
Trade receivables	9	-	4,655
Cash and bank balances	11	11,186,330	9,778,497
Short-term loans and advances	8	-	-
Other current assets	10	193,301	222,557
		<b>127,881,026</b>	<b>126,790,955</b>
<b>Total</b>		<b>248,089,655</b>	<b>247,438,454</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

On behalf of the Board of Directors

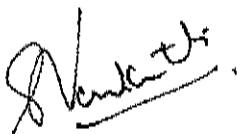
**For Dalal & Shah LLP**

Firm Registration No. (102021W / W100110)

Chartered Accountants

  
Rajeev Jain

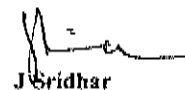
Chairman and Managing Director



S. Venkatesh

Partner

Membership No. 037942



J. Prithvi

Director and Chairman  
of Audit Committee

Mumbai: 20 May 2016

  
Sandeep Jain

Chief Financial Officer

Pune: 20 May 2016



Anant Damle  
Company Secretary

**BAJAJ HOUSING FINANCE LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016**

Amount in ₹

Particulars	Note No.	Year Ended 31 March 2016	Year Ended 31 March 2015
Revenue from operations		-	-
Other income	12	929,912	945,937
<b>Total revenue</b>		<b>929,912</b>	<b>945,937</b>
<b>Expenses:</b>			
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense	6	-	117,824
Other expenses	13	399,973	749,193
<b>Total expenses</b>		<b>399,973</b>	<b>867,017</b>
<b>Profit before tax</b>		<b>529,939</b>	<b>78,920</b>
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expense	15	-	-
<b>Profit after tax for the year</b>		<b>529,939</b>	<b>78,920</b>
Basic and diluted Earnings per share (in ₹) (Nominal value per share ₹ 10)	14	0.011	0.002

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

On behalf of the Board of Directors

**For Datal & Shah LLP**

Firm Registration No. (102021 W / W100110)

Chartered Accountants

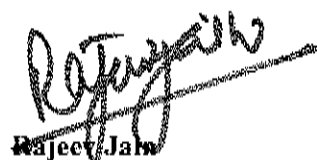


**S. Venkatesh**

**Partner**

Membership No. 037942

**Pune: 20 May 2016**



**Rajeev Jain**

**Chairman and Managing Director**



**J Sidhar**

**Director and Chairman  
of Audit Committee**



**Sandeep Jain**

**Chief Financial Officer**

**Pune: 20 May 2016**



**Anant Damle**

**Company Secretary**


## Cash Flow Statement for the year ended 31 March 2016

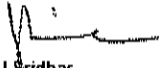
Particulars	2015-2016		2014-2015	
	₹	₹	₹	₹
<b>I. OPERATING ACTIVITIES</b>				
Profit/(Loss) before tax		529,939		76,920
Add:				
i) Depreciation & Amortization	-		117,824	
ii) Loss on Sale of Assets			193,917	
iii) Provision for Doubtful Advances	14,557			
		14,557		311,741
Less:				
i) Profit on sale of current investments	116,149			
ii) Interest on Fixed Deposits	768,000		828,311	
		864,149		828,311
Operating profit/(loss) before working capital change		(339,653)		(437,650)
Change in assets & liabilities				
i) Loans & advances	(91,357)		(57,828)	
ii) Trade receivable	4,055		728	
iii) Other assets				
iv) Liabilities & provisions	121,282		(65,673)	
		34,560		(122,773)
		(305,093)		(560,423)
Tax refunds (net of taxes paid)		515,670		264,987
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>210,577</b>		<b>(295,436)</b>
<b>II. INVESTING ACTIVITIES</b>				
i) (Increase)/Decrease in other bank balance (fixed deposits)			(560,000)	
ii) (Increase)/Decrease in Investment in mutual funds	283,851		(114,000,000)	
	283,851		(114,560,000)	
iii) Investment and other Non-operating Income:				
Profit on sale of current investments	116,149			
Interest on Fixed Deposits	797,256		836,438	
<b>NET CASH FROM INVESTMENT ACTIVITIES</b>		<b>1,197,256</b>		<b>(113,723,562)</b>
<b>III. FINANCING ACTIVITIES</b>				
Issue of share capital			110,000,000	
<b>NET CASH FROM FINANCING ACTIVITIES</b>				<b>110,000,000</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>		<b>1,407,833</b>		<b>(4,018,998)</b>
Cash and Cash Equivalents as at 01.04.2015 (Opening Balance)		218,497		4,237,495
Cash and Cash Equivalents as at 31.03.2016 (Closing Balance)		1,626,330		218,497

