

NOTICE

Notice is hereby given that the twenty sixth annual general meeting of the members of Bajaj Finance Limited will be held on Thursday, 18 July 2013 at 12 noon at the registered office of the Company at Akurdi, Pune - 411 035 to transact the following business:

1. To consider and adopt the audited balance sheet as at 31 March 2013 and the statement of profit and loss for the year ended 31 March 2013 and the directors' and the auditors' reports thereon.
2. To declare a dividend.
3. To appoint a director in place of Nanoo Pamnani who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of D J Balaji Rao who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Dipak Poddar who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint auditors of the Company for the period commencing from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

By order of the Board of Directors
For Bajaj Finance Limited



Anant Damle
Company Secretary

Pune: 15 May 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. Brief details of retiring directors, who are seeking re-appointment, are annexed hereto as per requirements of clause 49 of the listing agreement.
3. The register of members and the share transfer books of the Company will remain closed from Saturday, 6 July 2013 to Thursday, 18 July 2013 (both days inclusive) for the purpose of annual general meeting and payment of dividend.
4. Dividend on equity shares, if declared, at the annual general meeting, will be credited/dispatched between Tuesday, 23 July 2013 to Thursday, 25 July 2013 as under:
 - a) to all those members holding shares in physical form after giving effect to all valid share transfers lodged with the Company/share transfer agent (i.e. Karvy Computershare Private Limited) before closing hours on Friday, 5 July 2013.
 - b) to all those beneficial owners holding shares in electronic form as per beneficial ownership data as may be made available to the Company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of the end of the day on Friday, 5 July 2013.
5. As per circular dated 21 March 2013, issued by Securities and Exchange Board of India, companies whose securities are listed on stock exchanges are required to use electronic mode of payment approved by Reserve Bank of India for making payment to the members. Accordingly, dividend, if declared, will be paid through National Electronic Clearing Service (NECS)/Electronic Clearance Service (ECS), wherever the facility is available. Where dividend payments are made through NECS/ECS, intimations regarding such remittance would be sent separately to the members. In case where the dividend cannot be paid through NECS/ECS, the same will be paid by account payee/non-negotiable instruments with bank account details printed thereon. For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, on or before Friday, 5 July 2013, updated particulars of their bank account, to the share transfer agent of the Company along with a photocopy of a 'cancelled' cheque of the bank account. Beneficial owners holding shares in electronic form are requested to furnish their bank particulars to their respective depository participants and make sure that such changes are recorded by them correctly on or before Friday, 5 July 2013.
6. Members, holding shares in physical form, are requested to notify change of address, if any, to the share transfer agent of the Company on or before Friday, 5 July 2013. Beneficial owners holding shares in electronic form are requested to notify any change in address, etc. to their respective depository participants and make sure that such changes are recorded by them correctly on or before Friday, 5 July 2013.
7. Unclaimed dividend upto the FY1995 has been transferred to the general revenue account of the Central Government. Those who have not encashed their dividend warrants, for whatever reason, for the period prior to and including the FY1995, are requested to claim the amount from Registrar of Companies, Pune, PMT Building, 3rd Floor, Deccan Gymkhana, Pune 411 004.

Pursuant to sections 205A to 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of the Investors) Rules, 2001, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer is required to be transferred by the Company to a fund called "Investor Education and Protection Fund" (the fund) set up by the Central Government.

Unclaimed dividend for the years FY1996 to FY2005 has been transferred by the Company to the aforesaid fund within the prescribed time limit. The amounts of unclaimed/unpaid dividend for the subsequent years will be transferred to the said fund every year on their respective due dates. Members may kindly note that no claims shall lie thereafter against the fund or the Company in respect of the amounts transferred as aforesaid.

Members are, therefore, requested to verify their records and send claims, if any, for the relevant years from FY2006 onwards at the corporate office of the Company before the respective amounts become due for transfer to the fund.

The unpaid dividend amount for the FY2006 will be due for transfer to the aforesaid fund in September 2013. Members, who have not encashed the dividend warrants for the said year are, therefore, requested to immediately forward the same for payment to the share transfer agent.

8. The following statutory registers are open for inspection of members and others as prescribed in the respective sections of the Companies Act, 1956 as specified below:
 - a) Register of Contracts with companies and firms in which directors are interested under section 301 of the Companies Act, 1956 on all working days during business hours.
 - b) Register of Directors' Shareholding under section 307 of the Companies Act, 1956 on all working days during business hours during the period beginning fourteen days before the date of annual general meeting and ending three days after the date of its conclusion.
9. Corporate members are requested to send in advance duly certified copy of board resolution/power of attorney authorising their representative to attend and vote at the annual general meeting.
10. Members/proxies are requested to bring their attendance slip along with annual report to the meeting.
11. For security reasons, no article/baggage will be allowed at the venue of the meeting.
12. For faster communication, the members are requested to kindly register/update their email address at mohsin.mohd@karvy.com.

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Nanoo Pamnani, D J Balaji Rao and Dipak Poddar, directors, are due to retire by rotation at the annual general meeting, and, being eligible, offer themselves for re-appointment. Brief particulars of Nanoo Pamnani, D J Balaji Rao and Dipak Poddar are as follows:

- a) Nanoo Pamnani, 68, is B.A.(Hons.) from Bombay University and B.Sc. (Economics) from London School of Economics. Between 1982 to 1985, he was Chief Executive Officer of Citibank, N.A. India with responsibilities covering Corporate and Investment Banking in India and oversight over businesses in Sri Lanka, Bangladesh and Nepal. Between 1985 to 1989, he was Chief Executive Officer of Citibank, N.A. based in Manila and was involved in the country debt rescheduling process. During 1989 to 1995, he was with Citibank N.A. as Business Head for Private Banking businesses across Asia Pacific, excluding Japan and was based in Singapore. In 1995, he became Director of Operations and Technology of Citibank N.A. for over 70 countries including Emerging Markets (Asia, Latin America, Central and Eastern Europe and Middle East and Africa) and was based in London. In 1998, he became Chief Executive Officer of Citibank N.A., India with responsibilities covering Corporate and Investment Banking and Consumer Banking and Regional Head for India, Sri Lanka, Bangladesh and Nepal. In 2002, he was appointed to the position of Chairman, Citibank N.A., India in a non-executive capacity. From 2004 to December 2006, as Director of Citibank, N.A. Asia Pacific Group, based in Singapore, he focused on bank acquisitions and establishing new Centres of Excellence for Software and business processing across Asia Pacific. He retired from Citigroup with effect from 31 December 2006 and has now relocated to Mumbai, India.

He holds directorships in the following public limited companies:

- Bajaj Auto Limited
- Bajaj Finance Limited
- Bajaj Finserv Limited
- Bajaj Holdings & Investment Limited

He is the chairman of the audit committee of all the above mentioned companies and that of shareholders/investors grievance committee of Bajaj Finserv Limited. He is also a member of shareholders/investors grievance committee of Bajaj Finance Limited and Bajaj Holdings & Investment Limited.

He is also a member of remuneration committee of Bajaj Holdings & Investment Limited and Bajaj Finserv Limited. He is the chairman of remuneration and nomination committee of Bajaj Finance Limited.

He does not hold any shares in the Company.

- b) Doveton Jagannathrao Balaji Rao, 73, holds a B.E. Degree in Mechanical Engineering and is an Associate Member of Indian Institution of Industrial Engg. (AMIIIE). He attended the Advanced Management Program at the European Institute of Business Administration (INSEAD) at Fontainebleu, France in 1990.

He pursued his career as an Industrial Engineer for about 8 years before joining erstwhile ICICI Limited (since merged with ICICI Bank Limited) in 1970. After wide ranging responsibilities in different locations, he reached the position of Dy. Managing Director. He subsequently took over as the vice chairman and managing director of SCICI Limited, in August 1996. With the merger of SCICI Limited with ICICI Limited, he moved to Infrastructure Development Finance Company Limited (IDFC), as its first managing director, which he served till his superannuation in January 2000.

He has served on the boards of many leading companies including MICO Limited, Wipro Limited and Bharat Forge Limited. He is currently the chairman of 3M India Limited and director in following public limited companies:

- Ashok Leyland Limited
- Bajaj Auto Limited
- Bajaj Finance Limited
- Bajaj Finserv Limited
- Bajaj Holdings & Investment Limited
- CMI FPE Limited
- Graphite India Limited
- Hinduja Foundries Limited
- JSW Energy Limited

He is the chairman of audit committee of Hinduja Foundries Limited and CMI FPE Limited and that of shareholders grievance committee of Bajaj Auto Limited and 3M India Limited. He is also a member of audit committee of Ashok Leyland Limited, Bajaj Auto Limited, Bajaj Finserv Limited, 3M India Limited and JSW Energy Limited.

He does not hold any shares in the Company.

- c) Dipak Poddar, 69, is B.Sc.(Hons.), SB and SM (MIT), educated at Massachusetts Institute of Technology, USA and has experience of over three decades in finance, automobiles, garment exports, precision engineering and other areas. He was the Managing Director of the Company from April 1987 to March 2008.

He holds directorships in the following public limited companies:

- Bajaj Allianz General Insurance Company Limited
- Bajaj Finance Limited
- Brite Merchants Limited
- Poddar Developers Limited
- Poddar Natural Resources and Ores Limited
- Suvijay Exports Limited
- VIP Industries Limited

He is a member of audit committee of Poddar Developers Limited and VIP Industries Limited.

He does not hold any shares in the Company.

By order of the Board of Directors
For Bajaj Finance Limited



Anant Damle
Company Secretary

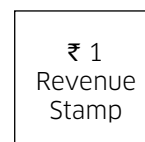
Pune: 15 May 2013

PROXY

I/We of
..... in the district of being member/s of
BAJAJ FINANCE LIMITED hereby appoint.....
of in the district of or failing him
..... of in the district of
as my/our proxy to vote for me/us on my/our behalf at the 26th annual general meeting of the Company to be held
on Thursday, 18 July 2013 at 12 noon and any adjournment thereof.

Signed this day of 2013.

Folio No.
DP ID No.
Client ID No.



Signature.....

NOTE:

The proxy duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.

Members who have multiple folios/demat accounts with different joint-holders may use copies of this proxy form.

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ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the meeting hall)

I hereby record my presence at the 26th annual general meeting of the Company on Thursday, 18 July 2013 at 12 noon at the registered office of the Company.

Folio No or Client ID and DP ID No.

Full name of the * member/proxy
(in BLOCK LETTERS)
* Strike out whichever is not applicable

Signature of the * member/proxy

NOTE:

Members who have multiple folios/demat accounts with different joint-holders may use copies of this attendance slip.

Bajaj Finance Limited

26th Annual Report 2012-13



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Corporate Information

Board of Directors

Rahul Bajaj
Chairman

Nanoo Pamnani
Vice Chairman

Madhur Bajaj

Rajiv Bajaj

Sanjiv Bajaj

D S Mehta

D J Balaji Rao

Omkar Goswami

Dipak Poddar

Ranjan Sanghi

Rajendra Lakhotia

Chief Executive Officer

Rajeev Jain

Company Secretary

Anant Damle

Auditors

Dalal & Shah
Chartered Accountants

Bankers

Central Bank of India
State Bank of India
IDBI Bank Limited
Syndicate Bank
Bank of India

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Plot No.17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081.

Debenture Trustee

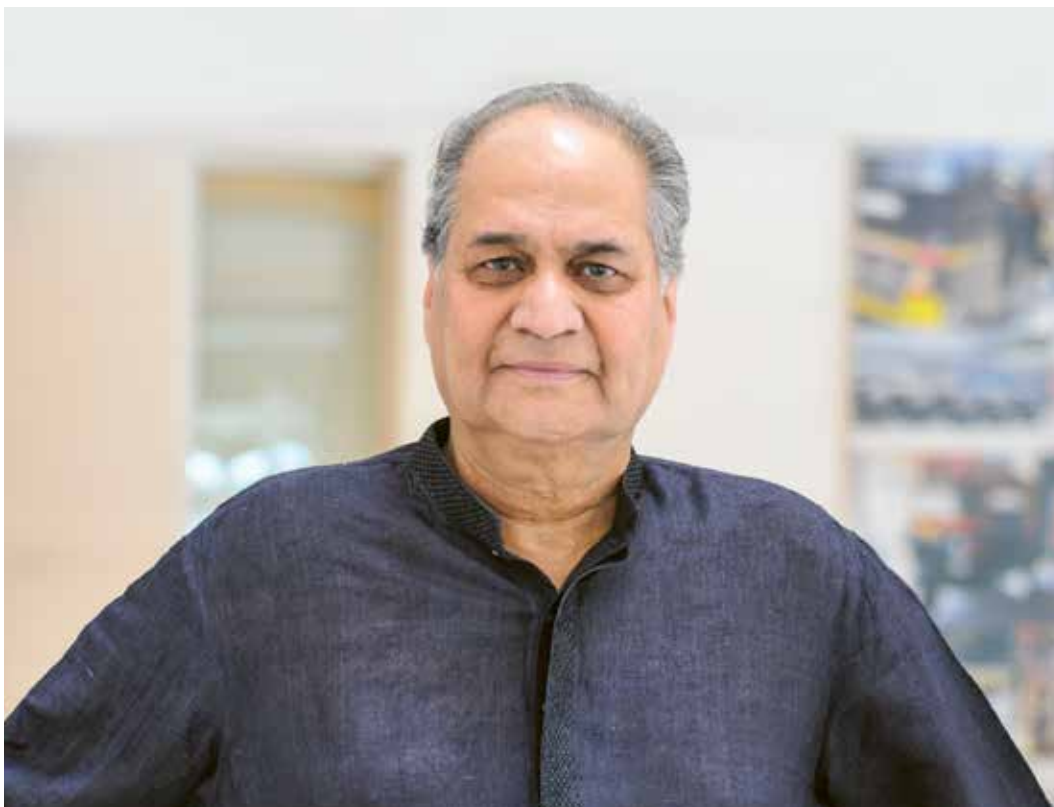
GDA Trusteeship Limited
S.No. 94/95, Plot No. 85,
Opp. Kothrud Bus Depot,
Off Paud Road, Kothrud,
Pune - 411 038.

Registered Office

Akurdi, Pune-411 035.

Corporate Office

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



Chairman's Letter

Dear Fellow Shareholder,

This is my first letter to you in an annual report of your Company. I am honoured to write this letter because I am truly proud of how well Bajaj Finance Limited has fared for two consecutive years despite difficult economic circumstances.

India's GDP growth not only remained weak, but also continued to decline throughout FY2013: 5.5% in Q1, 5.3% in Q2, followed by 4.5% in Q3, the last being the lowest quarterly growth in a decade. For FY2013, growth is expected to be around 5%, which is well below the 6.2% achieved in FY2012. As a matter of fact, the country's growth rate has declined by 3.3% over the last eight quarters.

Today, we are looking at low GDP growth; lack of sufficient investments to significantly increase the nation's productive capital stock; a high current account deficit, which is expected to be around 5% for FY2013 and a scenario where wholesale price inflation (WPI) and consumer price inflation (CPI) may remain uncomfortably high which could preclude further rate cuts by the RBI.

In such a milieu, I am delighted to share with you how well Bajaj Finance has done. Here are some key facts, the details of which you may read in the chapter on Management Discussion and Analysis.

- Your Company's total income increased by 43% to ₹ 3,111 crore in FY2013
- Profit before tax grew by 45% to ₹ 872 crore
- Profit after tax rose by 46% to ₹ 591 crore
- Loan deployment was up by 23% to ₹ 19,367 crore

- Bajaj Finance ended the year with net non-performing assets (net NPA) accounting for only 0.19% of its total loan book, which is amongst the lowest in the industry
- Capital adequacy as on 31 March 2013 stood at 21.95%, which is well above the RBI norms

Being aggressive in business yet conservative in financing, your Company opted to raise further capital in FY2013 through a rights issue in February 2013 which offered existing shareholders three shares for every nineteen shares held. Thanks to your faith in the Company and its business model, the issue was subscribed 1.16 times and enabled Bajaj Finance to raise ₹ 744 crore. This will create adequate headroom to leverage further growth in the next couple of years.

I am particularly proud of how well your Company has done in its consumer finance business and in the funding of small and medium entrepreneurs. Let me share some facts with you.

- Bajaj Finance continued to remain the largest two-wheeler lender in the country
- It maintained its position as the largest consumer durables lender in India and helped finance 13% of all consumer electronics sold in the year. In doing so, it acquired over 1.9 million new customers and operated across 4,500 points of sale in the country
- Your Company financed one out of every four LCD and plasma televisions sold in India
- Bajaj Finance's 'personal loan cross-sell' where it focuses on customers with a good repayment history of their two-wheeler and/or consumer durables loans to cross-sell a personal loan grew by 47% to ₹ 862 crore. In addition, the business of offering personal loans to relatively well off salaried employees working for leading companies stood at ₹ 559 crore in FY2013
- Loans against collateral of property grew by 34% to ₹ 3,024 crore
- Home loans grew by 94% to ₹ 1,410 crore
- Working capital loans to relatively affluent small business customers, including doctors and other professionals, increased by 38% to ₹ 1,237 crore in FY2013
- Financing of auto component manufacturers was ₹ 2,483 crore in FY2013

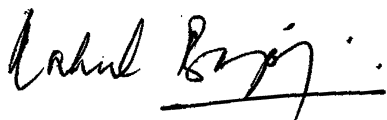
To reiterate, this has been a stellar year for your Company-even more creditable because it comes on the back of excellent performance of the previous year and has occurred in a very difficult economic environment.

On your behalf, allow me to congratulate Rajeev Jain, your Company's Chief Executive Officer, Nanoo Pamnani, Vice Chairman, Sanjiv Bajaj, Director of the Company and the rest of the management team for performing so well while maintaining high standards of financial care and probity.

Having said so, let me state that FY2014 may continue to be a difficult year for India. Therefore, it is imperative for your Company's management to remain even more focused on its businesses to deliver the excellent results that we are now getting accustomed to. I'm sure that the team will yet again rise to the challenge.

Thank you for your support. May it continue as Bajaj Finance scales greater heights.

Yours sincerely,



Rahul Bajaj
Chairman

Management Discussion and Analysis

India continues to witness a very challenging economic environment. Growth remained weak and continued to decline throughout 2012-13 (FY2013): 5.5% in Q1, 5.3% in Q2, followed by 4.5% in Q3, the last being the lowest quarterly growth in a decade. For FY2013, growth is expected to be in the neighbourhood of 5% – much below the 6.2% recorded for FY2012.

Declining growth is not the only economic problem. The current account deficit, which stood at 4.2% of GDP for FY2012, is expected to be around 5% for FY2013. Notably, the deficit for Q3 was a very high 6.7% mainly due to high imports of oil and gold. Both wholesale price inflation (WPI) and consumer price inflation (CPI) have remained uncomfortably high through the better part of the year. The WPI started declining only towards the end of FY2013 with a fall in core inflation; the CPI, however, continued to remain high on account of food inflation.

There were some positive developments on the monetary front. The Reserve Bank of India (RBI) began FY2013 with a higher than expected 50 bps policy rate cut in April 2012. This was followed by two further cuts in the policy rate of 25 bps each – resulting in a total of 100 bps repo rate cut through the year. Therefore, while the RBI's policy stance remains focused on containing inflation, it has shown some adjustment to marginally ease interest rates. It has also eased liquidity in FY2013 by cutting the CRR by 75 bps across the year and giving a fillip to open market operations worth ₹ 1.3 trillion.

During the second half of the fiscal year, the Government of India announced several reform measures such as increasing fuel prices and giving oil marketing companies greater freedom to adjust prices according to the global price of crude; opening of foreign direct investment (FDI) in different sectors, especially retail; setting up a high level committee to address much needed infrastructure investment; simplification of debt limits for foreign institutional investors (FII); and a fiscal consolidation plan under the aegis of the new Finance Minister. Simultaneously, oil, gold and other commodity prices have begun to ease. Hopefully, all these factors may aid growth in FY2014.

Even so, the challenges remain. The good news is that despite economic difficulties, the demand for retail finance remained fairly robust with the sector witnessing all-round growth. We expect retail finance to continue growing given the large untapped demand and a clear demographic shift in favour of a younger and more consumption and lifestyle conscious working population which should increase demand for homes and consumer durables.

Non-Banking Finance Companies (NBFCs) continue to play a critical role in making financial services accessible to a wider set of India's population and are emerging as strong intermediaries in the retail finance space. Going forward, one should expect NBFCs to further strengthen their presence in retail finance and grow at a reasonably healthy pace.

With assets under management of over ₹ 17,500 crore, Bajaj Finance Limited is one of the leading, diversified NBFCs in the country. The Company delivered excellent results in FY2013, the highlights of which are given below.

Performance Highlights FY2013

- Total income up 43% to ₹ 3,111 crore
- Profit before tax up 45% to ₹ 872 crore
- Profit after tax up 46% to ₹ 591 crore
- Deployment up 23% to ₹ 19,367 crore
- Assets under management up 34% to ₹ 17,517 crore
- Receivables under financing up 36% to ₹ 16,744 crore
- Loan losses and provisions up by 18% to ₹ 182 crore
- Capital adequacy as on 31 March 2013, 21.95% well above the RBI norms
- Capital infusion ₹ 831 crore

Bajaj Finance continues to focus on three broad categories: (i) consumer finance, (ii) SME finance and (iii) commercial lending. The Company's product suite in each of these verticals is given below.

Verticals	Product
	2 Wheeler and 3 Wheeler Finance
	Consumer Durables
Consumer Finance	Personal Loan Cross Sell
	Salaried Personal Loans
	Co-branded Credit Card
	Loan Against Property
SME Finance	Home Loans
	Working Capital Loans
	Loan Against Securities
	Construction Equipment Finance
Commercial Lending	Infrastructure Finance
	Auto Component Manufacturer Financing

The quality of Bajaj Finance's loan book continued to remain strong despite a tough economic environment with net non-performing assets (NPAs) remaining at 0.19% demonstrating strong credit quality. This was despite witnessing portfolio quality pressures on account of broader issues in two of its products viz. Construction Equipment Finance and Infrastructure Finance, both of which are facing difficulties on account of the sharp slowdown in the growth of infrastructure activities. By remaining focused on customer segments that it understands well, the Company expects to maintain its credit quality in the coming years.

BFL continued to strengthen its provisioning standards and is among the most prudent NBFCs. In the current year, it further strengthened provisioning and took an accelerated provisioning impact of ₹ 16.71 crore.

While, there were changes in the policy rates in FY2013 amounting to a total reduction of 100 bps, the cost of borrowings did not reduce at the same pace because of reluctance on the part of banks to transmit the entire reduction. Bajaj Finance kept a strict vigil on its asset-liability framework and continued to raise longer tenor borrowings.

As on 31 March 2013, the Company's total borrowings stood at ₹ 13,133 crore. As earlier, BFL maintained strong Asset Liability Management (ALM) across maturities in FY2013 as well. In the course of the fiscal year, Bajaj Finance raised capital to the tune of ₹ 831 crore mainly by way of conversion of warrants and a rights issue, taking its capital adequacy to a healthy 21.95% as on 31 March 2013. The Company is now well capitalised to fuel its growth targets for the next few years.

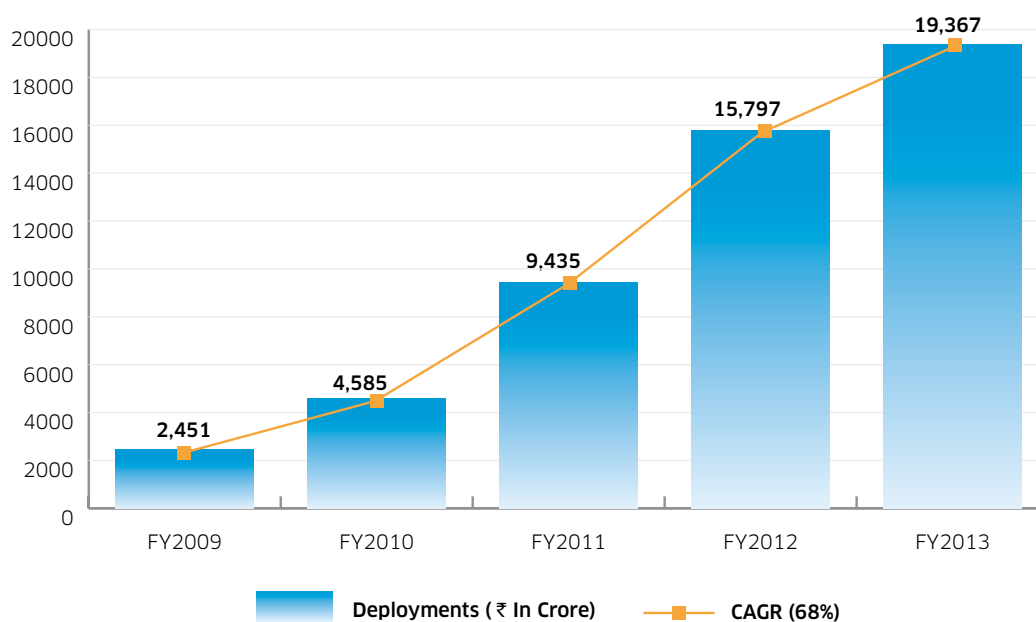
Deployment snapshot

Table 1 gives the deployment mix for FY2013 compared to FY2012, while Chart A plots the Company's loan deployment over the last five years.

Table 1: BFL's deployment mix

Deployment	(₹ In Crore)		
	FY2013	FY2012	% Change
Consumer finance	9,783	7,040	39%
SME finance	6,573	4,411	49%
Commercial lending	3,011	4,346	(31%)
Total	19,367	15,797	23%

Chart A: BFL's loan deployments



Receivables under finance

Table 2: gives the data of BFL's receivables under finance.

Receivable under finance	(₹ In Crore)		
	FY2013	FY2012	% Change
Consumer finance	7,070	4,979	42%
SME finance	7,764	5,001	55%
Commercial lending	1,910	2,303	(17%)
Total	16,744	12,283	36%

Business update

Consumer finance

In FY2013, Bajaj Finance continued to be the largest "two-wheeler financier" in the country.

During FY2013, the Company acquired over 736,000 customers for two and three wheeler loans. The Company operates at 578 Bajaj dealers and at over 2,130 of its sub-dealers spanning across the country.

The Company continued to successfully operate the Direct Cash Collection model in rural and semi-urban markets for customers with no banking habits, where they could repay the loan taken, by using a cash repayment mode. During the year, the Company launched a new product, "Kisan Mitra" for farmers, where repayments of instalments are synchronised to realisations from crops.

Present in the top 91 cities of the country, Bajaj Finance continued to be the largest consumer durables lender in India. It helped finance 13% of all consumer electronics sold in the year.

Consumer durable financing deployments grew by 42% in FY2013 as competitive activity remained benign due to high up-front investments required in distribution, technology and processes that are vital to compete in this relatively low ticket size, high volume business.

The Company acquired over 1.9 million new customers and is currently present in over 4,500 points of sale across the country.

Bajaj Finance's decision to focus on 'affluent' customers and major dealerships has yielded significant benefits through lower operating costs and improved risk performance. **BFL is currently financing one out of every four LCD and plasma televisions sold in the country** and works with all leading consumer durable manufacturers.

BFL has a unique and innovative product offering called the EMI (Existing Member Identification) card for its existing consumer durable customers. The card entitles a customer to obtain a loan for incremental consumer durables with the facility to 'Swipe, Sign and Go', so long as the earlier loans and payment performance have remained good. This product has been well received and has been extremely successful. Today, the number of EMI cards in force exceeds 1 million.

Bajaj believes in continued customer association and hence targets customers with good repayment history of their two-wheeler and/or consumer durables loans to cross-sell a personal loan. Present in top 75 cities, the Company financed over 106,000 new customers during FY2013.

Also, to diversify its offerings in the consumer finance business, last year BFL started a personal loan offering for salaried employees. The business targets relatively affluent employees above a threshold salary range working for leading companies.

And to broaden its customer acquisition engine, the Company launched India's fastest online personal loans in August 2012. This facility allows the customer to obtain an approval for a loan up to ₹ 15 lakh in 15 minutes using a digital medium.

Launch of Lifestyle product finance

Given the changing socio-economic spectrum with rising aspirations and a growing demand for better lifestyle products, it was natural to extend the existing 'Zero per cent' interest offering for consumer durables to financing lifestyle products like furniture, home furnishings, fitness equipment, luxury watches and so on. Bajaj Finance has tied-up with premium brands like: @home, Evok, Durian, Reliance Living, StyleSpa, Damro, Hometown, Proline, Yamaha Music, Ethos Watches and Apple. FY2013 was the first year of this launch. It saw over 37,000 disbursements across over 1,000 retailer stores spread among 25 locations.

SME finance

BFL's SME Finance vertical offers secured and unsecured loans to its customers. The secured lending is done through two product offerings viz., Loan against Property and Home Loans which are present in the top 39 cities and 28 cities of India respectively; Bajaj focuses on the super affluent class – high net worth small business, self-employed and salaried customers to offer them loans against the mortgage of retail, residential or commercial premises and home loans. Bajaj Finance has continued not to levy any pre-payment or part-pre-payment charges upon its customers.

A new product offering called Flexisaver, introduced in the last fiscal year, has been well accepted and attracted over 150 affluent customers. This offering gives such customers the flexibility to 'draw when they want' and 'pay when they want'.

Bajaj also offers unsecured Working Capital Loans to carefully chosen affluent small business customers, doctors and other professionals. It has operations in the top 58 cities across India.

Commercial finance

BFL caters to the infrastructure sector by lending under Construction Equipment Finance and Infrastructure Finance.

Present in the top 23 cities in India, Construction Equipment business focuses on financing small, mid-sized and large contractors for their construction equipment needs. It is an asset backed financing business collateralised by construction equipment assets. After building a book size of ₹ 922 crore until last year, the Company took a conscious decision to slow down this business, given the problems that are facing infrastructure and construction in India. Its strategy was proven right since the condition of this portfolio showed signs of stress throughout the year. BFL concentrated on maintaining the quality of its portfolio during FY2013 and fresh deployments during the year were only ₹ 349 crore.

As touched upon earlier, the infrastructure sector is currently passing through a very difficult phase. Multiple factors such as slow economic growth, lack of clear Government policies, high interest rates coupled with high leverage in infrastructure companies and lack of sufficient private equity interest have increased the risks of lending for such activities. Bajaj Finance has been selective in lending in this sector and during the year approved no new loans. It has taken a prudent approach to continue reviewing this area very carefully and is currently focused on a wait and watch policy and on maintaining the quality of its portfolio. In FY2013, receivable book in this business stood at ₹ 439 crore.

BFL also extends short and medium term loans to vendors of large auto manufacturers. Growing steadily the Company deployed a total of ₹ 2,483 crore under this business in FY2013.

Financial performance

Table 3 gives the Company's financial performance for FY2013 vis-à-vis the previous year. Chart B plots profits after tax over the last five years, while Chart C plots the movement of net owned funds.

Table 3: BFL's financials

		(₹ In Crore)	
	FY2013	FY2012	% Change
Total income	3,111	2,172	43%
Interest and finance charges	1,205	746	62%
Net interest income	1,906	1,426	34%
Salary cost	245	190	29%
Marketing and other commissions	83	97	(14%)
Dealer incentives	100	64	56%
Recovery costs	120	89	35%
Loan loss and provisions	182	154	18%
Depreciation	15	12	25%
Other expenses	289	218	33%
Profit before tax (PBT)	872	602	45%
Profit after tax (PAT)	591	406	46%
Earnings per share (EPS) basic (₹)	135.69	107.72	26%
Earnings per share (EPS) diluted (₹)	134.74	107.20	26%
Book value per share (₹)	676.41	492.16	37%

Chart B: BFL's profit after tax

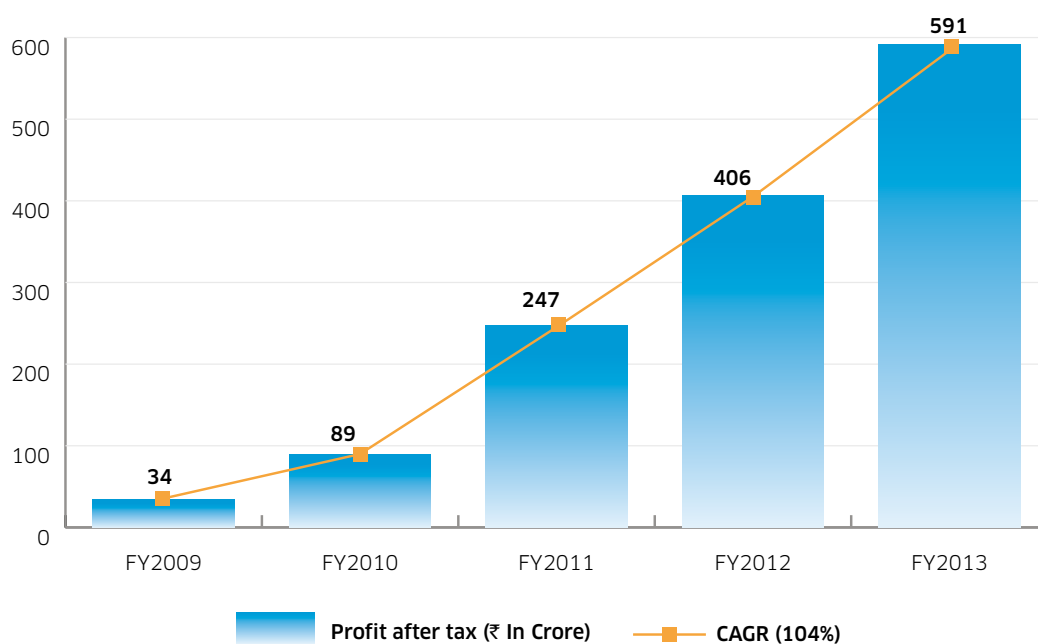
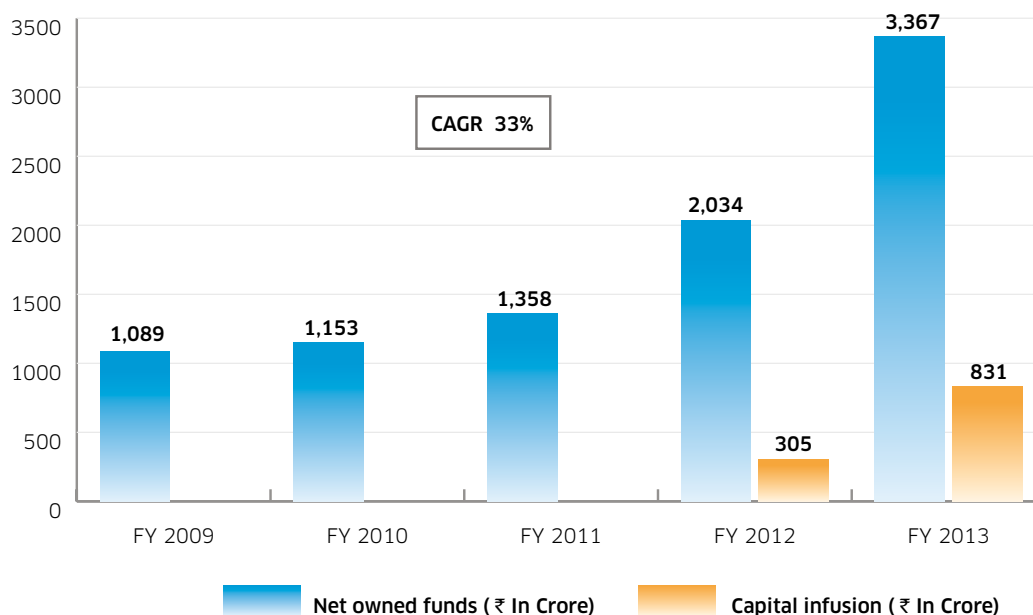


Chart C: BFL's net owned funds and capital infusion



Rights issue

In order to finance its growth targets over the next few years, the Company raised further capital by way of a rights issue in February 2013 – offering its existing shareholders three shares for every nineteen shares held. The issue which was subscribed 1.16 times, enabled BFL to raise ₹ 744 crore. The shares were allotted and have been listed on the stock exchanges.

Risk management and portfolio quality

As an NBFC, Bajaj Finance is exposed to credit risk, liquidity risk and interest rate risk. The Company has invested in people, processes and technology to mitigate risks posed by external environment and by its borrowers. It has in place a strong risk management team and an effective credit operations structure. Its risk management policies continue to segregate the functions of a Chief Risk Officer and a Chief Credit Officer to focus on portfolio management and underwriting. Sustained efforts to strengthen the risk framework and portfolio quality have yielded significant results over the last few years. BFL's conservative approach to portfolio management and its rigorous portfolio review mechanism has enabled it to get early stress signals in the infrastructure sector and take corrective action in its infrastructure and construction equipment business. **Bajaj Finance ended the year with a net NPA of 0.19%, which is amongst the lowest in the industry.**

Asset Liability Management (ALM)

BFL has a total borrowing of ₹ 13,133 crore as on 31 March 2013. The Company's asset-liability committee (ALCO), set-up in line with the guidelines issued by the RBI, monitors asset-liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet. BFL continued to raise longer tenor borrowings in FY2013 as well. Another strategy adopted to keep a balanced ALM was to enter into strategic partnership with banks who are keen on good quality assets and assign long tenor receivables to them at mutually beneficial terms.

The Company has till date assigned ₹ 1,384 crore of its receivables including ₹ 319 crore assigned in FY2013. The net receivables due as on 31 March 2013 amounted to ₹ 773 crore. This takes the assets under management to ₹ 17,517 crore. Delinquency levels on the pools assigned till date are below 1%. The quality of assets so assigned has put the Company in an advantageous position to assign more receivables in future, which would help to maintain a strong ALM.

Internal control systems and their adequacy

Bajaj Finance has an independent internal management assurance function which is commensurate with the size and scale of the Company. It evaluates the adequacy of all internal controls and processes and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework. The Company has further strengthened its internal audit function by investing in domain specialists to increase effectiveness of controls. The audit committee of the Board of Directors reviews the internal audit reports and the adequacy and effectiveness of internal controls.

Fulfilment of RBI's norms and standards

Bajaj Finance always fulfils and often exceeds norms and standards laid down by the RBI relating to the recognition and provisioning of non-performing assets, capital adequacy, statutory liquidity ratio, etc. **The capital adequacy ratio of the Company is 21.95%, which is well above the RBI norm of 15%.**

Human resources

The Company continues to lay emphasis on people, its most valuable resource. In an increasingly competitive market for human resources, it seriously focuses on attracting and retaining the right talent. It provides equal opportunity to employees to deliver results. During FY2013, Bajaj Finance added 1,565 permanent employees, taking the total employee strength to 3,086.

Business outlook

Bajaj Finance expects to maintain its performance in FY2014 and hopes to grow at a rate faster than the growth of bank credit. The approach would be to continue the growth momentum while balancing risk. As before, it will continue to invest in strengthening risk management practices; and in maintaining its investment in technology and human resources to consolidate its position as a leading NBFC in India.

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.

Corporate Governance

The commitment of Bajaj Group to the highest standards of good corporate governance practices predates SEBI and clause 49 of the listing agreement. Transparency, fairness, disclosure and accountability are central to the working of the Bajaj Group. Bajaj Finance Limited (the Company) maintains the same tradition and commitment.

Given below are the Company's corporate governance policies and practices for FY2013. As will be seen, the Company's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of clause 49 of the listing agreement.

Board of Directors

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

Composition

The Company has a non-executive chairman. According to clause 49, if the non-executive chairman is a promoter, at least one half of the Board of the Company should consist of independent directors.

As on 31 March 2013, the Board of the Company consisted of eleven directors, of whom seven were non-executive independent and four were non-executive non-independent. The Board has no institutional nominee directors. As Table 1 shows, the Company is in compliance with the guidelines.

Non-executive directors' compensation

A sitting fee of ₹ 20,000 per meeting is paid to non-executive directors, including independent directors, for every meeting of the Board or committee of the Board attended by them.