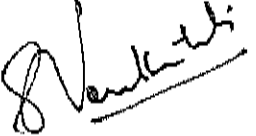
As per our attached report of even date

On behalf of the Board of Directors

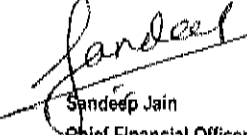
For Datal & Shah LLP  
Firm Registration No. (102021 W / W100110)  
Chartered Accountants

  
Rajeev Jain  
Chairman and Managing Director


  
J. Sridhar  
Director & Chairman  
of Audit Committee

  
S. Venkatesh  
Partner

Membership No. 037942  
Mumbai : 20 May 2016

  
Sandeep Jain  
Chief Financial Officer

Pune : 20 May 2016

  
Anant Damle  
Company Secretary

## 1. Background:

Bajaj Housing Finance Limited was incorporated, as wholly owned subsidiary of Bajaj Finserv Limited on 13 June 2008. During the financial year 2014 – 15 the Company became a wholly owned subsidiary of Bajaj Finance Limited and, has also changed its object clause by incorporating objects relating to Housing Finance Business. The Company has received a certificate from National Housing Bank for Housing Finance business vide certificate no 09.0127.15 Dated September 24, 2015.

## 2. Summary of Significant Accounting Policies

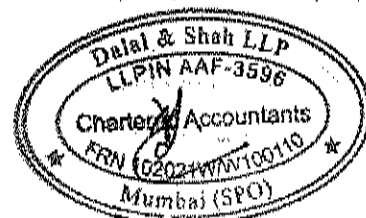
### Basis of preparation

These Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies' Act, 1956 shall continue to apply. The Ministry of Corporate Affairs (MCA) has notified Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30<sup>th</sup> March 2016. The said notification is applicable to accounting period commencing on or after the date of notification i.e. 1<sup>st</sup> April 2016. Accordingly, these Financial Statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956, Companies (Accounting Standards) Rules, 2006, the other relevant provisions of the Companies Act, 2013 and National Housing Bank Regulations to the extent applicable to the Company.

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

### A. System of Accounting:

- i) The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- iii) The preparation of Financial Statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of financial statements. The estimates and assumptions used in the accompanying Financial Statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.



**a. Revenue recognition**

- i) Interest on fixed deposits is recognized when due or accrued.

**b. Investments**

- i) Long term Investments are stated at cost. Provision for decline in value, other than temporary is considered whenever necessary.
- ii) Current Investments are stated at lower of the cost and fair value.
- iii) Profit/loss on sale/redemption of investments is recognized on the contract date

**c. Fixed assets, Depreciation & Amortisation**

**i) Tangible assets**

Tangible assets except land are carried at cost of acquisition, construction or at manufacturing cost, as the case may be, less accumulated depreciation and amortization. Cost represents all expenses directly attributable to bringing the asset to its working condition for its expected use.

**ii) Depreciation and amortization**

Depreciation is provided on a pro rata basis on the straight line method over the useful lives of the assets as determined by the Management by internal technical assessments.

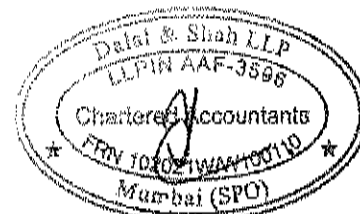
Depreciation on additions is being provided on pro rata basis from the month of such additions

Individual assets / group of similar assets costing less than ₹ 5,000 has been depreciated in full in the year of purchase.

Depreciation on assets sold, discarded or demolished during the year is being provided at their rates upto the month in which such assets are sold, discarded or demolished

**d. Provisions and Contingent Liabilities**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



**e. Taxation**

- i) Provision for Taxation is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income Tax Act, 1961.
- ii) Deferred Tax resulting from timing difference between book profits and taxable profits are accounted for to the extent deferred tax liabilities are expected to crystallise with reasonable certainty. However, in case of deferred tax assets (representing unabsorbed depreciation or carried forward losses) are recognised, if and only if there is virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

**f. Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

**g. Employee Benefits**

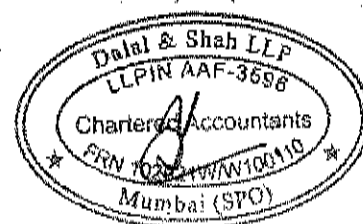
**i) Privilege Leave entitlements**

Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed at any time during the tenure of employment the liability is recognised at the actuarially determined value by an Appointed Actuary.

**ii) Gratuity**

Payment for present liability of future payment of gratuity is being made to approved Gratuity Fund, which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Limited (BALIC). However, any deficit in Plan Assets managed by LIC and BALIC as compared to the actuarial liability is recognised as a liability.

**iii) Provident Fund Contributions** are made to Government Provident Fund Trust.





Notes to financial statements for the year ended 31 Mar 2016

3 Share Capital

Particulars	Amount in ₹	
	As at 31st March 2016	2015
<b>Authorised :</b> 50,000,000 equity shares of ₹ 10 each (Previous year 50,000,000 equity shares of ₹ 10 each)	500,000,000	500,000,000
<b>Issued, subscribed and Fully paid-up shares :</b> 50,000,000 equity shares of ₹ 10 each (Previous year 50,000,000 equity shares of ₹ 10 each)	500,000,000	500,000,000
	<b>500,000,000</b>	<b>500,000,000</b>

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

Particulars	As at 31st March 2016		As at 31st March 2015	
	Nos.	Amount in ₹	Nos.	Amount in ₹
Shares Outstanding at the beginning of the year	50,000,000	500,000,000	39,000,000	390,000,000
Add: Issued during the year	-	-	11,000,000	110,000,000
<b>Outstanding at the end of the year</b>	<b>50,000,000</b>	<b>500,000,000</b>	<b>50,000,000</b>	<b>500,000,000</b>

b. Terms/rights attached to equity shares

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

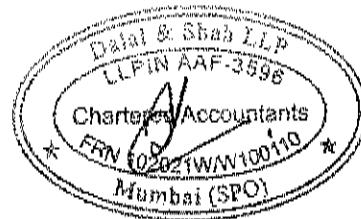
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Particulars	As at 31st March 2016		As at 31st March 2015	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid Bajaj Finance Limited	50,000,000	100.00%	50,000,000	100.00%
	<b>50,000,000</b>	<b>100.00%</b>	<b>50,000,000</b>	<b>100.00%</b>

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

Particulars	As at 31st March 2016		As at 31st March 2015	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid Bajaj Finance Limited	50,000,000	100.00%	50,000,000	100.00%
	<b>50,000,000</b>	<b>100.00%</b>	<b>50,000,000</b>	<b>100.00%</b>



**Bajaj Housing Finance Limited**  
**Notes to financial statements for the year ended 31 March 2016**

Particulars	Amount in ₹	
	2016	2015
<b>4 Reserves and surplus</b>		
<b>As at 31st March</b>		
<b>Reserve Funds in terms of Section 29C of National Housing Bank act 1987</b>		
Balance as at the beginning of the year	-	-
Add Set aside during the year	106,000	-
	106,000	-
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	(253,011,541)	(253,090,461)
Profit/(Loss) for the year	529,939	78,920
<b>Less: Appropriations</b>		
Transfer to Reserve Fund in terms of Section 29C of the National Housing Bank Act, 1987	106,000	-
<b>Net surplus in the statement of profit and loss</b>	<b>(252,587,602)</b>	<b>(253,011,541)</b>
<b>Total</b>	<b>(252,481,602)</b>	<b>(253,011,541)</b>