The members of the Company vide a special resolution passed at the annual general meeting held on 17 July 2012 have by way of an enabling provision approved the payment of a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of sections 198, 349 and 350 of the Companies Act, 1956, to one or more or all non-executive directors as may be decided by the Board of Directors at its discretion from time to time for a period of five years commencing from 1 April 2012.

In view of the increased demands on non-executive directors' participation in Board and committee meetings and the higher responsibilities they are expected to bear in the interest of higher level of excellence in corporate governance, the Board of Directors at its meeting held on 17 September 2012 has approved payment of commission to non-executive directors (independent and non-independent) at the rate of ₹ 50,000 per meeting of Board and/or committee attended by them with effect from 1 April 2012, subject to the aggregate being within the overall ceiling of one percent of the net profits.

The Board of Directors has also approved, at its meeting held on 20 March 2013, payment of an amount of ₹ 7,500,000 to Nanoo Pamnani, vice chairman, and non-executive independent director, as additional commission for the time devoted by him in attending to the business of the Company during FY2013.

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

Board procedures

During FY2013, the Board of Directors met six times:

16 May 2012, 17 July 2012, 17 September 2012, 19 October 2012, 15 January 2013 and 20 March 2013. The gap between any two meetings has been less than four months.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for FY2013

Name of director	Category	No. of Board meetings attended	Whether attended AGM
Rahul Bajaj	Chairman, Non-executive	6	Yes
Nanoo Pamnani	Vice-Chairman, Non-executive, Independent	6	Yes
Madhur Bajaj	Non-executive	6	Yes
Rajiv Bajaj	Non-executive	6	Yes
Sanjiv Bajaj	Non-executive	6	Yes
D S Mehta	Non-executive, Independent	5	Yes
D J Balaji Rao	Non-executive, Independent	6	Yes
Omkar Goswami*	Non-executive, Independent	4	No
Dipak Poddar	Non-executive, Independent	5	Yes
Ranjan Sanghi	Non-executive, Independent	6	Yes
Rajendra Lakhota	Non-executive, Independent	6	Yes

* Appointed with effect from 16 May 2012

Information supplied to the Board

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

In addition to items which are required to be placed before the Board for its noting and/or approval, information is provided on various significant items. In terms of quality and importance, the information supplied by management to the Board of the Company is far ahead of the list mandated under clause 49 of the listing agreement.

Pursuant to the requirement under the NBFC regulations, the following information is also being placed before the Board at regular intervals:

- Risk management system, risk management policy and strategy followed.
- Compliance with the corporate governance standards.
- Minutes of asset liability committee meetings.

Directorships and memberships of Board committees

Table 2 gives the number of directorships and committee positions held by the directors of the Company

Table 2: Directorships/committee positions as on 31 March 2013

Name of director	In listed companies	In unlisted public limited companies	Committee positions	
			As chairman	As member
Rahul Bajaj	4	2	–	–
Nanoo Pamnani	4	–	5	2
Madhur Bajaj	6	–	–	–
Rajiv Bajaj	4	1	–	1
Sanjiv Bajaj	6	4	1	5
D S Mehta	4	–	–	5
D J Balaji Rao	10	–	4	6
Omkar Goswami	8	3	4	6
Dipak Poddar	3	4	–	2
Ranjan Sanghi	4	2	2	4
Rajendra Lakhotia	2	2	–	–

Notes: Private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 are excluded for the above purposes. Only audit committee and shareholders/investors grievance committee are considered for the purpose of committee positions as per listing agreement.

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

Review of legal compliance reports

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

Code of conduct

The Board has laid down a code of conduct for all Board members and senior management of the Company, which has been posted on the website of the Company. All the Board members and senior management personnel have affirmed compliance with the code for the year ended 31 March 2013. A declaration to this effect signed by the CEO is given elsewhere in this annual report.

Audit committee

Constitution and composition

With a view to comply with various requirements under the Companies Act, 1956 and clause 49 of the listing agreement, the Board of Directors has set up an audit committee. The Board reviews the working of the committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 1956, clause 49 of the listing agreement and NBFC regulations.

The terms of reference are extensive and go beyond what is mandated in clause 49 of the listing agreement, section 292A of the Companies Act, 1956 and under NBFC regulations. These broadly include review of financial statements, review of compliances and review of systems and controls.

The Board at its meeting held on 19 October 2012, reconstituted the audit committee by inducting Omkar Goswami as a member.

Composition of the committee as on 31 March 2013 was as under:

1. Nanoo Pamnani, Chairman
2. Sanjiv Bajaj
3. D S Mehta
4. Omkar Goswami
5. Ranjan Sanghi

In compliance with clause 49 of the listing agreement, four members of the audit committee including Chairman are independent directors. All the members are non-executive directors and are financially literate and have accounting or related financial management expertise.

Meetings and attendance

During FY2013, the audit committee met four times:

16 May 2012, 17 July 2012, 19 October 2012 and 15 January 2013.

The meetings were scheduled well in advance. In addition to the members of the audit committee, these meetings were attended by the heads of finance and internal audit, executives considered necessary for providing inputs to the committee and representatives of the statutory auditors. The company secretary acted as the secretary to the audit committee.

Table 3: Composition of the audit committee and attendance record of members for FY2013

Name of director	Category	Meetings attended
Nanoo Pamnani	Chairman, Non-executive and Independent	4
Sanjiv Bajaj	Non-executive	4
D S Mehta	Non-executive, Independent	3
Omkar Goswami*	Non-executive, Independent	1
Ranjan Sanghi	Non-executive, Independent	4

* Appointed as a member with effect from 19 October 2012

Disclosures

A summary statement of transactions with related parties was placed periodically before the audit committee during the year. During the year under review there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. Suitable disclosures have been made in the financial statements, together with the management's explanation in the event of any treatment being different from that prescribed in accounting standards.

The Company has risk assessment and minimisation procedures which are periodically reviewed to ensure that management identifies and controls risk through a properly defined framework.

On 11 December 2012, Bajaj Finserv Limited, the promoter, converted out of 6,000,000 warrants issued on preferential basis in FY2012, the remaining 1,310,000 warrants into equal number of equity shares.

On 2 March 2013, the Company allotted to the eligible equity shareholders 6,759,258 equity shares in the ratio of three rights shares for every nineteen shares held on 25 January 2013 i.e. the record date fixed for the purpose of rights issue. There was no public issue during the year.

Details of capital market non-compliance, if any

There was no non-compliance by the Company of any legal requirements; nor has there been any penalty/ies or stricture/s imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets at any time in the past.

Remuneration and nomination committee

The terms of reference of the remuneration and nomination committee in brief pertain to, inter-alia, determining the Company's policy on and approve specific remuneration packages for executive director(s)/manager under the Companies Act, 1956 after taking into account financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, interest of the Company and members. The committee also acts as a nomination committee, as per circular of RBI dated 8 May 2007, to ensure 'fit and proper' status of the directors to be appointed/re-appointed and recommend their appointment/re-appointment to the Board of Directors.

The remuneration and nomination committee also acts as compensation committee for implementation of Employee Stock Option Scheme 2009.

During the year, the committee met on 16 May 2012.

The Board at its meeting held on 19 October 2012, reconstituted remuneration and nomination committee by inducting Omkar Goswami as a member.

Composition of the committee as on 31 March 2013 was as under:

Name of director	Category	Meetings attended
Nanoo Pamnani	Chairman, Non-executive and Independent	1
Rahul Bajaj	Non-executive	1
Sanjiv Bajaj	Non-executive	1
Omkar Goswami*	Non-executive, Independent	–
Ranjan Sanghi	Non-executive, Independent	1
Rajendra Lakhotia	Non-executive, Independent	1

* Appointed as a member with effect from 19 October 2012

Remuneration of directors

Pecuniary relationship or transactions of non-executive directors

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

Criteria of making payments to non-executive directors

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

The criteria of making payments to non-executive directors has been put on the Company's website www.bajajfinservlending.in

Non-executive directors

All non-executive directors are paid sitting fees and commission and one independent director is paid additional commission as separately stated in this report.

The Company currently has no stock option plan for any of its directors. During the year under review, none of the directors was paid any performance-linked incentive. In FY2013, the Company did not advance any loans to any of the non-executive directors. Table 4 gives details of the remuneration paid or payable to directors during FY2013.

Table 4: Remuneration paid/payable to directors during FY2013 (exclusive of service tax):

Amount in ₹

Name of director	Relationship with other directors	Sitting fees	Salary and perquisites	Commission for attending Board/committee meetings	Commission	Total
Rahul Bajaj	Father of Rajiv Bajaj and Sanjiv Bajaj	140,000	–	350,000	–	490,000
Nanoo Pamnani	–	260,000	–	650,000	7,500,000	8,410,000
Madhur Bajaj	–	120,000	–	300,000	–	420,000
Rajiv Bajaj	Son of Rahul Bajaj , brother of Sanjiv Bajaj	120,000	–	300,000	–	420,000
Sanjiv Bajaj	Son of Rahul Bajaj , brother of Rajiv Bajaj	300,000	–	750,000	–	1,050,000
D S Mehta	–	180,000	–	450,000	–	630,000
D J Balaji Rao	–	120,000	–	300,000	–	420,000
Omkar Goswami	–	100,000	–	250,000	–	350,000
Dipak Poddar	–	100,000	–	250,000	–	350,000
Ranjan Sanghi	–	240,000	–	600,000	–	840,000
Rajendra Lakhotia	–	140,000	–	350,000	–	490,000

Details of shares and convertible instruments held by non-executive directors as on 31 March 2013

Name of director	Number of shares*	Number of convertible instruments
Rahul Bajaj	18,600	–
Madhur Bajaj	18,600	–
Rajendra Lakhotia	107,378	–

* Includes rights shares allotted during the year.

Management

Management discussion and analysis

This is given as a separate chapter in this annual report.

Disclosure of material transactions

Pursuant to clause 49 of the listing agreement, senior management members have given disclosures to the Board that there are no material, financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

Shareholders

Appointment and/or re-appointment of directors

According to the Companies Act, 1956, at least two-third of the Board should consist of retiring directors. Of these, one-third are required to retire every year and, if eligible, may

seek re-appointment by the shareholders. Accordingly Nanoo Pamnani, D J Balaji Rao and Dipak Poddar retire from Board by rotation this year and, being eligible, have offered their candidature for re-appointment. Their candidature has been recommended by the remuneration and nomination committee to the Board, which in turn has recommended the same for approval of the shareholders.

Brief profiles of the directors proposed to be re-appointed are given in the notice convening the ensuing annual general meeting of the Company.

Communication to shareholders

Quarterly, half yearly and annual financial results are published in Business Standard (all editions) and Kesari (Pune edition) along with the official press release. An abridged version of the financial results is also published in Mint (all editions), Hindustan Times (all editions), Hindu Business Lines (all editions), Financial Express (all editions) and Economic Times (all editions). The Company also sends the half-yearly financial results, along with a detailed write-up, to all shareholders.

The Company has a website www.bajajfinservlending.in which contains all important public domain information including presentations made to the media, analysts and institutional investors. The website also contains information on matters concerning the shareholders and details of the corporate contact persons. All financial and other vital official news releases are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

The Company also files the following information, statements and reports on www.corpfiling.co.in as specified by SEBI:

- Full version of the annual report including the balance sheet, statement of profit and loss, cash flow statement, directors' report and auditors' report and quarterly financial statements
- Corporate governance report
- Shareholding pattern

Shareholders/investors grievance committee

The shareholders/investors grievance committee has been constituted to specifically look into the shareholders/investors complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend etc. In addition, the committee also looks into matters that can facilitate better investor services and relations.

Composition of the committee as on 31 March 2013 was as under:

1. Sanjiv Bajaj, Chairman
2. Nanoo Pamnani
3. D S Mehta
4. Ranjan Sanghi

Anant Damle, company secretary has been appointed as compliance officer of the Company. During the year under review, the committee met on 20 March 2013 to, inter alia, review the status of investors' services rendered. The secretarial auditors as well as the company secretary were also present. All the members of this committee attended the meeting.

Unclaimed shares

According to clause 5A of listing agreement a demat account has been opened titled "Bajaj Finance Limited - Unclaimed Suspense Account" with HDFC Bank Limited, Pune to which nine hundred shares pertaining to nine members were transferred. These shares will be transferred to the concerned members on lodgement of the claim, after proper verification. Till such time, the voting rights on these shares will remain frozen. As of date, none of the said nine members have claimed their shares.

Information on general body meetings

The last three annual general meetings of the Company were held at the registered office of the Company at Akurdi, Pune 411 035 on the following dates and time:

23rd AGM	21 July 2010	at 12.00 noon
24th AGM	13 July 2011	at 12.00 noon
25th AGM	17 July 2012	at 12.00 noon

Details of special resolution(s) passed at the last three years' annual general meetings (AGM) and postal ballot

I. Special resolution passed in the previous three annual general meetings:

At the 25th AGM held on 17 July 2012, two special resolutions were passed pertaining to:

- Raising of funds through issue of securities.
- Payment of commission to non-executive directors

At the 24th AGM held on 13 July 2011, three special resolutions were passed pertaining to

- Issue of equity shares to qualified institutional buyers.
- Preferential issue of warrants to the promoter, Bajaj Finserv Limited, and
- Re-appointment of Rajeev Jain as 'Manager' under the Companies Act, 1956.

At the 23rd AGM held on 21 July 2010, one special resolution was passed, pertaining to the change in the name of the Company from 'Bajaj Auto Finance Limited' to 'Bajaj Finance Ltd'.

II. Following two special resolutions were passed by the members through postal ballot on 10 May 2013:

- Under section 17 of the Companies Act, 1956, for alteration in objects clause of the memorandum of association of the Company, by way of inserting new sub-clause 3B after the existing sub-clause 3A of clause IIIA
- Under section 149(2A) of the Companies Act, 1956, for approval for commencement of new business and activities as included in sub-clause 3B of clause IIIA of the memorandum of association of the Company

Shyamprasad D. Limaye, practising company secretary, was appointed as scrutinizer for conducting the postal ballot process in a fair and transparent manner. Details of voting on the aforesaid resolutions are as follows:

Resolution number	Votes	
	In favour	Against
a) under section 17 of the Companies Act, 1956	34,261,150 (99.990%)	535 (0.002%)
b) under section 149(2A) of the Companies Act, 1956	34,260,581 (99.988%)	518 (0.002%)

III. No special resolution is proposed to be passed through postal ballot at this annual general meeting.

More details on this subject have been furnished in the chapter on 'general shareholder information'.

CEO/CFO certification

The CEO and CFO have certified to the Board with regard to the financial statements and other matters as required by clause 49 of the listing agreement. The certificate is contained in this annual report.

Report on corporate governance

This chapter, read together with the information given in the chapters on 'management discussion and analysis' and 'general shareholder information', constitute the compliance report on corporate governance during FY2013.

Auditors' certificate on corporate governance

The Company has obtained a certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in clause 49 of the listing agreement. This certificate is annexed to the directors' report and will be sent to the stock exchanges along with the annual report.

Compliances regarding insider trading

Comprehensive guidelines in accordance with the SEBI regulations are in place. The code of conduct and corporate disclosure practices framed by the Company has helped in ensuring compliance with the requirements.

Compliance of mandatory and non-mandatory requirements under clause 49

Mandatory

The Company has complied with all the mandatory requirements of clause 49 of the listing agreement.

Non-mandatory

The Company has also complied with most of the non-mandatory requirements as under:

The Board

The non-executive chairman has an office at the Company's premises. All independent directors of the Company, except D S Mehta, Ranjan Sanghi and Rajendra Lakhotia have tenures not exceeding a period of nine years on the Board. The Board believes that their continuation on the Board is in the Company's interest.

Remuneration committee

The Company has a remuneration committee. A detailed note on this committee is provided in the corporate governance report.

Shareholder rights

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

Audit qualifications

There are no qualifications on the financial statements of the Company for FY2013.

Whistle blower policy

The Company has whistle blower policy. This policy is to enable 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 employees, who avail of the mechanism. This also provides for direct access to the chairman of the audit committee in exceptional cases. The policy has been appropriately communicated to the employees within the organisation. The same has been put on the Company's website www.bajajfinservlending.in.

None of the employees has been denied access to the audit committee under this policy during the year under review.

General Shareholder Information

26th Annual General Meeting

Date	18 July 2013
Time	12 Noon
Venue	Registered office of the Company at Akurdi, Pune - 411 035.

Financial calendar for FY2014

Unaudited first quarter financial results	July 2013
Unaudited second quarter financial results	October 2013
Unaudited third quarter financial results	January 2014
Audited annual results	May 2014
Mailing of annual reports	June 2014
Annual general meeting	July 2014

Dividend

The Board of Directors of the Company has proposed a dividend of ₹ 15 per equity share of the face value of ₹ 10 (150%) for FY2013, subject to approval by the members at the annual general meeting. Dividend paid in the previous year was ₹ 12 per equity share (120%).

Dates of book closure

The register of members and share transfer books of the Company will remain closed from Saturday, 6 July 2013 to Thursday, 18 July 2013 (both days inclusive).

Date of dividend payment

Dividend on equity shares, if declared, at the annual general meeting, will be credited/dispatched between Tuesday, 23 July 2013 to Thursday, 25 July 2013 as under:

- to all those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end-of-the day on Friday, 5 July 2013; and
- to all those members holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent (i.e. Karvy Computershare Private Limited) on or before the closing hours on Friday, 5 July 2013.

Payment of dividend

Dividend will be paid by account payee/non-negotiable instruments or through the National Electronic Clearing Service (NECS)/Electronic Clearance Service (ECS), as notified by the SEBI through the stock exchanges. In view of the significant advantages and the convenience, the Company will continue to pay dividend through NECS wherever the facility is available to cover maximum number of members, as per applicable guidelines. Members are advised to refer to the notice of the annual general meeting for details of action required to be taken by them in this regard. For additional details or clarifications, members are welcome to contact the secretarial department of the Company.

Unclaimed dividend

Unclaimed dividends upto FY1995 have been transferred to the general revenue account of the Central Government. Members who have not encashed their dividend warrants for the period prior to and including FY1995 are requested to claim the amount from Registrar of Companies, Maharashtra, Pune, PMT Building, Deccan Gymkhana, Pune 411 004.

As per section 205C of the Companies Act, 1956, any amount transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called the Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/unclaimed dividend amounts for FY1996 to FY2005 were transferred by the Company to the said fund in the years 2003 to 2012, respectively. No claim shall lie against the fund or the Company in respect of the amounts so transferred.

Unpaid/unclaimed dividend for FY2006 shall become transferable to the said fund in September 2013. Members are requested to verify their records and send claim, if any, for FY2006, before the amount becomes due for transfer to the fund.

Pursuant to the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed dividend, unclaimed deposits and unclaimed interest on deposits, unclaimed interest on debentures and unclaimed share application money on the website of the Company www.bajajfinservlending.in as well as the website specified by the Ministry of Corporate Affairs www.iepf.gov.in

Registrar and share transfer agent

The Company has appointed Karvy Computershare Private Limited, Hyderabad, as its share transfer agent. All physical transfers, transmission, transposition, issue of duplicate share certificate/s, issue of demand drafts in lieu of dividend warrants etc. as well as requests for dematerialisation/rematerialisation are being processed at Karvy Computershare Private Limited. The work related to dematerialisation/rematerialisation is handled by Karvy Computershare Private Limited through its connectivity with National Securities Depository Limited and Central Depository Services (India) Limited.

Share transfer system

Share transfers received by the Company and the share transfer agent are registered within 12 working days from the date of receipt, provided the documents are complete in all respects. Total number of shares transferred in physical category during FY2013 was 5,666 shares versus 8,499 shares during FY2012.

Dematerialisation of shares

During FY2013, 34,047 shares were dematerialised compared to 35,603 shares during FY2012. Distribution of shares as on 31 March 2013 is given in Table 1.

Table 1: Shares held in physical and electronic mode

	Position as on 31 March 2013		Position as on 31 March 2012		Net change during FY2013	
	No. of shares	% of total shares	No. of shares	% of total shares	No. of shares	% of total shares
Physical	405,642	0.82	433,468	1.05	(27,826)	(0.23)
Demat:						
NSDL	48,550,107	97.53	40,167,122*	97.21	8,382,985	0.32
CDSL	822,585	1.65	718,486	1.74	104,099	(0.09)
Sub Total	49,372,692	99.18	40,885,608	98.95	8,487,084	0.23
Total	49,778,334	100.00	41,319,076	100.00	8,459,258	

* Includes 4,690,000 equity shares allotted to Promoter - Bajaj Finserv Limited against conversion of warrants as on 29 March 2012, demat credit for which has been given on 24 April 2012 on receipt of requisite approval from BSE and NSE.

Stock code

1. BSE Limited	500034
2. National Stock Exchange of India Limited	BAJFINANCE-EQ
3. ISIN for depositories (NSDL and CDSL)	INE296A01016

Listing on stock exchanges

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

Annual listing fees, as prescribed, have been paid to the above stock exchanges upto 31 March 2014.

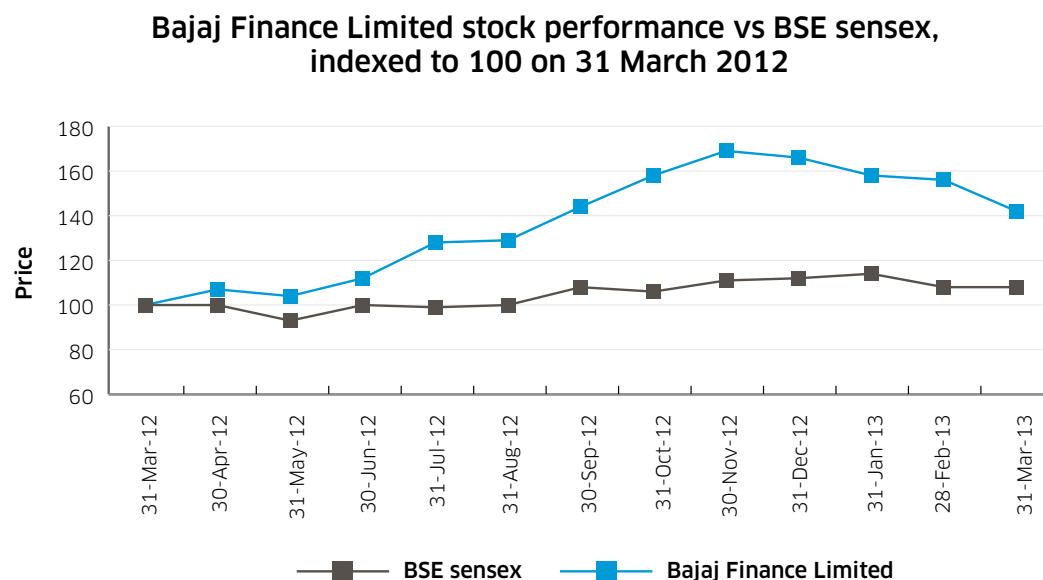
Market price data

Table 2 gives the monthly highs and lows of the Company's shares on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

Table 2: Monthly highs and lows of Bajaj Finance Limited shares during FY2013

Month	BSE		NSE		Closing BSE Sensex
	High (₹)	Low (₹)	High (₹)	Low (₹)	
Apr - 12	892.05	832.70	892.30	834.70	17,318.81
May - 12	892.90	840.15	893.80	842.25	16,218.53
Jun - 12	911.15	839.65	912.45	845.15	17,429.98
Jul - 12	1,081.15	907.45	1,080.00	906.55	17,236.18
Aug - 12	1,107.70	1,033.45	1,111.00	1,035.75	17,429.56
Sept - 12	1,175.50	1,040.20	1,179.75	1,044.25	18,762.74
Oct - 12	1,326.35	1,178.25	1,332.20	1,175.95	18,505.38
Nov - 12	1,380.50	1,262.35	1,378.15	1,261.65	19,339.90
Dec - 12	1,369.85	1,264.00	1,369.80	1,273.30	19,426.71
Jan - 13	1,403.95	1,290.60	1,406.05	1,291.75	19,894.98
Feb - 13	1,308.45	1,239.50	1,311.10	1,239.05	18,861.54
Mar - 13	1,291.10	1,135.05	1,299.00	1,136.50	18,835.77

Chart : Performance in comparison to BSE Sensex



Distribution of shareholdings

Table 3 gives details about the pattern of shareholding among various categories as on 31 March 2013 and 31 March 2012, while Table 4 gives the data according to size classes as on 31 March 2013.

Table 3: Distribution of shareholding across categories

Categories	31 March 2013		31 March 2012	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoter and Promoter Group	30,895,057	62.07	25,228,169	61.06
Resident Individuals	5,810,069	11.67	4,744,770	11.48
Domestic Companies	3,627,374	7.29	2,342,109	5.67
Financial Institutions/ Banks/ Mutual Funds	5,576,135	11.20	4,960,001	12.00
Foreign Institutional Investors	3,450,185	6.93	2,041,363	4.94
Foreign Corporate Bodies	–	–	1,656,000	4.01
Non Resident Individuals	348,283	0.70	225,555	0.55
Others	71,231	0.14	121,109	0.29
Total	49,778,334	100.00	41,319,076	100.00

Table 4: Distribution of shareholding according to size class as on 31 March 2013

Range of holding	No. of members	% to total members	No. of shares held	% to total shares
1 - 100	12,064	65.93	639,103	1.29
101 - 500	4,684	25.60	982,526	1.97
501 - 1000	613	3.35	442,073	0.89
1001 - 10000	765	4.18	2,223,868	4.47
10001 - 50000	118	0.64	2,450,049	4.92
50001 - 100000	24	0.13	1,708,126	3.43
100001 and above	31	0.17	41,332,589	83.03
Total	18,299	100.00	49,778,334	100.00

Shareholders and investors grievances

Shareholders/investors grievance committee constituted by the Board of Directors, consisting of four directors, specifically looks into the shareholders/ investors complaints on various matters. Queries/complaints received from members are promptly attended to and replied. Queries/complaints received during FY2013 related to non receipt of dividend paid by warrants as well as through electronic clearing service, non receipt of annual report, non receipt of transferred shares, non receipt of duplicate share certificate(s), non receipt of application form for rights issue, non allotment of shares, change of address and/or bank particulars. As on 31 March 2013, there were nil pending grievances.

During FY2013, eighteen complaints were received on various matters, which were duly resolved and no action remained to be taken.

Nomination

Individual member holding shares in physical form, can nominate a person in whose name the shares are to be transferred in the case of death. Members can avail the nomination facility by submitting the prescribed nomination form to the registrar and transfer agent of the Company. The nomination form will be sent by registrar and transfer agent upon request. Nomination facility for shares held in electronic form is available with depository participant as per the bye-laws and business rules applicable to National Securities Depository Limited and Central Depository Services (India) Limited

Outstanding convertible instruments/ADR/GDR/warrants

The Company does not have any outstanding convertible instruments/ADR/GDR/warrants as on date.

Rights issue

Detailed information on the issue of rights shares made during FY2013 has been given in the directors' report.

Address for correspondence

Investors and members can correspond with the share transfer agent or the Company at the following address:

Share Transfer Agent

Karvy Computershare Private Limited

Unit : Bajaj Finance Limited
Plot No.17 to 24, Near Image Hospital,
Vittalrao Nagar, Madhapur,
Hyderabad - 500 081

Contact persons

M S Madhusudhan
Mohd. Mohsinuddin
Tel No. (040) 44655000, Extn. 5152
Fax No. (040) 44655024
Email id: mohsin.mohd@karvy.com
Website: www.karvy.com

Company

Registered Office

Akurdi, Pune – 411 035.

Corporate Office

Secretarial Department
4th Floor, Bajaj Finserv Corporate Office,
Off Pune – Ahmednagar Road,
Viman Nagar, Pune 411 014
Phone No. (020) 30405060
Fax No. (020) 30405020/30
Email id: investor.service@bajajfinserv.in
Website: www.bajajfinservlending.in

Additional information

1. The Company, during FY2013, has not sanctioned any loan to any of the directors and there is no outstanding towards loans to directors as on date.
2. None of the employees of the Company is related to any of the directors of the Company.
3. From the date of the balance sheet till the date of this report, there is no significant event which will have an impact on the performance of the Company during FY2013.
4. Profile of fixed deposits as on 31 March 2013 was as under:

Period of deposit (months)	No. of depositors	Amount (₹)	% to total deposits
36	214	5,893,000	100

Directors' Report

The directors present their twenty sixth annual report and the audited statement of accounts for FY2013.

Business performance

The gross deployments of the Company for FY2013 were ₹ 19,367 crore as against ₹ 15,797 crore for FY2012.

Financial results

Particulars	(₹ In Crore)	
	2013	2012
Income from Operations	3,093.72	2,163.02
Other Income	17.65	8.89
Total	3,111.37	2,171.91
Expenses	837.20	657.36
Loan Losses and Provisions	181.75	154.38
Finance Costs	1,205.68	746.18
Depreciation	15.14	11.77
Total Expenditure	2,239.77	1,569.69
Profit Before Taxation	871.60	602.22
Tax Expenses	280.29	195.78
Profit for the year after Taxation	591.31	406.44
Balance brought forward from previous year	441.31	215.14
Profit available for appropriations	1,032.62	621.58
Appropriations :		
Transfer to Reserve Fund	(119.00)	(81.50)
Transfer to General Reserve	(60.00)	(41.00)
Transfer to Infrastructure Reserve	(1.90)	(0.15)
Provision for Proposed Dividend	(74.67)	(49.58)
Provision for Dividend Tax	(12.69)	(8.04)
Balance carried to Balance Sheet	764.36	441.31

Dividend

The directors recommend for the consideration of the members at the ensuing annual general meeting, payment of dividend of ₹ 15 per share of the face value of ₹ 10 (150%) for FY2013. The amount of dividend and tax thereon aggregate to ₹ 87.36 crore.

Dividend paid for FY2012 was ₹ 12 per share (120%). The amount of dividend and tax thereon aggregated to ₹ 57.62 crore.

Conversion of warrants issued on preferential basis to Bajaj Finserv Limited

On 11 December 2012, Bajaj Finserv Limited exercised its right of conversion of remaining 1,310,000 warrants out of the 6,000,000 warrants issued on 28 July 2011. Accordingly, 1,310,000 equity shares of face value of ₹ 10 each have been allotted to Bajaj Finserv Limited

Capital raising through rights equity issue

To augment the capital base of the Company for the purpose of capital adequacy requirements, pursuant to the approvals of Board of Directors and members, the Company, raised ₹ 743.52 crore through rights issue of equity shares during FY2013. 6,759,258 equity shares of the face value of ₹ 10 each were issued at a premium of ₹ 1,090 per share to the existing eligible equity shareholders in the ratio of 3:19. After the issue, the paid-up equity share capital of the Company has increased from ₹ 42.81 crore to ₹ 49.57 crore. Allotment of the shares was done on 2 March 2013 and these shares commenced trading on BSE & NSE effective from 6 March 2013.

Amendment of objects clause of memorandum of association

The Board of Directors, at its meeting held on 20 March 2013, approved, subject to the approval of the members by way of postal ballot, amendment of objects clause of the memorandum of association of the Company to enable financing through various payment options including credit cards, prepaid cards, stored value cards, debit cards, etc. either in partnership or by self, subject to regulatory approvals, as may be required from time to time. The aforesaid amendment of objects clause and commencement of such new business and activities were approved by the members by way of postal ballot on 10 May 2013.

Working results

The Company, during FY2013, deployed an amount of ₹ 19,367 crore under various products. As against this, during FY2012, the total amount deployed was ₹ 15,797 crore.

The receivables under financing activity as on 31 March 2013 were ₹ 16,744 crore as compared to ₹ 12,283 crore as on 31 March 2012, an increase of 36% over the previous year.

Total income during FY2013 increased to ₹ 3,111 crore from ₹ 2,172 crore during FY2012, an increase of 43% over the previous year.

The profit before tax for FY2013 was ₹ 872 crore, as against ₹ 602 crore in FY2012, an increase of 45% over the previous year. The profit after tax for the year was ₹ 591 crore as compared to ₹ 406 crore in FY2012, an increase of 46% over the previous year. This has been due to the Company continuing to earn healthy net interest margins across businesses, operating efficiencies and control on non performing assets (NPA).

The Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on the past experience and emerging trends. Consequently, the additional provision over RBI norms and existing provisioning policies aggregates to ₹ 16.71 crore for FY2013.

The Company had an excellent year aided by strong volume growth in auto finance, consumer finance, SME finance and commercial lending business lines. During FY2013, the Company launched new products and product variants to enhance product proposition for its customers. The Company's credit loss increased from ₹ 154 crore in FY2012 to ₹ 182 crore in FY2013 taking into account the increased business, and the Company exited FY2013 with a net NPA of 0.19%.

Based on the composite licence issued by the Insurance Regulatory and Development Authority, the Company has, during FY2013, renewed the corporate agency agreement with

Bajaj Allianz Life Insurance Company Limited for soliciting life insurance business and has entered into a new corporate agency agreement with Bajaj Allianz General Insurance Company Limited for soliciting general insurance business.

The Board of Directors, at its meeting held on 20 March 2013, has approved the commencement of new business of marketing and distribution of mutual fund products as a distributor, subject to applicable regulatory approvals.

Share capital

During FY2013, the Company allotted equity shares as follows:

1. 390,000 equity shares (including re-issue of 1,000 shares forfeited earlier) to the trustees of BFL Employee Welfare Trust under Employee Stock Option Scheme 2009.
2. 1,310,000 equity shares to Bajaj Finserv Limited upon exercise of right of conversion of remaining warrants.
3. 6,759,258 equity shares on rights basis to the eligible equity shareholders.

As on 31 March 2013, the paid-up share capital of the Company stood at ₹ 497,783,340 consisting of 49,778,334 equity shares of the face value of ₹ 10 each fully paid-up.

Operations

The operations of the Company are elaborated in the annexed 'management discussion and analysis report'.

Conservation of energy and technology absorption

The Company, being a non-banking finance company (NBFC), does not have any manufacturing activity. The directors, therefore, have nothing to report on 'conservation of energy and technology absorption'.

Foreign currency

Foreign currency expenditure amounting to ₹ 2.77 crore (FY2012 ₹ 2.51 crore) was incurred during FY2013. The Company did not have any foreign exchange earnings.

Employee stock option scheme

Details required to be provided under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are set out in the annexure to this report.

Fixed deposits

During FY2013, the Company renewed fixed deposits of ₹ 21.86 lakh. Fixed deposits outstanding at the year-end were ₹ 58.93 lakh and the number of depositors was 214. At the end of the FY2013, there were 3 deposits aggregating ₹ 0.25 lakh which had matured but remained unclaimed. The Company had written to these depositors and as on date, all of them have claimed their deposits.

During FY2013, pursuant to the Reserve Bank of India's master circular dated 2 July 2012, the Company made forced repayment of KYC non-compliant fixed deposits amounting to ₹ 16.70 lakh (mainly renewals of earlier deposits).

Credit rating

Despite a tough economic environment, the Company retained all its credit ratings owing to high capital adequacy, strong promoter support, tightened credit acceptance criteria and robust asset-liability management.

CRISIL has re-affirmed the highest rating of “FAAA/Stable” for the fixed deposit programme of the Company. This rating indicates highest degree of safety with regard to timely payment of interest and principal. The Company is one of the very few NBFCs which enjoys the highest rating.

The Company also enjoys the highest rating of “CRISIL A1+” from CRISIL and “(ICRA) A1+” from ICRA for short term debt programme for ₹ 2,500 crore and ₹ 1,500 crore respectively.

The long term non-convertible debentures have been assigned “CRISIL AA+/Stable” rating by CRISIL and “[ICRA] AA+(Stable)” by ICRA indicating high degree of safety with regard to timely payment of interest and principal for an amount of ₹ 3,350 crore and ₹ 3,000 crore respectively.

The Company has also been assigned “CRISIL AA+/ Stable” rating by CRISIL and “[ICRA] AA+(Stable)” by ICRA for ₹ 700 crore lower tier II bond programme.

As regards the bank loan ratings for the bank facilities stipulated by RBI, as a part of BASEL II guidelines, CRISIL has assigned “CRISIL AA+/Stable” rating for the Company’s cash credit/working capital demand loan amounting to ₹ 1,400 crore and long term bank facilities amounting to ₹ 7,265 crore and “CRISIL A1+” rating for the short term bank facilities amounting to ₹ 335 crore.

RBI guidelines

The Company continues to fulfill all the norms and standards laid down by the Reserve Bank of India (RBI) pertaining to non-performing assets, capital adequacy, statutory liquidity ratio etc. As against the RBI norm of 15%, the capital adequacy ratio of the Company was 21.95% as on 31 March 2013.

In line with the RBI guidelines for asset-liability management (ALM) system for NBFCs, the Company has an asset-liability committee which meets monthly to review its ALM risks and opportunities.

Corporate social responsibility

During FY2013, Bajaj Group continued its corporate social responsibility initiative in various fields. Activities in this area are set out in greater detail in the ‘corporate social responsibility report’.

Directors

Nanoo Pamnani, D J Balaji Rao and Dipak Poddar, directors, retire from the Board by rotation this year and being eligible, offer themselves for re-appointment.

As required under clause 49 of the listing agreement with the stock exchanges, the information on the particulars of directors proposed for re-appointment has been given in the notice of annual general meeting.

Directors’ responsibility statement

In compliance of section 217(2AA) of the Companies Act, 1956, 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, 1956 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.

Statutory disclosures

As required under the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, particulars of employees are set out in the annexure to the directors' report. As per the provisions of section 219(1)(b)(iv) of the said Act, this report is being sent to all the members excluding the particulars of the employees. These particulars will be made available to any member on request.

Directors' responsibility statement as required by section 217(2AA) of the Companies Act, 1956 appears in the foregoing paragraph.

Certificate from auditors of the Company regarding compliance of conditions of corporate governance is annexed to this report.

Disclosures as prescribed by Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other NBFC regulations have been made in this annual report.

A cash flow statement for FY2013 is attached to the balance sheet.

Corporate governance

Pursuant to clause 49 of the listing agreement with stock exchanges, a separate section titled 'corporate governance' has been included in this annual report, along with the reports on 'management discussion and analysis' and 'general shareholder information'.

All Board members and senior management personnel have affirmed compliance with the code of conduct for FY2013. A declaration to this effect signed by the Chief Executive Officer (CEO) of the Company is contained in this annual report.

The CEO and Chief Financial Officer (CFO) have certified to the Board with regard to the financial statements and other matters as specified in clause 49 of the listing agreement and the said certificate is included in this annual report.

Secretarial standards of ICSI

Secretarial standards issued by the Institute of Company Secretaries of India from time to time are currently recommendatory in nature. The Company is, however, complying with most of the same.

Auditors' report

The observations made in the auditors' report read with the relevant notes thereon are self-explanatory and hence, do not call for any further comments under section 217 of the Companies Act, 1956.

Auditors

The directors recommend the appointment of Dalal & Shah, Chartered Accountants, as auditors for the period from the conclusion of the ensuing annual general meeting till the conclusion of the next annual general meeting and to fix their remuneration.

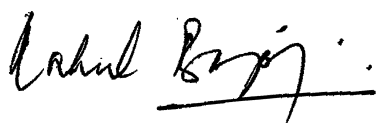
The Company has obtained a certificate from Dalal & Shah, Chartered Accountants, to the effect that their re-appointment as auditors of the Company, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

Acknowledgement

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

The Board of Directors also puts on record its sincere appreciation of the commitment and hard work put in by the management and employees of the Company and thanks them for another good year for the Company.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Rahul Bajaj', with a horizontal line drawn underneath it.