Particulars	Amount in ₹	
	2016	2015
<b>5 Current liabilities</b>		
<b>As at 31st March</b>		
<b>Trade payables</b>		
Dues to micro and small enterprises	-	-
Dues to creditors other than micro and small enterprises	371,023	252,541
	371,023	252,541
<b>Other current liabilities</b>		
Statutory dues Payable	16,215	-
Other Payables	184,019	197,454
	200,234	197,454
<b>Total</b>	<b>571,257</b>	<b>449,995</b>

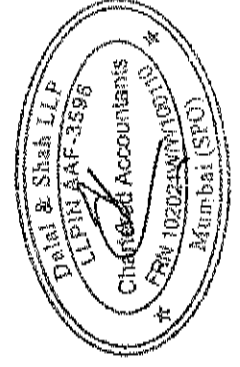


6. Fixed assets (tangible and intangible assets) Amount in ₹

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As on 31 March 2015	Additions	Deductions & Adjustments	As on 31 March 2016	As on 31 March 2015	Deductions & Adjustments	For the Year	As on 31 March 2016	As on 31 March 2016
Tangible Assets :									
Furniture & Fixtures	-	-	-	-	-	-	-	-	-
Office Appliances	-	-	-	-	-	-	-	-	-
<b>Total Tangible Assets</b>	-	-	-	-	-	-	-	-	-
Intangible Assets :									
	-	-	-	-	-	-	-	-	-
<b>Total Fixed Assets</b>	-	-	-	-	-	-	-	-	-

Previous year fixed assets schedule

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As on 31 March 2014	Additions	Deductions & Adjustments	As on 31 March 2015	As on 31 March 2014	Deductions & Adjustments	For the Year	As on 31 March 2015	As on 31 March 2015
Tangible Assets :									
Furniture & Fixtures	420,432	-	420,432	-	216,612	287,418	70,806	-	-
Office Appliances	247,461	-	247,461	-	139,540	186,558	47,018	-	-
<b>Total Tangible Assets</b>	<b>667,893</b>	-	<b>667,893</b>	-	<b>356,152</b>	<b>473,976</b>	<b>117,824</b>	-	-
Intangible Assets :									
	-	-	-	-	-	-	-	-	-
<b>Total Fixed Assets</b>	<b>667,893</b>	-	<b>667,893</b>	-	<b>356,152</b>	<b>473,976</b>	<b>117,824</b>	-	-



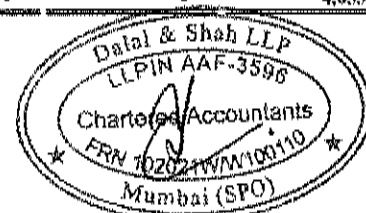
**Bajaj Housing Finance Limited**  
**Notes to financial statements for the year ended 31 March 2016**

Particulars	Amount in ₹			
	2016	Non-current As at 31st March 2015	Current As at 31st March 2016	2015
<b>7 Investments</b>				
<b>Long Term Investments :</b>				
Trade				
In Subsidiary Companies				
Equity Shares:				
<b>Unquoted:</b>				
14,000,000 shares of ₹ 10 each of Bajaj Financial Securities Limited	140,000,000	140,000,000	-	-
Less: Provision for Diminution in the value of investments	(20,000,000)	(20,000,000)	-	-
<b>Total</b>	<b>120,000,000</b>	<b>120,000,000</b>	<b>-</b>	<b>-</b>
<b>Current Investments :</b>				
In Mutual Funds				
<b>Quoted:</b>				
IDFC Money Manager Fund Treasury Plan C - Growth - Defunt (Current Year 79,301 units, Previous Year : 101,780 units)	-	-	1,001,395	1,285,246
IDFC Money Manager Fund Treasury Plan C - Growth - Direct (Current Year 263,987 units, Previous Year : 263,987)	-	-	5,500,000	5,500,000
Birla Sun Life Savings Fund - Growth - Direct Plan (Current Year : 418,357 units, Previous Year : 418,357)	-	-	110,000,000	110,000,000
<b>Total</b>	<b>120,000,000</b>	<b>120,000,000</b>	<b>116,501,395</b>	<b>116,785,246</b>