Rahul Bajaj
Chairman

Pune: 15 May 2013

Annexure to the Directors' Report

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999, as on 31 March 2013

1.	Options granted	1,194,450
2.	Pricing formula	Closing market price one day prior to the date of Grant on the stock exchange with the highest trading volume subject to the condition that exercise price will not be less than the face value of the shares
3.	Options vested	351,426
4.	Options exercised	185,043
5.	Total number of shares arising as a result of exercise of options	185,043
6.	Options lapsed/cancelled	36,699
7.	Variation of terms of options	Nil
8.	Money realised by exercise of options	₹ 96,421,554
9.	Total number of options in force	972,708
10.	Employee wise details of options granted	
	(i) Senior managerial personnel	
	Sr. No. Name	No. of options granted in
		Grant I Grant II Grant III Grant IV
	1. Rajeev Jain	39,000 39,000 31,700 37,500
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	Nil
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	₹ 134.74
12.	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Had compensation cost for the stock options outstanding been determined based on fair value approach, the net profit and earnings per share would have been as per the proforma amounts indicated below:

Annexure to the Directors' Report (Contd.)

Particulars	31 March 2013
Net profit (as reported) (₹ in crore)	591.31
Add : Stock based employee compensation expense included in net income (₹ in crore)	Nil
Less: Stock based compensation expense determined under fair value based method (pro forma) (₹ in crore)	12.85
Net Profit (pro forma) (₹ in crore)	578.46
Basic earnings per share (as reported) (₹)	135.69
Basic earnings per share (pro forma) (₹)	132.75
Diluted earnings per share (as reported) (₹)	134.74
Diluted earnings per share (pro forma) (₹)	131.81
13. Weighted average exercise price of options whose	
(i) Exercise price equals market price (₹)	876.10
(ii) Exercise price is greater than market price (₹)	Nil
(iii) Exercise price is less than market price (₹)	Nil
Weighted-average fair value of options whose	
(i) Exercise price equals market price (₹)	422.66
(ii) Exercise price is greater than market price (₹)	Nil
(iii) Exercise price is less than market price (₹)	Nil
14. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information	The fair value has been calculated using the Black Scholes Option Pricing model. The assumptions used in the model are as follows:

Date of Grant	16 May 2012	28 July 2011	21 July 2010	12 January 2010
(i) Risk-free interest rate	8.36%	8.27%	7.42%	6.70%
(ii) Expected life	3.5-6.5 years	3.5-6.5 years	3.5-6.5 years	1-5 years
(iii) Expected volatility	49.58%	53.01%	55.38%	54.01%
(iv) Expected dividend yield	1.37%	1.42%	1.28%	0.62%
(v) The price of the underlying share in market at the time of option grant (₹)	876.10	705.15	542.00	358.70

Auditors' certificate regarding compliance of conditions of corporate governance

To the members of
Bajaj Finance Limited

We have examined the compliance of conditions of corporate governance by Bajaj Finance Limited, for the year ended 31 March 2013, as stipulated in clause 49 of the listing agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was carried out in accordance with the guidance note on certification of corporate governance (as stipulated in clause 49 of the listing agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To,

The Board of Directors,
Bajaj Finance Limited

We, Rajeev Jain, CEO and Pankaj Thadani, CFO of Bajaj Finance Limited, certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31 March 2013 and that to the best of our knowledge and belief;
 - these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading; and
 - these statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Rajeev Jain
Chief Executive Officer

Pankaj Thadani
Chief Financial Officer

Pune: 15 May 2013

Declaration on Code of Conduct

To,

The Board of Directors,
Bajaj Finance Limited

I, Rajeev Jain, Chief Executive Officer of Bajaj Finance Limited hereby declare that all the Board members and senior managerial personnel have affirmed, for the year ended 31 March 2013, compliance with the code of conduct of the Company laid down for them.

Pune: 15 May 2013

Rajeev Jain
Chief Executive Officer

Report on Corporate Social Responsibility (CSR)

The CSR activities of Bajaj Group are guided by the vision and philosophy of its Founding Father, Late Shri Jamnalal Bajaj, who embodied the concept of Trusteeship in business and laid the foundation for ethical, value-based and transparent functioning.

The core elements of CSR activities include ethical functioning, respect for all stake-holders, protection of human rights and care for the environment.

The Bajaj Group generally implements the above initiatives through its employees, welfare funds and Group NGOs/Trusts/Charitable Bodies operating at various locations in the Country. It also enlists the help of non-Group NGOs, Local Authorities, Business Associations, Social and Philanthropic Organisations of repute and Civil Society, wherever deemed necessary.

In this backdrop, some of the major initiatives taken up through the Bajaj Group Trusts during FY2013 are summarised below:

1. Jamnalal Bajaj Foundation (JBF-Foundation)

Jamnalal Bajaj Foundation was established in 1976 for promoting Gandhian constructive programmes and assisting constructive workers, who devoted themselves to the national cause.

Awards

The Foundation gives four Awards annually - each of the value of ₹ 5 lakh. Of these, three are given to individuals in India for outstanding contribution in the fields of constructive work on Gandhian lines, application of science and technology for rural development and uplift and welfare of women and children. The fourth one is an International Award - given to individuals other than Indian citizens from foreign countries for their contribution to the promotion of Gandhian values outside India.

Other Charitable Activities

The Foundation has given donation to various Institutions/NGOs from time to time for strengthening their various community welfare activities and charitable objects of welfare of general public utility based on Gandhian philosophy and ideals. Special mention must be made for the project undertaken by Foundation of providing financial assistance to widows of farmers of Vidarbha District, who had committed suicide.

2. Janakidevi Bajaj Gram Vikas Sanstha (JBGVS)

Rural and Urban Development Activities

The Group continued with its rural development activities in Pune, Aurangabad and Wardha districts of Maharashtra and Sikar district of Rajasthan through JBGVS. JBGVS aims at integrated development of 75 villages, to be carried out by the villagers themselves and under their own leadership by forging partnership with Government, local institutions and NGOs. In the process, JBGVS acts as a catalyst to make this positive transformation happen within a stipulated time-frame.

On completing 25 glorious years of service for the community and social development of rural areas, JBGVS celebrated 2012 as the Silver Jubilee year by organising various programmes, like clean house competition, healthy baby competition, blood donation camp, bal melava, health check-up camp for senior citizens etc. in the villages covered by JBGVS.

The events and progress made during the last 25 dedicated years were presented to the members of the Board of Directors, senior officials of the Group and others on 15 January 2013. Two booklets viz. Integrated Rural Development Model of JBGVS and a souvenir illustrating the journey over 25 years were released at the hands of Rahul Bajaj and Jamshyd Godrej.

To commemorate the occasion, a cultural programme was also held at JBGVS in which Madhur Bajaj was the Chief Guest and in which Trustees, Sarpanchs and prominent personalities were present and felicitated.

During FY2013, JBGVS implemented several programmes to strengthen primary education, primary health care, improving socio-economic condition and environmental development. The programmes touched the lives of 28,000 people, comprising people from Scheduled Caste, Scheduled Tribe, Nomadic Tribes and Other Backward Class. JBGVS programmes covered 65% people from economically weak and socially backward communities.

Primary Education

Primary education has been the major area of intervention in the villages. Support has been provided for infrastructure development of primary schools and anganwadis (pre primary schools) by repairing school rooms and providing furniture and equipment. Three user-friendly sanitation complexes have been constructed in partnership with FICCI Ladies Organisation, Mumbai and local Gram Panchayat. Special efforts were taken to check malnutrition by conducting awareness and training programmes for mothers on importance of breast feeding, nutritious food using local materials, special check-up camps etc. Non-formal educational programmes for children in primary schools were organised involving secondary school students from the villages. These programmes are aimed at generating interest of children in education. In FY2013, JBGVS installed 4 E-learning units in the schools that changed the face of education in the rural areas. Through various short training programmes, teachers and parents were motivated to actually participate and improve the quality of education. Special programmes on health-related issues and HIV/AIDS were organised for adolescent boys and girls in the schools.

Primary Health Care

JBGVS attaches a lot of importance to its community health initiatives and follows the philosophy 'Prevention is better than cure'. The programmes, i.e. mother and child health care (MCH), health check-up camps, mobile clinic service, hygiene and sanitation programmes etc. were organised with the help from village level JBGVS-trained health workers. JBGVS has also been partnering with Government in strengthening National Rural Health Mission (NRHM) at the grass-root level by supporting check-up camps organised for pregnant mothers by Primary Health Centres. During FY2013, JBGVS organised 135 health check-up camps benefitting 4,155 people in all the project areas. In Aurangabad, six health check-up camps were organised for Below Poverty Line (BPL) families in association with Kamalnayan Bajaj Hospital. 305 patients were examined in these camps. The idea was to screen and detect complicated cases and provide them free treatment at Kamalnayan Bajaj Hospital. In Wardha, JBGVS has been working in partnership with Vinoba Bhave Hospital, which provides free treatment to the villagers. In total, 550 patients have benefitted under these programmes. During FY2013, 30 HIV/AIDS awareness programmes were organised, in which 1,250 women participated. There was no polio or severe malnourished case in these villages.

Economic Development

Agriculture is the main occupation in the villages, where JBGVS works. Programmes, like soil testing, demonstration plots for improved variety of seeds and fertilisers, improved agricultural practices, natural farming, promotion of horticulture etc. were implemented in all the project areas. Various types of farm and non-farm based vocational training programmes i.e. dairy, poultry, goatry, two wheeler repairing, fashion designing etc. were organised. In Wardha, JBGVS has been working in partnership with Ministry of Small and Medium Enterprises (MSME) for conducting vocational training programmes.

JBGVS has been working in partnership with Rotary Club of Poona North for implementation of Kamdhenu cow project.

Cows distributed	100
Copartners	100
Total milk yield (October 2012- March 2013)	99,000 ltrs
Total Income generated (6 months)	₹ 17.82 lakh

In Kasi ka bas village of Sikar district, a revolving fund of ₹ 1.24 lakh created by JBGVS has helped 32 Self Help Groups (SHGs) to get ₹ 19.23 lakh loan from bank to start income generation activities like goatry, dairy, small enterprises, etc.

Environmental Development

Wardha is one of the drought-prone districts of Maharashtra. During summer, drinking water becomes scarce and women have to travel long distance to fetch water. Last year JBGVS completed water conservation work in 5 villages of Wardha district by deepening of nullah. The ponds created on these nullahs helped in increasing water storage in the wells downstream. This solved the drinking water problem of these 5 villages. Villagers are now very happy. After a survey, it has been decided to carry on similar work in 102 water scarce villages in coming months.

No. of nullah treated	5
Quantum of water stored	59 TCM
No. of villages benefitted	5
No. of families benefitted	2600

Social Development

Local leadership plays an important role in the development of villages. JBGVS organised various types of leadership development programmes for local youth, women, adolescent girls and boys etc. The Government invited JBGVS to train the newly elected women members of Gram Panchayats in Maval and Khed blocks of Pune district. JBGVS supported sports competitions and procurement of sports equipments. Support was also provided to promote local cultures and celebrate various festivals. 31 new SHGs consisting of 380 women were formed and they were motivated to take up village development activities, in addition to their regular savings and credit programmes.

Urban Development

Samaj Seva Kendra (SSK) is the urban development wing of JBGVS. It has a total membership of 1,057 families. SSK provides facilities for social, education, cultural and economic development to the residents of Akurdi, Nigdi and adjoining areas. During FY2013, various types of programmes like pre-primary class, balbhavan, literacy, tailoring, yoga, karate, tabala and harmonium, classical and western dance, senior citizen programmes etc. were carried out. A senior citizen's club with over 100 members has also been started. Various special programmes, like medical check-up, study tour etc. are being organised for them. Summer camp for school children got very good response. 374 children attended summer camps in two batches. The library has 67 members and 659 books on subjects ranging from stories, novels, tailoring, nutrition, health care, autobiographies etc. A few vocational training programmes, like beauty parlour, basic tailoring, fashion designing and mobile handset repairing were also conducted. About 100 youth mostly women were benefitted from these programmes. It has been decided to start a Samaj Kalyan Kendra at Aurangabad and Sikar.

3. Group Trusts for Colleges

Shiksha Mandal

It was founded by Late Shri Jamnalal Bajaj in 1914 with the strong conviction that sound education was essential for our nation's development. Initially a school, from the 1940s, it transformed itself into an institution for higher education.

Presently, it consists of 7 institutions with student strength of 8,500 and 274 teachers. At Wardha, it has a Commerce College, a Science College, an Engineering Polytechnic, a degree and diploma institution in Agriculture and a College of Rural Services. It runs a Commerce College at Nagpur. Its mission is to provide high quality education at a low cost and to instill nationalistic and humane values in its students.

Its Agriculture College, Engineering Polytechnic and Science College enjoy good rating by external agencies. Its Agriculture Diploma course consistently delivers over 90% result.

It has well developed infrastructure and a positive work culture. All its colleges, barring the one at Nagpur, run in a single shift to encourage greater student-teacher interaction and extra-curricular activities. It has over 700 computers with extensive internet access.

During FY2013, its Science College had the distinction of being awarded a ₹ 1 crore "Star College" grant by the Department of Biotechnology, the only college in Vidarbha to have been so chosen.

In 1937, Shiksha Mandal had the privilege of hosting India's first Education conference, which was presided over by Gandhiji. To commemorate its 75th Anniversary, a seminar was held in which Prof. Mushirul Hasan, ex-Vice Chancellor of Jamia Millia, Dr. Krishna Kumar, ex-Director of NCERT and Prof. Anil Sadgopal, Founder of the Hoshangabad Science Experiment participated.

15 of its students appeared in merit lists of the University. Its students excel at sports. 24 of them represented the state and 93 represented the University. 3 of them won medals at the national level. Its students are very active in extra-curricular activities. This year, one student from the Polytechnic has made it to the national level in a technical contest.

For meritorious students, free-ships are also provided by Shiksha Mandal. Thus, no meritorious student is denied admission due to inability to pay fees.

Shiksha Mandal, not only focuses on the academic and personal development of students, but also works on making them employable. It runs successful guidance programs for Chartered Accountancy, Company Secretaryship and competitive exams for jobs in banks.

Shiksha Mandal is connected to the community it operates in. It has been running a Community Polytechnic since 1984, where school drop-outs are trained, at Wardha and 5 village centres, in technical trades. It has been involved in a number of national level agricultural programs.

In FY2013, its colleges received over ₹ 3 crore funding from the University Grant Commission for various facilities including Library, Girl's Hostel etc. A ₹ 0.20 crore grant was sanctioned by AICTE for up-gradation of its engineering laboratories.

Its annual non-recurring expenditure now exceeds ₹ 5 crore. This is funded by Bajaj Group trusts, external agencies and internal accruals. The Bajaj group trusts have donated to Shiksha Mandal around ₹ 19 crore in the last 5 years.

Bajaj Science Centre

In academic year 2012-13, 403 students from 27 different schools of Wardha benefitted from the Bajaj Science Education Center. In addition, 106 students were coached at the Center for various competitive examinations. 880 students appeared for Entrance examination held on 4 March 2013, for the 218 fresh intake capacity of the Center, which reflects the recognition of its quality.

The Center conducted crash courses of practicals for standard X students. These courses are mainly organised for the students from villages, who cannot come on regular basis. 86 students benefitted from this program.

It also conducted a four day workshop for 32 Science and Mathematics teachers of Wardha city. Some teachers from outside Wardha also participated.

Achievements of its students included winning of many prestigious awards. The culture of appearing for competitive examinations is growing in Wardha, due to consistent efforts of Bajaj Science Centre.

Institute of Gandhian Studies (Gandhi Vichar Parishad)

Institute of Gandhian Studies (Gandhi Vichar Parishad), Wardha founded in memory of Late Shri Jamnalal Bajaj completed 25 years of service in October 2012. During FY2013, the Institute organised (a) Post Graduate Diploma Course in Gandhian Thought (University Recognised) for students from different parts of India and abroad (b) Orientation Camp Classes on Gandhian Thought for Medical Students (c) University Students' Camps at the local, regional and national level (d) International Non-violence Day and Related Programmes (e) Annual Ravindra Varma Memorial Lecture (f) Silver Jubilee Seminar on Gandhi, Development and Sustainability (g) Short Term Course on Gandhian Thought (h) National Seminar on Child Labour (i) Inter Religious Study Course on Methods, Training and Practices for Purification and Path to Perfection. (j) Special training programme for Gandhi International, France (k) Publications and other programmes.

4. Marathwada Medical and Research Institute (MMRI) – a Trust

Bajaj Group is giving substantial support to this Trust, which runs Kamalnayan Bajaj Hospital and Kamalnayan Bajaj Nursing College for B.Sc. Nursing degree Course.

Kamalnayan Bajaj Hospital

MMRI has established Kamalnayan Bajaj Hospital, located at Aurangabad in Marathwada region of Maharashtra and is providing super speciality and tertiary care medical facilities, not available elsewhere in this region. The hospital has expanded its capacity to 250 beds and major part of the expansion has been for general category patients. It has cancer treatment facilities, including Linac Accelerator and Brachy therapy, a new generation 128 SLICE DUAL SOURCE CT SCAN, and MRI of 1.5 Tesla, new generation Siemens Cath Lab for heart patients, latest ophthalmology equipment and other advanced facilities including open heart surgeries and organ transplantation (Kidney). Hospital also provides non-surgical treatment of Kidney. The hospital has been providing annually relief for close to 55,000 patients on OPD basis and close to 7,000 patients, who are admitted to hospital for various treatments. It also has an intensive care unit and a cardiac care unit, with a capacity of 30 beds and with an occupancy rate of more than 95%.

The hospital also runs a programme of providing relief to BPL and Economically Weaker sections (EWS) of the society with free/subsidised treatment. During FY2013, hospital with the help of an NGO has conducted camps in 182 villages of the district of Aurangabad, where more than 9,414 patients have been checked and given free treatment and medicines and out of these, 1,867 patients needing further treatment at hospital were treated totally free as in-patients at the hospital at a cost of ₹ 1.2 crore.

Kamalnayan Bajaj Nursing College (KBNC)

Kamalnayan Bajaj Nursing College (KBNC) was established in 2010 by MMRI Trust. KBNC is offering basic B.Sc. Nursing 4 years degree programme with an annual in-take of 50 students. KBNC is affiliated to Maharashtra University of Health Sciences, Nashik and Indian Nursing Council.

KBNC has excellent infrastructure facilities of international standard with state-of-art Laboratories and Library with computer Lab having free internet access, hostel for boys and girls, with an investment of over ₹ 10 crore.

KBNC has well qualified and well groomed teaching staff with high profile degrees in nursing and management. KBNC has plans to start P.B.B.Sc (N) and M.Sc (N) programme and research centre for allied health sciences and short term training programmes for health-care professionals.

KBNC offers seven types of scholarships with support from Government of Maharashtra and Social Welfare Office and MUHS, Nashik.

5. Fuji Guruji Memorial Trust

Fuji Guruji Memorial Trust has established Bauddha Mandir, Vishwa Shanti Stupa at Wardha for promotion of thoughts and teachings of Lord Buddha, Mahatma Gandhi and other preachers preaching same or similar ideology and to propagate the message of world peace, love, non-violence and equality of all religions. It has also established Bal Sanskar Kendras for the benefit and upliftment of poor children below the age of six years from small villages of Wardha District.

6. Kamalnayan Bajaj Charitable Trust

Kamalnayan Bajaj Charitable Trust runs Gitai Mandir, Pujya Jamnalal Bajaj Exhibition and Vinoba Darshan Complex, Audio-video Hall at Wardha. It also runs a library with literature and books on Mahatma Gandhi, Vinoba Bhave, Pujya Jamnalal Bajaj, Smt Jankidevi Bajaj and other freedom fighters.

7. Jamnalal Bajaj Seva Trust

Soon after the demise of Jamnalalji in 1942, as per his wishes, the first charitable trust, Jamnalal Bajaj Seva Trust was established, with an initial corpus of ₹ 5 lakh.

In 1960, at the suggestion of Acharya Vinoba Bhave, the trust purchased about 400 acres of land on the outskirts of Bangalore to establish an International Sarvodaya Centre-Vishwaneedam for promoting agriculture, dairy development, rural development and training local women and youth for self-employment.

The Trust has also been contributing its share to the promotion of art and culture through Kamalnayan Bajaj Hall and Art Gallery. Exhibition, handicrafts display as well as corporate meetings, conferences and seminars are common activities inside the Kamalnayan Bajaj Hall. The art gallery is used to display the artistic works of painters and sculptors. The art gallery also provides an opportunity to budding artists to showcase their talents.

The Trust continued running 6 Balwadis i.e. Bal Sanskar Kendra in rural areas for poor children below six years of age.

“Hamaara Sapna” project initiated by the Trust endeavors to uplift the slum residents of South Mumbai. The project involves imparting skill training along with overall knowledge and hands-on experience to foster a better tomorrow.

General

The Group has about 40 Public Charitable Trusts, which are also engaged in many topical and socially relevant CSR activities and initiatives by donating to worthy organisations. Narrative above is not exhaustive, but only illustrative to give a glimpse of the importance being given by the Group towards its Social Responsibilities.

Refer web links.

<http://www.bajajelectricals.com/beyond-profits.aspx>

<http://www.jamnalalbajajfoundation.org/>

<http://www.narishakti.org/>

<http://www.shikshamandal.org/>

Contact csr@bajajauto.co.in for any more information.



Financials

Independent Auditors' Report

To the members of **Bajaj Finance Limited**

Report on the financial statements

1. We have audited the accompanying financial statements of Bajaj Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2013 and 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, which we have signed under reference to this report.

Management's responsibility for the financial statements

2. The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control 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. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the accompanying 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:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
 - b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

7. As required by 'the Companies (Auditors' Report) Order, 2003', as amended by 'the Companies (Auditors' Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 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 a statement on the matters specified in paragraphs 4 and 5 of the Order.

Independent Auditors' Report (Contd.)

8. As required by section 227(3) of the Act, we report that:

- a) We have 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 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- e) On the basis of written representations received from the directors as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Anish Amin
Partner
Membership Number 40451
Pune : 15 May 2013

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Bajaj Finance Limited on the financial statements for the year ended 31 March 2013

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. The Company is in the business of financing and consequently, does not hold any inventory. Therefore, the provisions of clause 4(ii) of the said order are not applicable to the Company.
3. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii) (b), (c) and (d)/(f) and (g) of the said order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any of the products of the Company.
9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, employee state insurance as at 31 March 2013 which have not been deposited on account of a dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Value Added Tax liability	4.74	Year 2005-06 to 2011-12	Commissioner Appeals
ESIC	Employee State Insurance Corporation	4.46	Year 1999-2000 to 2006-07	Employee State Insurance Court
	Employee State Insurance Corporation	0.68	Year 1991-92 to 2002-03	Deputy Director Employee State Insurance Corporation

Annexure to Independent Auditors' Report (Contd.)

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. In our opinion, the Company has maintained adequate documents and records in the cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under section 49 of the Act.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the Company.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. In our opinion, and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.
19. The Company has created security in respect of debentures issued and outstanding at the year end. The details of security are disclosed in note no. 4 to the financial statements.
20. We have verified the end use of moneys raised by rights issues of equity shares and the same has been disclosed in note no. 2(A)(ii) of the financial statements.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.

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

Anish Amin
Partner
Membership Number 40451
Pune: 15 May 2013

Balance Sheet as at 31 March

		(₹ In Crore)	
Particulars	Note No.	2013	2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	49.78	41.32
Reserves and surplus	3	3,317.26	1,970.93
Money received against share warrants	2 E.ii	–	21.32
		3,367.04	2,033.57
Non-current liabilities			
Long term borrowings	4	7,503.08	6,407.86
Other Long term liabilities	5	41.96	28.54
Long term provisions	6	64.61	32.25
		7,609.65	6,468.65
Current liabilities			
Short term borrowings	7	2,080.14	2,794.56
Trade payables	8	168.95	174.19
Other current liabilities	8	4,502.51	1,395.84
Short term provisions	6	92.88	62.11
		6,844.48	4,426.70
Total		17,821.17	12,928.92
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		164.43	128.13
Intangible assets		11.78	10.66
		176.21	138.79
Non-current investments	10	5.26	5.48
Deferred tax assets (net)	11	90.37	69.16
Receivables under financing activity	12	9,548.19	6,569.21
Long term loans and advances	13	86.25	71.75
		9,906.28	6,854.39
Current assets			
Current investments	10	–	–
Receivables under financing activity	12	7,195.45	5,713.88
Cash and bank balances	14	416.40	59.83
Short term loans and advances	13	234.84	224.81
Other current assets	15	68.20	76.01
		7,914.89	6,074.53
Total		17,821.17	12,928.92

Statement of significant accounting policies

1

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

Rahul Bajaj
Nanoo Pamnani

Chairman
Vice Chairman

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

Anant Damle
Company Secretary

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia

Directors

Statement of Profit and Loss for the year ended 31 March

Particulars	Note No.	(₹ In Crore)	
		2013	2012
Revenue			
Revenue from operations	16	3,093.72	2,163.02
Other income	17	17.65	8.89
Total revenue (I)		3,111.37	2,171.91
Expenses			
Employee benefits expense	18	245.15	190.35
Finance costs	19	1,205.68	746.18
Depreciation		15.14	11.77
Loan losses and provisions	20	181.75	154.38
Other expenses	21	592.05	467.01
Total expenses (II)		2,239.77	1,569.69
Profit before tax (I - II)		871.60	602.22
Tax expenses:			
Current tax		301.50	200.00
Deferred tax expense/(credit)		(21.21)	(4.22)
Total tax expense		280.29	195.78
Profit for the year		591.31	406.44
Earnings per share:	22		
(Face value per share ₹ 10/-)			
Basic (₹)		135.69	107.72
Diluted (₹)		134.74	107.20

Statement of significant accounting policies

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

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

Anant Damle
Company Secretary

1

Rahul Bajaj
Nanoo Pamnani

Chairman
Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia

Directors

Cash Flow Statement for the year the ended 31 March

	(₹ In Crore)	
	2013	2012
A) Cash Flow from operating activities		
Profit before tax	871.60	602.22
Adjustments for:		
Depreciation	15.14	11.77
Amortisations	4.56	3.24
Finance costs	1,205.68	746.18
Provision for doubtful debts and advances, net	65.47	6.07
Provision for diminution in value of investments, net	(0.09)	–
	1,290.76	767.26
Less: Investment income/(loss) included above		
Interest on Government securities	0.59	0.59
Loss on sale of tangible assets, net	(0.05)	(0.43)
Loss on sale of investments, net	(0.10)	–
	0.44	0.16
Cash from operations	2,161.92	1,369.32
Changes in working capital:		
Increase/(decrease) in trade payables	(5.24)	17.27
Increase/(decrease) in short term provisions	1.09	(1.66)
Increase/(decrease) in other current liabilities	423.80	137.24
Increase/(decrease) in other long term liabilities	13.42	12.61
(Increase)/decrease in long term loans and advances	(2.76)	(11.92)
(Increase)/decrease in short term loans and advances	(7.75)	(100.12)
(Increase)/decrease in other current assets	7.81	(45.29)
	430.37	8.13
	2,592.29	1,377.45
Taxes paid (net of refunds)	(313.24)	(205.13)
Finance costs paid	(1,048.90)	(734.40)
	(1,362.14)	(939.53)
	1,230.15	437.92
(Increase)/decrease in receivables under financing activity, current	(1,517.02)	(2,368.77)
(Increase)/decrease in receivables under financing activity, non-current	(2,978.98)	(2,637.21)
	(4,496.00)	(5,005.98)
Net cash generated from operations	(3,265.85)	(4,568.06)
Carried forward	(3,265.85)	(4,568.06)

Cash Flow Statement for the year ended 31 March (Contd.)

		(₹ In Crore)
	2013	2012
Brought forward	(3,265.85)	(4,568.06)
B) Cash flow from investing activities		
Capital expenditure	(57.49)	(51.89)
Sale proceeds of assets/adjustments to gross block	0.46	0.39
(Increase)/decrease in long term investments	0.07	–
Investment income:		
Interest on Government securities	0.59	0.59
Net cash from investing activities	(56.37)	(50.91)
C) Cash flow from financing activities		
Dividends paid	(49.49)	(36.65)
Dividend distribution tax	(8.04)	(5.94)
Increase/(decrease) in long term borrowings	1,095.22	3,553.80
Increase/(decrease) in short term borrowings	(714.42)	325.65
Increase/(decrease) in current maturities of long term debts	2,526.00	(356.37)
Increase/(decrease) in share capital	8.46	4.69
Increase/(decrease) in share premium, net	842.38	300.63
Increase/(decrease) in money received against share warrants	(21.32)	21.32
Net cash from financing activities	3,678.79	3,807.13
Net increase in cash and cash equivalents	356.57	(811.84)
Cash and cash equivalents at the beginning of the year*	59.83	871.67
Cash and cash equivalents at the end of the year*	416.40	59.83

*Includes earmarked balances with banks (against fixed deposit maturities and unclaimed dividend) ₹ 0.69 crore (Previous year ₹ 0.57 crore)

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

Anant Damle
Company Secretary

Rahul Bajaj
Nanoo Pamnani

Chairman
Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia

} Directors

Notes to financial statements for the year ended 31 March 2013

1. Statement 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. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 and Reserve Bank of India Regulations in relation to Non Banking Finance Companies 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 Revised Schedule VI to the Companies Act, 1956.

A) System of accounting:

- i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- ii) Financial statements are 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 recognised prospectively in current and future periods.

B) Fixed assets, depreciation and amortisation:

- I) i) Fixed assets are carried at cost of acquisition.
- ii) Depreciation
 - a. Depreciation on own assets is being provided on "Written Down Value method" at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions during the year is being provided for on a pro-rata basis with reference to the month of addition.
 - b. Depreciation on assets sold during the year is being provided for, at their respective rates up to the month in which such asset is sold.

- II) Intangible assets and amortisation thereof

Intangible assets, representing specialised software etc., are recognised consistent with the criteria specified in Accounting standard - 26 "Intangible assets" as prescribed by Companies (Accounting standards) Rules, 2006. The same is amortised as an expense over a period of 60 months, being the estimated useful life of the software.

C) Investments:

- i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short term/current investments and are carried at their cost or market value/realizable value, whichever is lower. Investments maturing within 3 months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.
- ii) Investments other than short term/current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the management, such diminution is other than temporary.
- iii) Fixed income securities are stated at cost less amortisation of premium/discount as the case may be. (Refer D (ii) below)

D) Income from:

- i) Assets under finance:

The Company has accrued finance charges and service charges in terms of contractual commitments with borrowers detailed in the finance agreements entered into with hirers except in the case of non-performing assets.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

1. Statement of significant accounting policies (Contd.)

ii) Investment:

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

iii) Other Income:

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

E) Receivables under financing activity:

- i) Receivables under financing activity represent principal and matured finance charges outstanding at the close of the year but net of amount written off.
- ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non performing assets as considered necessary. Further, the Company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Regulations/Guidelines.
- iii) A general provision is also made by the Company on the standard assets outstanding and disclosed under "Long term provisions" in Note No. 6 in the financial statements as required.

F) Employee benefits:

- i) Gratuity: Payment for present liability of future payment of gratuity is being made to the approved gratuity funds, which cover the same under cash accumulation policy of the Life Insurance Corporation of India (LIC). However, any deficits in plan assets managed by LIC as compared to actuarial liability are recognised as a liability.
- ii) Superannuation: Defined contribution to superannuation fund is being made as per the scheme of the Company.
- iii) Provident fund contributions are made to Bajaj Auto Limited Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the Company and recognised as an expense. Shortfall in fund assets over present obligation determined by an appointed actuary is recognised as a liability.
- iv) Privilege leave: Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, the liability is recognised at the actuarially determined value by an appointed actuary.
- v) Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

G) Taxation:

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 substantially enacted rate of tax to the extent the timing differences are expected to crystallize, 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.

H) Provisions and contingent liabilities:

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a realizable 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.

I) Employee stock option scheme – See note no. 28

Notes to financial statements for the year ended 31 March 2013 (Contd.)

2. Share Capital

	2013	2012
	(₹ In Crore)	
Authorised		
75,000,000 (75,000,000) equity shares of ₹ 10 each	75.00	75.00
Issued		
49,778,334 (41,320,076) equity shares of ₹ 10 each	49.78	41.32
Subscribed and paid up:		
49,778,334 (41,319,076) equity shares of ₹ 10 each fully called up and paid up	49.78	41.32
Add: - (1,000) forfeited equity shares (₹ 5/- per share paid up) Nil; (Previous year ₹ 5,000/-)	-	
	49.78	41.32

A) i) Reconciliation of the shares outstanding at the beginning and at the end of the year

	2013		2012	
	Nos.	₹ in Crore	Nos.	₹ in Crore
Equity shares				
At the beginning of the year	41,319,076	41.32	36,629,076	36.63
Add: Issued during the year - Employee Stock Option Plan*	390,000	0.39	-	-
Add: Allotment on conversion of preferential warrants {See note no. 2(e)(ii)}	1,310,000	1.31	4,690,000	4.69
Add: Issue of shares on rights basis {See note no. 2(a)(ii)}	6,759,258	6.76	-	-
Outstanding at the end of the year	49,778,334	49.78	41,319,076	41.32

*Includes 1,000 equity shares forfeited in earlier years reissued and allotted to "BFL Employee Welfare Trust" under Employee Stock Option Plan.

- ii) During the year, the Company issued 6,759,258 equity shares at ₹ 10/- each at a premium of ₹ 1,090/- on rights basis to its existing shareholders in the ratio of 3 equity shares for every 19 shares held. The said shares were fully subscribed subject to 859 shares held in abeyance pending adjudication of title. Accordingly, the funds raised aggregating to ₹ 743.52 crore have been entirely utilised towards the objects of the issue as on 31 March 2013.

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. The dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Equity shares allotted on conversion of preferential warrants, i.e. 4,690,000 and 1,310,000 equity shares are restricted from transfer other than inter se promoter group upto 28 March 2015 and 10 December 2015 respectively.

C) Shares held by holding company

	2013		2012	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	30,856,613	30.86	25,195,089	25.20

D) Details of shareholders holding more than 5% shares in the Company

	2013		2012	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	30,856,613	61.99%	25,195,089	60.98%

Notes to financial statements for the year ended 31 March 2013 (Contd.)

2. Share Capital (Contd.)

E) Shares reserved for issue

i) Under Employee Stock Option Plan:

1,829,803 Equity Shares (i.e. 5% of the then paid up equity share capital) have been approved/reserved for issue under Employee Stock Option Plan, 2009 of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, of which 423,000 equity shares have been issued and allotted to ESOP trust upto 31 March 2013.

ii) For warrant conversion:

6,000,000 preferential warrants convertible into equivalent number of equity shares of ₹ 10/- each had been issued to Bajaj Finserv Limited (promoter) by the Company on 28 July 2011 from whom 25% of the issue price amounting to ₹ 97.65 crore has been received in advance entitling the warrant holder to apply for an equivalent number of equity shares on payment of balance 75% of the issue price within 18 months from the date of allotment of warrants. Bajaj Finserv Limited has since exercised its option to convert entire warrants upto 31 March 2013.

3. Reserves and surplus

	(₹ In Crore)	
	2013	2012
Share premium		
As per last account	1,056.12	755.49
Add: Received during the year:		
- On issue of rights equity shares	736.76	—
- On issue of shares under Employee Stock Option Plan	23.12	—
- On issue of shares by way of conversion of warrants	83.97	300.63
	843.85	300.63
Less: Share issue expenses as per section 78 of the Companies Act, 1956	1.47	—
Closing balance	1,898.50	1,056.12
Capital reserve		
Amount previously received on forfeited equity shares re-issued during the year (₹ 5,000) (previous year Nil)		—
		—
Reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934		
As per last account	221.75	140.25
Add: Set aside during the year	119.00	81.50
Closing balance	340.75	221.75
General reserve		
As per last account	251.60	210.60
Add: Set aside during the year	60.00	41.00
Closing balance	311.60	251.60
Infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961		
As per last account	0.15	—
Add: Set aside during the year	1.90	0.15
Closing balance	2.05	0.15

Notes to financial statements for the year ended 31 March 2013 (Contd.)

3. Reserves and surplus (Contd.)

	(₹ In Crore)	
	2013	2012
Surplus in the Statement of Profit and Loss		
As per last account	441.31	215.14
Add: Profit for the year	591.31	406.44
	1,032.62	621.58
Less: Appropriations:		
Transfer to reserve fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	119.00	81.50
Transfer to general reserve	60.00	41.00
Transfer to infrastructure reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	1.90	0.15
Proposed dividend	74.67	49.58
Provision for dividend tax on dividend	12.69	8.04
Total appropriations	268.26	180.27
Closing balance	764.36	441.31
	3,317.26	1,970.93

4. Long term borrowings

	(₹ In Crore)			
	Non-current		Current	
	2013	2012	2013	2012
A) Secured				
Privately placed redeemable non convertible debentures secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and book debts and receivables under financing activity as stated in the respective information memorandum	2,341.90	2,128.90	1,630.00	430.00
From banks, against hypothecation of assets under finance, book debts and other receivables	4,365.00	3,592.00	1,555.00	100.00
	6,706.90	5,720.90	3,185.00	530.00
Less: Shown under other current liabilities	—	—	(3,185.00)	(530.00)
Total (A)	6,706.90	5,720.90	—	—
B) Unsecured				
Privately placed redeemable non convertible debentures	310.00	407.80	364.80	168.00
Privately placed sub-ordinated (Tier II) redeemable non convertible debentures of ₹ 0.10 crore each	485.80	278.70	—	—
Term loans from banks	—	—	—	325.00
Fixed deposits	0.38	0.46	0.21	1.01
	796.18	686.96	365.01	494.01
Less: Shown under other current liabilities	—	—	(365.01)	(494.01)
Total (B)	796.18	686.96	—	—
Total (A+B)	7,503.08	6,407.86	—	—

Notes to financial statements for the year ended 31 March 2013 (Contd.)

4. Long term borrowings (Contd.)

C) Details of privately placed secured redeemable non convertible debentures:

(₹ In Crore)

Date of maturity	Prospective repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 0.10 crore	Non-current	
				2013	2012
Jan 18	Bullet repayment	595.00	—	595.00*	—
Oct 17	Bullet repayment	125.00	—	125.00*	—
Nov 15	Bullet repayment	250.00	—	250.00	250.00
Oct 15	Bullet repayment	100.00	—	100.00	25.00
Jul 15	Bullet repayment	50.00	—	50.00	50.00
Jun 15	Bullet repayment	—	5.70	5.70	5.70
May 15	Bullet repayment	—	50.00	50.00	—
Apr 15	Bullet repayment	—	203.20	203.20	9.20
Mar 15	Bullet repayment	—	149.00	149.00	99.00
Feb 15	Bullet repayment	—	13.00	13.00	13.00
Oct 14	Bullet repayment	225.00	—	225.00*	—
Sep 14	Bullet repayment	215.00	—	215.00*	—
Aug 14	Bullet repayment	300.00	—	300.00*	—
Apr 14	Bullet repayment	—	61.00	61.00	47.00
Mar 14	Bullet repayment	—	—	—	4.00
Nov 13	Bullet repayment	—	—	—	73.00
Nov 13	Bullet repayment	—	—	—	203.00
Oct 13	Bullet repayment	—	—	—	188.00
Sep 13	Bullet repayment	—	—	—	41.00
Sep 13	Bullet repayment	—	—	—	130.00
Aug 13	Bullet repayment	—	—	—	46.80
Aug 13	Bullet repayment	—	—	—	110.00
Jul 13	Bullet repayment	—	—	—	496.00*
Jun 13	Bullet repayment	—	—	—	60.00
Jun 13	Bullet repayment	—	—	—	25.00
May 13	Bullet repayment	—	—	—	25.00
May 13	Bullet repayment	—	—	—	176.20
Apr 13	Bullet repayment	—	—	—	52.00
				2,341.90	2,128.90

Note:

- Of the total non-current secured zero coupon bonds issued, ₹ 881.90 crore. were issued at a premium and ₹ 201 crore were issued at a discount
- * Related parties are current holders of ₹ 140 crore of the mentioned issue (previous year ₹ 25 crore)
- Interest rates range from 8.70% p.a. to 10.05% p.a. as at 31 March 2013

Notes to financial statements for the year ended 31 March 2013 (Contd.)