Particulars	Amount in ₹			
	2016	Book value as at 2015	Market value as at 2016	2015
Quoted	116,501,395	116,785,246	130,713,894	120,329,546
Unquoted	120,000,000	120,000,000	-	-
	<b>236,501,395</b>	<b>236,785,246</b>	<b>130,713,894</b>	<b>120,329,546</b>

Particulars	Amount in ₹			
	2016	Long-term As at 31st March 2015	Short-term As at 31st March 2016	2015
<b>8 Loans and advances</b> (Unsecured, good, unless stated otherwise)				
Security deposits	11,219	11,219	-	-
Less : Allowance for Doubtful Security Deposits	(11,219)	(11,219)	-	-
Other loans and advances				
CENVAT credit receivable	1,328,539	1,313,982	-	-
Less : Provisions	(1,328,539)	(1,313,982)	-	-
Advance income-tax	208,629	647,499	-	-
<b>Total</b>	<b>208,629</b>	<b>647,499</b>	<b>-</b>	<b>-</b>

Particulars	Amount in ₹			
	2016	Non-Current As at 31st March 2015	Current As at 31st March 2016	2015
<b>9 Trade receivable</b>				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Others , Good	-	-	-	4,655
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,655</b>

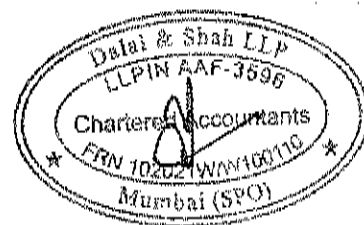


**Bajaj Housing Finance Limited**  
**Notes to financial statements for the year ended 31 March 2016**

Particulars	Amount in ₹			
	Non-current		Current	
	2016	As at 31st March 2015	As at 31st March 2016	2015
Interest receivable on fixed deposits	-	-	193,301	222,557
<b>Total</b>	-	-	<b>193,301</b>	<b>222,557</b>

Particulars	Current	
	As at 31st March	
	2016	2015
Cash and Cash equivalents	-	-
Balances with banks:		
On current accounts	1,626,330	218,497
	<b>1,626,330</b>	<b>218,497</b>
Other bank balances		
Deposits with Bank		
Residual maturity less than 12 months	9,560,000	9,560,000
	<b>9,560,000</b>	<b>9,560,000</b>
<b>Total</b>	<b>11,186,330</b>	<b>9,778,497</b>

Particulars	For the year ended	
	2016	2015
<b>Other Interest Income</b>		
Interest on Fixed Deposit with Banks	768,000	828,311
	<b>768,000</b>	<b>828,311</b>
<b>Profit on Sale of Current Investment</b>	116,149	-
<b>Other Non Operating Income</b>		
Miscellaneous Income	8,779	-
Provision no longer required	10,614	-
Other Commission from AMC	-	93,113
Interest on Income Tax Refund	26,370	24,513
<b>Total</b>	<b>929,912</b>	<b>945,937</b>



13 Other expenses

Amount in ₹

Particulars	For the year ended	
	2016	2015
Auditors remuneration	160,000	140,000
Legal & Professional Fees	205,837	340,807
Travelling & Conveyance	-	2,196
Provision for doubtful advances	14,557	-
Printing & Stationery Expenses	-	11,970
Business Support services	-	23,172
Miscellaneous expenses	19,579	37,131
Loss on Sale of Asset (net)	-	193,917
<b>Total</b>	<b>399,973</b>	<b>749,193</b>

Payment to auditor (net of service tax)

Amount in ₹

Particulars	For the year ended	
	2016	2015
<b>As auditor:</b>		
Audit fee	100,000	100,000
Other services (certification fees)	60,000	40,000
<b>Total</b>	<b>160,000</b>	<b>140,000</b>

14 Earning per share (EPS)

Amount in ₹

Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

Particulars	For the year ended	
	2016	2015
a) Profit for the year after taxation (₹)	399,979	78,920
Weighted average number of shares outstanding during the year	50,000,000	43,315,068
b) Basic / Diluted Earnings per share (₹)	0.011	0.002
Face value per share ₹	10	10

15 Taxation

In view of carry forward losses no provision of tax including minimum alternate tax is consider necessary.





**17 Business**

Company has been granted a certificate (Certificate No : 09.0127.15 Dated - 24 September 2015) from National Housing Bank to commence Housing Finance Business.

**18 Consolidation**

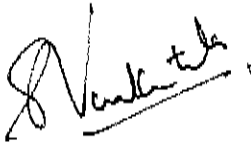
The Company is an intermediate wholly owned subsidiary of Bajaj Finance Limited and therefore is exempted from preparation of Consolidated Financials Statements

**19 Previous year figures**

Previous year figures have been regrouped, wherever necessary, to make them comparable with those of the current period.

In terms of our report of even date

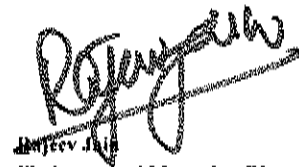
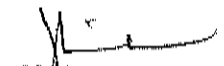
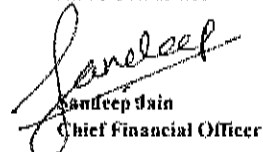
For Datal & Shah LLP  
Firm Registration No. (102021W / W100110)  
Chartered Accountants



S. Venkatesh  
Partner  
Membership No. 037942

Mumbai: 20 May 2016

On behalf of the Board of Directors

  
Rajeev Jain  
Chairman and Managing Director  
J Sridhar  
Director and Chairman  
Audit Committee  
Sandeep Jain  
Chief Financial Officer  
Pune: 20 May 2016  
Anant Dantle  
Company Secretary



**Statement containing salient features of the financial statement 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)

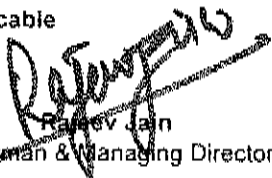
**Part A: Subsidiaries**

	(Amounts in ₹)
1 Name of the subsidiary	Bajaj Financial Securities Limited
2 Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2015 – 31.03.2016
3 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable
4 Share capital	140,000,000
5 Reserves and surplus	(189,77,101)
6 Total assets	1212,73,909
7 Total Liabilities	251,010
8 Investments	113,848,884
9 Turnover	986,021
10 Profit before taxation	566,846
11 Provision for taxation	-
12 Profit after taxation	566,846
13 Proposed dividend	NA
14 % of shareholding	100%

**Part B: Associates and Joint Ventures – Not Applicable**

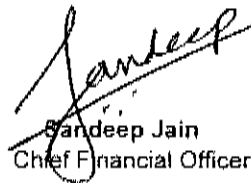
In terms of our report of even date

For Dalal & Shah LLP  
Chartered Accountants  
Firm Registration No. (102021W / W100110)

  
Ravi Jain  
Chairman & Managing Director

  
Sridhar  
Director & Chairman  
of Audit Committee

  
S. Venkatesh  
Partner  
Membership No. 037942

  
Sandeep Jain  
Chief Financial Officer

  
Anant Damle  
Company Secretary

Mumbai: 20 May 2016

Pune: 20 May 2016