4. Long term borrowings (Contd.)

D) Terms of repayment of bank loans - secured

(₹ In Crore)

Date of maturity	Prospective repayment schedule	Non-current	
		2013	2012
Dec 15	Bullet repayment	50.00	—
Nov 15	Bullet repayment	100.00	—
Oct 15	Bullet repayment	50.00	—
Sep 15	Bullet repayment	50.00	—
Jul 15	Bullet repayment	75.00	—
Jun 15	Bullet repayment	325.00	—
May 15	Bullet repayment	250.00	—
Apr 15	Bullet repayment	350.00	—
	3 semi annual payment of ₹ 16.67 crore starting Mar 15	50.00	—
Mar 15	Bullet repayment	150.00	50.00
	4 quarterly payment of ₹ 25 crore starting Feb 15	100.00	—
Jan 15	Bullet repayment	400.00	400.00
Dec 14	Bullet repayment	400.00	250.00
Nov 14	Bullet repayment	100.00	100.00
Oct 14	Bullet repayment	250.00	250.00
Sep 14	Bullet repayment	150.00	150.00
Aug 14	Bullet repayment	50.00	50.00
	4 quarterly payment of ₹ 25 crore starting Jul 14	100.00	—
	3 annual payment of ₹ 73.33 crore starting Jun 14	220.00	—
Jun 14	Bullet repayment	100.00	—
	4 quarterly payment of ₹ 12.5 crore starting Jun 14	50.00	50.00
	12 quarterly payment of ₹ 6.75 crore starting May 14	81.00	—
	5 semi annual payment of ₹ 30 crore starting May 14	150.00	—
	4 semi annual payment of ₹ 10 crore starting Mar 14	40.00	50.00
	4 semi annual payment of ₹ 20 crore starting Feb 14	80.00	100.00
	3 quarterly payment of ₹ 50 crore starting Jan 14	150.00	200.00
	2 quarterly payment of ₹ 25 crore starting Dec 13	50.00	100.00
	2 quarterly payment of ₹ 50 crore starting Dec 13	100.00	200.00
Dec 13	Bullet repayment	—	200.00
Nov 13	Bullet repayment	—	50.00
Oct 13	Bullet repayment	—	100.00
Sep 13	Bullet repayment	—	400.00
	2 annual payment of ₹ 100 crore starting Aug 13	200.00	300.00
Jul 13	Bullet repayment	—	400.00
	12 quarterly payment of ₹ 12 crore starting May 13	144.00	192.00
		4,365.00	3,592.00

• Interest rates range from 10.20% p.a. to 10.65% p.a. as at 31 March 2013

Notes to financial statements for the year ended 31 March 2013 (Contd.)

4. Long term borrowings (Contd.)

E) Details of privately placed unsecured redeemable non convertible debentures

(₹ In Crore)

Date of maturity	Prospective repayment schedule	Of face value ₹ 1 crore	Of face value ₹ 0.10 crore	Non-current	
				2013	2012
Jan 15	Bullet repayment		37.00	37.00	37.00
Oct 14	Bullet repayment	10.00		10.00	–
Jun 14	Bullet repayment	6.00		6.00	6.00
Apr 14	Bullet repayment	200.00	57.00	257.00	–
Feb 14	Bullet repayment			–	11.00
Dec 13	Bullet repayment			–	15.00
Nov 13	Bullet repayment			–	10.00
Aug 13	Bullet repayment			–	13.00
Jul 13	Bullet repayment			–	21.00
Jun 13	Bullet repayment			–	90.00
Jun 13	Bullet repayment			–	9.60
May 13	Bullet repayment			–	7.70
May 13	Bullet repayment			–	150.00
Apr 13	Bullet repayment			–	37.50
				310.00	407.80

Note:

- Of the total non current unsecured zero coupon bonds issued, ₹ 109.80 crore were issued at a premium and ₹ 52 crore were issued at a discount
- Interest rates range from 9.22% p.a. to 10.45% p.a. as at 31 March 2013

F) Details of privately placed unsecured redeemable non convertible debentures - sub-ordinated debt issued at face value of ₹ 0.10 Crore:

(₹ In Crore)

Date of maturity	Prospective repayment schedule	Non-current	
		2013	2012
Jan 23	Bullet repayment	49.70*	–
Aug 22	Bullet repayment	157.40	–
May 21	Bullet repayment	50.00	50.00
Oct 20	Bullet repayment	36.20*	36.20
Sep 20	Bullet repayment	27.50	27.50
Jul 20	Bullet repayment	50.00	50.00
Jun 20	Bullet repayment	50.00*	50.00
Apr 20	Bullet repayment	65.00	65.00
		485.80	278.70

Note:

- * Related parties are current holders of ₹ 2.50 crore of the mentioned issue (previous year Nil)
- Interest rates range from 9.45% p.a. to 10.21% p.a. as at 31 March 2013

Notes to financial statements for the year ended 31 March 2013 (Contd.)

5. Other long term liabilities

	(₹ In Crore)	
	2013	2012
Trade payables	22.71	15.80
Others:		
–Security deposits	15.91	10.27
–Other payables	3.34	2.47
	41.96	28.54

6. Provisions

	(₹ In Crore)			
	Non-current		Current	
	2013	2012	2013	2012
Provision for employee benefits	–	–	5.27	4.18
	–	–	5.27	4.18
Other provisions:				
Proposed dividend	–	–	74.67	49.58
Tax on proposed dividend	–	–	12.69	8.04
General provision on standard assets	57.48	32.25	0.25	0.31
Provision for interest sacrifice on restructured assets	7.13	–	–	–
	64.61	32.25	87.61	57.93
	64.61	32.25	92.88	62.11

• During the year ended 31 March 2013, the dividend proposed for distribution to equity shareholders was ₹ 15 per share (previous year ₹ 12/- per share).

7. Short term borrowings

	(₹ In Crore)	
	2013	2012
A) Secured		
From banks, against hypothecation of assets under finance, book debts and other receivables:		
– Cash credit and demand loans	748.58	1,374.55
Total (A)	748.58	1,374.55
B) Unsecured		
Overdraft facility from banks	24.56	0.01
Short-term loans:		
– From banks	250.00	500.00
	274.56	500.01
Borrowings by issue of commercial papers	1,057.00	920.00
Total (B)	1,331.56	1,420.01
Total (A+B)	2,080.14	2,794.56

Notes to financial statements for the year ended 31 March 2013 (Contd.)

7. Short term borrowings (Contd.)

Terms of repayment of unsecured short term loans

Date of maturity	(₹ In Crore)	
	2013	2012
Apr 13	250.00	—
Apr 12	—	500.00
	250.00	500.00

• Interest rate is 10.25% p.a. as at 31 March 2013

Terms of repayment of commercial papers:

Date of maturity	(₹ In Crore)	
	2013	2012
Jan 14	25.00	—
Oct 13	60.00	—
Sep 13	60.00	—
Aug 13	196.00	—
Jul 13	205.00	—
Jun 13	156.00	—
May 13	130.00	—
Apr 13	225.00	—
Mar 13	—	8.00
Dec 12	—	25.00
Nov 12	—	52.00
Oct 12	—	50.00
Sep 12	—	10.00
Aug 12	—	185.00
Jul 12	—	315.00
May 12	—	100.00
Apr 12	—	175.00
	1,057.00	920.00

• Interest rate range from 9.20% to 10.30% p.a. as at 31 March 2013

Notes to financial statements for the year ended 31 March 2013 (Contd.)

8. Current liabilities

	(₹ In Crore)	
	2013	2012
Trade payables	168.95	174.19
Other current liabilities		
Current maturities of long term borrowings (See note no. 4):		
– Secured loans	3,185.00	530.00
– Unsecured loans	365.01	494.01
	3,550.01	1,024.01
Interest accrued but not due	311.42	153.80
Interest accrued and due	0.17	1.01
Income received in advance	0.83	1.61
Unclaimed dividend	0.54	0.40
Unclaimed matured fixed deposits (₹ 25,000/-)		0.08
Others:		
– Temporary overdraft as per books only	564.29	165.14
– Statutory dues	12.82	5.98
– Security deposits	5.77	7.66
– Employee benefits payable	24.77	13.65
– Other/miscellaneous payables	31.89	22.50
	4,502.51	1,395.84

9. Fixed assets

	(₹ In Crore)									
	Gross block at cost				Depreciation			Net block		
	As at 31 March 2012	Additions	Deductions/ adjustments	As at 31 March 2013	As at 31 March 2012	Deductions/ adjustments	For the Year (b)	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
A) Tangible assets (b):										
Assets relating to leasing business:										
Plant and Machinery	17.64	–	–	17.64	17.64	–	–	17.64	–	–
Other assets:										
Land freehold (d)	2.26	–	–	2.26	–	–	–	–	2.26	2.26
Building (a)	112.13	36.67	–	148.80	8.67	–	6.10	14.77	134.03	103.46
Computers	25.92	6.41	0.85	31.48	19.97	0.82	4.38	23.53	7.95	5.95
Office equipments	7.30	1.77	0.34	8.73	2.34	0.22	0.97	3.09	5.64	4.96
Furniture and fixtures	16.52	3.05	1.67	17.90	7.81	1.62	2.32	8.51	9.39	8.71
Vehicles	4.72	4.05	1.18	7.59	1.93	0.87	1.37	2.43	5.16	2.79
Total (A)	186.49	51.95	4.04	234.40	58.36	3.53	15.14	69.97	164.43	128.13
Previous year	144.34	44.53	2.38	186.49	48.15	1.56	11.77	58.36	128.13	
B) Intangible assets:										
Specialised software (c)	10.66	5.54	4.42 (e)	11.78	–	–	–	–	11.78	10.66
Total (B)	10.66	5.54	4.42	11.78	–	–	–	–	11.78	10.66
Previous year	6.41	7.36	3.11 (e)	10.66						

a) Includes cost of shares in co-operative society ₹ 250/-

b) See note no. 1 (B) (i)

c) See note no. 1 (B) (ii)

d) Represents share in undivided portion of land, on purchase of office premises

e) Amount amortised as expense

Notes to financial statements for the year ended 31 March 2013 (Contd.)

10. Investments

	(₹ In Crore)	
	2013	2012
Non current investments		
A) In Government and trust securities		
Other than trade		
Unquoted		
11.83% Government of India Stock, 2014 of the face value of ₹ 5 crore	6.37	6.37
Less: Amortisation of premium {Refer note. no. 1 (C) (iii)}	(1.11)	(0.97)
Total (A)	5.26	5.40
B) In fully paid equity shares		
Other than trade		
Quoted		
-(90) Shares of TCFC Finance Limited	—	—
@ 38,700 Shares of ₹ 10 each in Akai Impex Limited	0.23	0.23
75 Shares of ₹ 10 each in Bajaj Holdings and Investments Limited (₹ 19,646/-)		
@ -(16,880) Shares of ₹ 10 each in Dai Ichi Karkaria Limited	—	0.17
40 Shares of ₹ 10 each in Dion Global Solutions Limited (₹ 1,435/-)		
-(25) Shares of ₹ 10 each in ICICI Bank Ltd (Previous year ₹ 1,320/-)	—	
@ 52 Shares of ₹ 10 each in Midwest Leasing Limited (₹ 450/-)		
@ 50 Shares of ₹ 10 each in Mazda Industries and Leasing Limited (₹ 500/-)		
@ 50 Shares of ₹ 10 each in MCC Finance Limited (₹ 1,665/-)		
@ 50 Shares of ₹ 10 each in Nagarjuna Finance Limited (₹ 713/-)		
@ 100 Shares of ₹ 10 each in P L Finance and Investment Limited (₹ 1,500/-)		
150 Shares of ₹ 10 each in Bajaj Auto Limited (₹ 7685/-)		
-(75) Shares of ₹ 5 each in Bajaj Finserv Limited (₹ 7,441/-)	—	
@ 310 Shares of ₹ 10 each in Southern Fuels Limited	0.01	0.01
	0.24	0.41
Less : Provision for diminution in value of investments	(0.24) [@]	(0.33) [@]
TOTAL (B)	—	0.08
TOTAL (A+B)	5.26	5.48

	(₹ In Crore)	
	Book Value as at	
	31 March 2013	31 March 2012
Quoted	*	0.08
Unquoted	5.26	5.40

* Book value ₹ 27,331/-

@ Diminution in value provided for

Notes to financial statements for the year ended 31 March 2013 (Contd.)

11. Deferred tax assets (Net)

	(₹ In Crore)	
	2013	2012
A) Deferred tax liability		
On account of timing difference in		
Depreciation and amortisation	(7.47)	(3.49)
Other liabilities	(1.52)	(0.33)
Gross deferred tax liability Total (A)	(8.99)	(3.82)
B) Deferred tax asset		
On account of timing difference in		
Disallowance u/s 43B of the Income Tax Act, 1961	1.24	1.83
Provision for doubtful debts	85.30	63.05
Other assets	12.82	8.10
Gross deferred tax asset Total (B)	99.36	72.98
Total (A+B)	90.37	69.16

12. Receivables under financing activity (Good unless otherwise stated)

	(₹ In Crore)			
	Non-current		Current	
	2013	2012	2013	2012
A) Secured				
i) a) Against hypothecation of automobiles, equipments, durables etc. (Includes overdue instalments ₹ 189.75 crore) [Previous year ₹ 205.45 crore]	1,583.78	1,423.19	4,415.23	3,498.83
b) Stock of repossessed vehicles under Finance Agreements at estimated realisable/balance value	—	—	13.97	9.13
	1,583.78	1,423.19	4,429.20	3,507.96
c) Overdue Instalments under Finance Agreements considered doubtful	—	—	116.81	87.51
Less: Provision:				
i) Against non performing assets (NPAs)	—	—	(100.87)*	(76.09)*
ii) Against loss estimations of delinquent receivables not yet NPAs	—	—	(15.94)*	(11.42)*
	—	—	—	—
	1,583.78	1,423.19	4,429.20	3,507.96
ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue instalments ₹ 1.05 Crore) [Previous year ₹ 0.41 Crore]				
Good	5,610.85	3,463.09	181.45	142.32
Doubtful	—	—	1.13	0.20
Less: Provision:				
i) Against non performing assets (NPAs)	—	—	(1.13)*	(0.20)*
ii) Against loss estimations of delinquent receivables not yet NPAs	—	—	—*	—*
	—	—	—	—
	5,610.85	3,463.09	181.45	142.32
iii) Infrastructure finance:				
Against joint hypothecation of plant and machinery, immovable property and other assets	304.04	374.95	134.50	358.45
iv) Loan against shares (secured by pledge of shares)	26.30	42.12	622.66	387.41
Total (A)	7,524.97	5,303.35	5,367.81	4,396.14

Notes to financial statements for the year ended 31 March 2013 (Contd.)

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

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
B) Unsecured +				
Loans at agreement values less instalments received (Includes overdue installments ₹ 64.54 crore] [Previous year ₹ 69.51 crore]				
Good	2,023.22	1,265.86	1,827.64	1,317.74
Doubtful	—	—	66.28	60.13
Less: Provision:				
i) Against non performing assets (NPAs)	—	—	(52.67)*	(52.66)*
ii) Against loss estimations of delinquent receivables not yet NPAs	—	—	(13.61)*	(7.47)*
	—	—	—	—
	2,023.22	1,265.86	1,827.64	1,317.74
Total (B)	2,023.22	1,265.86	1,827.64	1,317.74
Total (A+B)	9,548.19	6,569.21	7,195.45	5,713.88

* See note 1E

+ Includes receivables from related parties amounting to ₹ 33.93 crore (previous year ₹ 45.87 crore)

13. Loans and advances, unsecured, good (unless otherwise stated)

(₹ In Crore)

	Non-current		Current	
	2013	2012	2013	2012
Capital advances	1.45	0.56	—	—
Security deposits	6.91	5.98	3.00	—
Loan and advances to related parties	—	0.04	9.36	7.98
Advance tax, net of provision for taxation	59.43	47.69	—	—
Advances recoverable in cash or kind				
– Secured considered good	—	—	—	—
– Unsecured considered good	18.46	17.48	222.48	216.83
– Doubtful	—	—	1.27	3.55
Less: Provision	—	—	(1.27)	(3.55)
	—	—	—	—
	18.46	17.48	222.48	216.83
	86.25	71.75	234.84	224.81

Notes to financial statements for the year ended 31 March 2013 (Contd.)

14. Cash and bank balances

	(₹ In Crore)	
	Current	
	2013	2012
Cash and cash equivalents		
Cash on hand	0.03	0.01
Cash with collecting agents	32.91	17.65
Cash equivalents:		
- Bank balance in cash credit/current accounts	113.95	41.60
- Certificates of deposits (maturity less than 3 months from date of acquisition)	268.82	–
	415.71	59.26
Other bank balances:		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	0.69	0.57
	0.69	0.57
	416.40	59.83

15. Other current assets

	(₹ In Crore)	
	2013	2012
Interest receivable on investments	0.84	0.23
Other finance charges receivable	61.19	34.63
Receivables from related parties	2.26	37.82
Other receivables	3.91	3.33
	68.20	76.01

16. Revenue from operations

	(₹ In Crore)	
	2013	2012
Finance activity:		
i) Financing Charges	2,180.93	1,499.33
ii) Interest on loans	668.30	428.91
iii) Service and administration charges	75.56	68.02
	2,924.79	1,996.26
Other operating revenue:		
i) Interest		
a) On deposits	0.62	0.04
b) Penal and others	71.66	48.20
	72.28	48.24
ii) Profit on sale of current investments, net*	21.67	10.22
iii) Bad debt recoveries	25.10	26.29
iv) Miscellaneous charges and receipts	49.88	82.01
	168.93	166.76
	3,093.72	2,163.02

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

Notes to financial statements for the year ended 31 March 2013 (Contd.)

17. Other income

	(₹ In Crore)	
	2013	2012
Interest:		
On Government and trust securities	0.59	0.59
Amortisation of premium/discount {Refer note no. 1 (C) (iii)}	(0.14)	(0.13)
	0.45	0.46
Dividend (₹ 42,911/-, previous year ₹ 42,964/-)		
Miscellaneous income	0.22	0.45
Provisions no longer required	12.88	5.87
Sundry credit balances appropriated	4.01	2.11
Provision for diminution in value of investments written back, net	0.09	—
	17.65	8.89

18. Employee benefits expense

	(₹ In Crore)	
	2013	2012
Employees' emoluments: (Includes manager's remuneration)		
Salaries, wages and bonus	226.95	176.16
Contribution to provident and other funds	9.27	7.75
Staff welfare expenses	8.93	6.44
	245.15	190.35

19. Finance costs

	(₹ In Crore)	
	2013	2012
Interest expenses	954.26	561.21
Discount in respect of "Commercial papers"	241.55	175.96
Other financing costs	9.87	9.01
	1,205.68	746.18

20. Loan losses and provisions

	(₹ In Crore)	
	2013	2012
Bad debts written off	116.28	148.31
Provision release on account of bad debts written off	(75.17)	(80.83)
Provision for standard assets	25.23	13.35
Provision for interest sacrifice on restructured assets	7.13	—
Provision for delinquencies	108.28	73.55
	181.75	154.38

Notes to financial statements for the year ended 31 March 2013 (Contd.)

21. Other expenses

	(₹ In Crore)	
	2013	2012
Insurance	0.23	0.15
Rent	7.18	5.97
Commission to non executive directors	1.25	0.87
Communication expenses	16.64	13.49
Outsourcing/back office expenses	76.03	52.37
Service tax	20.69	30.05
Travelling expenses	26.38	17.57
Information technology expenses	20.90	15.14
Marketing commission	82.18	96.46
Recovery costs	119.58	89.11
Bank charges	15.05	13.15
Amortisation of software expenses	4.42	3.11
Rates and taxes	0.29	0.26
Auditors' remuneration	0.29	0.28
Loss on sale of investments, net	0.10	—
Loss on sale of assets, net	0.05	0.43
Dealer incentive	100.48	64.23
Sundry expenses	100.31	64.37
	592.05	467.01

	(₹ In Crore)	
	2013	2012
Payment to auditor (net of service tax credit availed)		
As auditor:		
– Audit fee	0.20	0.20
– Tax audit fee	0.01	0.01
In other capacity:		
– Other services (certification fees)	0.07	0.07
Reimbursement of expenses (Previous year ₹ 34,254/-)	0.01	
	0.29	0.28

Notes to financial statements for the year ended 31 March 2013 (Contd.)

22. Computation of Earnings Per Share (EPS)

	(₹ In Crore)	
	2013	2012
A) Basic		
i) Computation of profit (Numerator):		
– Net Profit attributable to shareholders	591.31	406.44
ii) Computation of weighted average number of shares (Denominator) :		
– Number of shares outstanding at the beginning of the year	41,319,076	36,629,076
Weighted average number of equity shares issued prior to record date for rights issue of shares	482,233	38,443
Weighted average number of rights shares	555,555	–
Proportionate addition to opening number of shares due to adjustment factor	1,212,238	1,063,358
Weighted average number of shares issued and outstanding during the year - shares issued to ESOP Trust	7,301	–
Adjusted weighted average equity shares	43,576,403	37,730,877
EPS (basic) (₹)	135.69	107.72
B) Diluted		
i) Computation of profit (Numerator):		
– Net Profit attributable to shareholders	591.31	406.44
ii) Computation of weighted average number of shares (Denominator) :		
– Number of shares outstanding as above/at the beginning of the year	41,319,076	36,629,076
Weighted average number of equity shares issued prior to record date for rights issue of shares	482,233	38,443
Weighted average number of rights shares	555,555	–
Proportionate addition to opening number of shares due to adjustment factor	1,212,238	1,063,358
Weighted average number of shares issued and outstanding during the year - shares issued to ESOP Trust	7,301	–
Number of options outstanding at the close of the year*	308,169	184,372
Adjusted weighted average equity shares	43,884,572	37,915,249
EPS (diluted) (₹)	134.74	107.20

* Dilutive equity shares under warrants outstanding and ESOPs

23. Contingent liability not provided for

	(₹ In Crore)	
	2013	2012
Disputed claims against the Company not acknowledged as debts	4.57	3.51
VAT matters under appeal	6.05	3.49
ESI matters under appeal	5.14	5.14
Income tax matters under appeal	35.33	41.51
Guarantees given on behalf of the Company	4.44	–

24. Capital and other commitments

	(₹ In Crore)	
	2013	2012
A) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	4.66	3.18
B) Other commitments		
The Company has capital commitments amounting to ₹ 202.84 crore (previous year ₹ 262.66 crore)		

Notes to financial statements for the year ended 31 March 2013 (Contd.)

25. Expenditure in foreign currency

	(₹ In Crore)	
	2013	2012
Travelling expenses	0.06	0.16
Software expenses	2.66	2.33
Other expenses	0.05	0.02

26. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with Segment Reporting.
27. Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (Revised) as prescribed by Companies (Accounting Standards) Rules, 2006, the details of which are as hereunder.

A) Gratuity

	(₹ In Crore)	
	2013	2012
Amount to be recognised in Balance Sheet		
Present value of funded obligations	9.89	6.39
Fair value of plan assets	(15.97)	(11.45)
Amount not recognised as an asset (limit in para 59 (b))	1.42	1.87
Net Liability	(4.66)	(3.19)
Amounts in Balance Sheet		
Liability	1.10	0.43
Assets	(5.76)	(3.62)
Net Liability/(Asset)	(4.66)	(3.19)
Expense to be recognised in the Statement of Profit and Loss		
Current service cost	1.51	1.12
Interest on defined benefit obligation	0.66	0.45
Expected return on plan assets	(0.87)	(0.59)
Net actuarial losses/(gains) recognised in year	1.38	0.42
Effect of the limit in para 59 (b)	(0.45)	0.63
Premium allocation difference and other charges transferred	—	—
Total, included in "employee emoluments"	2.23	2.03
Actual return on plan assets	1.06	0.74
Reconciliation of benefit obligations & plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	6.39	4.47
Current service cost	1.51	1.12
Interest cost	0.66	0.45
Actuarial losses/(gain)	1.57	0.57
Benefits paid	(0.24)	(0.22)
Closing defined benefit obligation	9.89	6.39

Notes to financial statements for the year ended 31 March 2013 (Contd.)

A) Gratuity (Contd.)

	(₹ In Crore)	
	2013	2012
Change in fair value of assets		
Opening fair value of plan assets	11.45	7.89
Expected return on plan assets	0.87	0.59
Actuarial gain/(losses)	0.19	0.15
Contributions by employer	3.70	3.04
Benefits paid	(0.24)	(0.22)
Closing fair value of plan assets	15.97	11.45
Summary of the actuarial assumptions		
Discount rate	8.05%	8.65%
Expected rate of return on assets	7.50%	7.50%
Salary escalation rate - Senior staff	8.00%	8.00%
Salary escalation rate - Junior staff	8.00%	8.00%

	(₹ In Crore)				
Particulars	2009	2010	2011	2012	2013
Experience adjustments					
Defined benefit obligation	2.49	2.92	4.47	6.39	9.89
Plan assets	3.48	5.30	7.89	11.45	15.97
Surplus/(deficit)	0.99	2.38	3.42	5.06	6.08
Experience adjustments on plan liabilities	0.13	0.08	0.30	0.80	0.87
Experience adjustments on plan assets	1.40	0.07	0.15	0.16	0.19

B) Compensated absences

	(₹ In Crore)	
Particulars	2013	2012
Present value of unfunded obligations	5.27	3.45
Expense recognised in the Statement of Profit and Loss	2.66	1.02
Discount rate (p.a.)	8.05%	8.65%
Salary escalation rate (p.a.) - Senior staff	8.00%	8.00%
Salary escalation rate (p.a.) - Junior staff	8.00%	8.00%

Casual leave and earned leave which is considered as a short term benefit, is valued at its encashment value amounting to ₹ Nil (Previous year ₹ 0.73 crore)

Notes to financial statements for the year ended 31 March 2013 (Contd.)

C) Provident fund

In case of certain employees, the provident fund contribution is made to Bajaj Auto Limited Provident Fund Trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31 March 2013. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

	(₹ In Crore)
	2013
Amount to be recognised in Balance Sheet	
Present value of funded obligations	51.93
Fair value of plan assets	51.93
Net liability	–
Amounts in balance sheet	
Liability	–
Assets	–
Net liability/(asset)	–
Expense to be recognised in the Statement of Profit and Loss	
Current service cost	5.52
Interest on defined benefit obligation	3.58
Expected return on plan assets	(3.71)
Net actuarial losses/(gains) recognised in year)	0.13
Total, included in "employee emoluments"	5.52
Reconciliation of benefit obligations and plan assets for the period	
Change in defined benefit obligation	
Opening defined benefit obligation	37.42
Current service cost	5.52
Interest cost	3.58
Actuarial losses/(gain)	0.21
Employee's contribution	8.36
Liabilities assumed on acquisition/(settled on divestiture)	–
Benefits paid	(3.16)
Closing defined benefit obligation	51.93
Change in fair value of assets	
Opening fair value of plan assets	37.42
Expected return on plan assets	3.71
Actuarial gain/(losses)	0.08
Employer contributions during the period	5.52
Employee contributions during the period	8.36
Assets acquired on acquisition/(distributed on divestiture)	–
Benefits paid	(3.16)
Closing fair value of plan assets	51.93

Notes to financial statements for the year ended 31 March 2013 (Contd.)

C) Provident fund (Contd.)

(₹ In Crore)

2013

Summary of the actuarial assumptions	
Discount rate	8.05%
Expected rate of return on assets	8.56%
Discounting rate for remaining term to maturity of investment (p.a)	8.05%
Average historic yield on investment (p.a.)	8.56%
Guaranteed rate of return (p.a.)	8.50%

The guidance note on implementing AS 15 "Employee benefits" issued by the Accounting Standards Board of the Institute of Chartered Accountants of India states that provident funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. The current year is the first year in which the actuary has given the disclosures in the actuarial valuation report, in view of the issuance of the guidance note by the Institute of Actuaries of India. Accordingly, the compliance with the disclosure requirements of paragraph 120(n) of AS 15 "Employee benefits" have been done prospectively from this year onwards.

28. Employee stock option plan

The Board of Directors at its meeting held on 14 October 2009, approved an issue of stock options up to a maximum of 5% of the issued equity capital of the Company aggregating to 1,829,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December 2009 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s).

The Remuneration and Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, four grants have been made, details of which as on 31 March 2013, are given as under:

Grant date	Exercise price (in ₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12 Jan 2010	358.70	132,000	40,687	31,750	55,813	3,750	72,437
21 July 2010	542.00	326,750	67,621	142,750	90,255	26,124	210,371
28 July 2011	705.15	376,200	58,075	272,325	38,975	6,825	330,400
16 May 2012	876.10	359,500	–	359,500	–	–	359,500
Total		1,194,450	166,383	806,325	185,043	36,699	972,708

Notes to financial statements for the year ended 31 March 2013 (Contd.)

28. Employee stock option plan (Contd.)

Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

The fair value of options used to compute proforma net profit and earnings per share have been estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of grant are:

Variables	16 May 2012	28 July 2011	21 July 2010	12 Jan 2010
1) Risk free interest rate	8.36%	8.27%	7.42%	6.70%
2) Expected life	3.5-6.5 years	3.5-6.5 years	3.5-6.5 years	1-5 years
3) Expected volatility	49.58%	53.01%	55.38%	54.01%
4) Dividend yield	1.37%	1.42%	1.28%	0.62%
5) Price of the underlying share in the market at the time of the option grant (₹)	876.10	705.15	542.00	358.70

Impact on fair value method on net profit and earnings per share

Had compensation cost for the stock option plans outstanding been determined based on fair value approach, the net profit and earnings per share would have been as per the proforma amounts indicated below:

Particulars	2013	2012
	(₹ In Crore)	
Net profit (as reported)	591.31	406.44
Add: Stock based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro forma)	12.85	7.57
Net profit (pro forma)	578.46	398.87
Basic Earnings Per Share (as reported)	135.69	107.72
Basic Earnings Per Share (proforma)	132.75	105.71
Diluted Earnings Per Share (as reported)	134.74	107.20
Diluted Earnings Per Share (proforma)	131.81	105.20

- 29.** During the year, the Company transferred assets through direct assignment of cash flows and the underlying securities to two banks. The disclosure as required by the revised Guidelines on Securitisation Transactions issued by RBI on 21 August 2012 is given as under:

	(₹ In Crore)
Assets transferred during FY2013	
1. Gross amount of assets assigned including exposure retained by the seller	398.52
2. Total Amount of exposure retained by the NBFC to comply with MRR	
– In form of On-Balance sheet retention of assets	39.85
3. Total Amount of exposure retained by NBFC other than MRR	
– In form of On-Balance sheet retention of assets	39.85
4. Net amount of assets transferred through direct assignment in FY2013	318.81
5. The cumulative amount of assets transferred through direct assignment, outstanding as on 31 March 2013	773.06

- 30.** The disclosures required in terms of paragraph 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in the annexure forming part of these financial statements.

Notes to financial statements for the year ended 31 March 2013 (Contd.)

31. Related parties

(₹ In Crore)

		2013		2012	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
A) Holding company and fellow subsidiaries:					
1. Bajaj Finserv Limited (Holding company)	Dividend paid	30.23	–	20.51	–
	Business support charges	6.39	–	4.93	
	Other revenue expenses	0.10	–	0.02	
	Preferential warrants application and allotment money/ conversion of warrants	(21.32)	–	21.32	21.32
	Equity contribution received (including premium)	563.95	–	–	–
2. Bajaj Allianz Life Insurance Company Limited (Fellow subsidiary)	Advance premium	153.91	6.94	114.31	6.94
	Insurance premium adjusted	153.96	–	109.39	–
	Infrastructure fees	7.05	–	7.05	1.76
	Advertisement fees	2.35	–	2.35	0.59
	Business co-operation fees	27.57	–	27.57	27.57
	Commission income	1.76	1.10	1.27	1.20
	Other reimbursement	–	0.58	24.91	6.26
	Advance logo charges received	–	–	0.63	–
	Commercial papers	30.00	–	–	–
	Secured non convertible debentures	55.00	55.00	–	–
	Unsecured non convertible debentures	–	2.50	–	15.00
	Interest paid on non convertible debentures	1.26	–	1.25	–
3. Bajaj Allianz General Insurance Company Limited (Fellow subsidiary)	Asset/medical/vehicle/travel insurance	1.06	–	0.21	–
	Advance premium	7.36	2.42	1.24	1.07
	Insurance premium adjusted	5.93	–	0.36	–
	Commission income	0.87	0.33	–	–
	Others	–	–	0.10	–
	Secured non convertible debentures	70.00	85.00	–	–
	Unsecured non convertible debentures	–	–	–	10.00
	Interest paid on non convertible debentures	0.83	–	0.83	–
4. Bajaj Financial Solutions Limited (Fellow Subsidiary)		–	–	–	–
5. Bajaj Financial Securities Limited (Fellow Subsidiary)		–	–	–	–
B) Individuals controlling voting power/exercising significant influence and their relatives					
1. Rahul Bajaj (Chairman)	Sitting fees	0.01	–	0.02	–
	Commission	0.04	0.04	0.02	0.02
2. Madhur Bajaj (Director)	Sitting fees	0.01	–	0.01	–
	Commission	0.03	0.03	0.01	0.01
3. Sanjiv Bajaj (Director)	Sitting fees	0.01	–	0.03	–
	Commission	0.08	0.08	0.04	0.04
4. Rajiv Bajaj (Director)	Sitting fees	0.01	–	0.01	–
	Commission	0.03	0.03	0.01	0.01
C) Non Executive Director					
Nanoo Pamnani (Vice Chairman)	Commission	0.82	0.82	0.69	0.69
	Sitting fees	0.03	–	0.03	–
D) Key Managerial Personnel					
Rajeev Jain (CEO)	Remuneration	3.02	1.16	2.68	1.02
	ESOPs exercised	4.51	–	–	–

Notes to financial statements for the year ended 31 March 2013 (Contd.)

31 Related parties: (Contd.)

		(₹ In Crore)			
		2013		2012	
Name of related party and Nature of relationship	Nature of transaction	Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
E) Enterprises over which anyone in (B) and (D) exercises significant influence					
1. Bajaj Auto Limited	Interest subsidy received	4.07	0.21	5.74	–
	Business support cost paid	8.19	0.91	6.77	1.24
	Business support cost received	0.62	0.03	0.99	0.42
2. Bajaj Holdings & Investments Limited	Business support cost paid	0.09	–	0.06	–
3. Mukand Limited	Loan given	–	33.93	42.50	45.87
	Principal repayment received	11.94	–	6.52	–
	Income received	5.41	–	3.47	–
4. Hind Musafir Agency Limited	Services received	6.26	1.17	2.54	0.13

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 3 of the Accounting Standard-18 - "Related party disclosures" have been identified based on representations made by key managerial personnel and information available with the Company.

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

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

Signatures to Notes '1' to '33'

In terms of our report of even date

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

Anish Amin
Partner
Membership Number: 40451

Pune: 15 May 2013

Anant Damle
Company Secretary

Rahul Bajaj
Nanoo Pamnani

Chairman
Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Omkar Goswami
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia

Directors

Annexure (Forming part of the financial statement)

Schedule to Balance Sheet

[As required in terms of paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

		(₹ In Crore)	
Particulars	Amount Outstanding	Amount Overdue	
Liabilities Side:			
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid			
a) Debentures: Secured (including interest accrued thereon ₹ 242.03 crore)	4,213.93	—	
Unsecured (including interest accrued thereon ₹ 67.82 crore)	1,228.42	—	
(Other than falling within the meaning of public deposit*)			
b) Deferred credits	—	—	
c) Term loans (including interest accrued thereon ₹ 1.41 crore)	5,921.41	—	
d) Inter-corporate loans and borrowings	—	—	
e) Commercial paper	1,057.00	—	
f) Public deposits* (including interest accrued thereon ₹ 0.12 crore)	0.71	—	
g) Other loans (Short term loans, cash credit and working capital demand loan)	1,023.14	—	
* Please see note 1			
2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)			
a) In the form of unsecured debentures	—	—	
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	—	—	
c) Other public deposits*	0.71	—	
* Please see note 1			
Particulars	Amount Outstanding		
Asset Side			
3) Break - up of loans and advances including bills receivables (other than those included in (4) below)			
a) Secured	6,879.80		
b) Unsecured	4,240.15		
4) Break up of leased assets and assets under finance and hypothecation loans counting towards asset finance activities			
i) Lease assets including lease rentals under sundry debtors			
a) Financial lease	—		
b) Operating lease	—		
ii) Stock under finance including financing charges under sundry debtors			
a) Assets under finance, net of unmatured finance charges and advance EMI	5,999.01		
b) Repossessed assets	13.97		
iii) Hypothecation loans counting towards asset financing activities			
a) Loans where assets have been repossessed	—		
b) Loans other than (a) above			

Annexure (Forming part of the financial statement) (Contd.)

Schedule to Balance Sheet (Contd.)

		(₹ In Crore)
Particulars		Amount Outstanding
5) Break up of investments		
Current investments		
1. Quoted:		
i) Shares: a) Equity		—
b) Preference		—
ii) Debentures and bonds		—
iii) Units of mutual funds		—
iv) Government securities (including trust securities)		—
v) Others		—
2. Unquoted:		
i) Shares: a) Equity		—
b) Preference		—
ii) Debentures and bonds		—
iii) Units of mutual funds		—
iv) Government securities		—
v) Others		—
Long term investments		
1. Quoted:		
i) Shares: a) Equity		—
b) Preference		—
ii) Debentures and bonds		—
iii) Units of mutual funds		—
iv) Government and trust securities		—
v) Others		—
2. Unquoted:		
i) Shares: a) Equity		—
b) Preference		—
ii) Debentures and bonds		—
iii) Units of mutual funds		—
iv) Government securities		5.26
v) Others		—

6) Borrower group-wise classifications of all leased assets, stock under financing and loans and advances (Please see note 2)

Category	Amount net of provision		
	Secured	Unsecured	Total
1. Related parties**			
a) Subsidiaries	—	—	—
b) Companies in the same group	—	11.38	11.38
c) Other related parties	—	34.17	34.17
2. Other than related parties	12,892.78	4,194.60	17,087.38
	12,892.78	4,240.15	17,132.93

Annexure (Forming part of the financial statement) (Contd.)

Schedule to Balance Sheet (Contd.)

7) Investor group-wise classification of all investments (current and long term in shares and securities (Both quoted and unquoted)

Please see note 3

Category	(₹ In Crore)	
	Market value/break up or fair value or NAV	Book value (net of provisions)
1. Related parties**		
a) Subsidiaries	—	—
b) Companies in the same group	—	—
c) Other related parties	—	—
2. Other than related parties	0.03	5.26
	0.03	5.26

**As per Accounting Standard of ICAI (Please see note 3)

8) Other Information

Particulars	Amount
Gross Non-Performing Assets	
i) Gross Non-Performing Assets	
a) Related parties	—
b) Other than related parties	188.86
Net Non-Performing Assets	
ii) Net Non-Performing Assets	
a) Related parties	—
b) Other than related parties	32.92
iii) Assets acquired in satisfaction of debt	—

Notes:

- As defined in paragraph 2 (1) (xii) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All accounting standards and guidance notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

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Bajaj Finance Limited

Regd. Office: Akurdi, Pune - 411 035




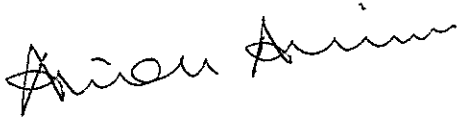
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Form A

(Covering letter of the annual audit report to be filed with the Stock Exchange)

[Pursuant to Clause 31(a) of Listing Agreement]

1	Name of the Company	Bajaj Finance Limited
2	Annual financial statements for the year ended	31 March 2013
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not Applicable
5	Signed by -	
	Nanoo Pamnani, Vice-Chairman & Chairman of Audit Committee	
	Rajeev Jain, CEO	
	Pankaj Thadani, CFO	
	M/s Dalal & Shah, Chartered Accountants Auditors of the Company	

Date: 15 May 2013