11th ANNUAL REPORT 2018-19

BAJAJ HOUSING FINANCE LIMITED

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CORPORATE INFORMATION

Board of Directors

Nanoo Pamnani
Chairman

Sanjiv Bajaj

Rajeev Jain
Managing Director

Lila Poonawalla

Audit Committee

Lila Poonawalla
Chairperson

Nanoo Pamnani

Sanjiv Bajaj

Nomination and Remuneration Committee

Lila Poonawalla
Chairperson

Nanoo Pamnani

Sanjiv Bajaj

Corporate Social Responsibility Committee

Nanoo Pamnani
Chairman

Sanjiv Bajaj

Rajeev Jain

Risk Management Committee

Nanoo Pamnani
Chairman

Sanjiv Bajaj

Rajeev Jain

Lila Poonawalla

Atul Jain

Gaurav Kalani

Niraj Adiani

Anurag Jain

Chief Executive Officer

Atul Jain

Chief Financial Officer

Gaurav Kalani

Company Secretary

R Vijay
(Appointed on 22 October 2018)

Anant Damle
(Resigned w.e.f. 30 September 2018)

Auditors

S R B C & CO LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

State Bank of India
Syndicate Bank
Bank of Baroda
Union Bank of India
Corporation Bank
HDFC Bank Ltd.
IndusInd Bank Ltd.

Registrar and Transfer Agent

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

Debenture Trustee

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

Registered Office

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

Corporate Office(Ext.)

5th Floor, B2 Cerebrum IT Park,
Kumar City, Kalyani Nagar
Pune - 411 014

CIN: U65910PN2008PLC132228

LEADING THE WAY

Nanoo Pamnani

Sanjiv Bajaj

Rajeev Jain

Lila Poonawalla

Atul Jain

MANAGEMENT DISCUSSION AND ANALYSIS

Bajaj Housing Finance Ltd. ('BHFL' or 'the Company') is registered with National Housing Bank (NHB) as a Housing Finance Company (HFC). BHFL is a 100% subsidiary of Bajaj Finance Ltd. (BFL). It started its operation in financial year 2017-18 (FY2018). BHFL is engaged in the business of mortgage lending.

Macroeconomic overview

Financial year 2018-19 (FY2019) began with an expectation of higher growth as the economy seemed to have overcome the teething troubles of the nation-wide roll out of the Goods and Service Tax (GST). However, a rise in the current account deficit (CAD), concerns relating to rising non-performing assets (NPAs) and decline in liquidity coupled with hardening interest rates contributed to uncertainties around a higher GDP growth rate.

The second advance estimates of national income for FY2019 released by the Central Statistics Office (CSO) on 28 February 2019 showed that the economy could not continue the expected growth momentum. GDP growth in the third quarter of FY2019 reduced to 6.6% after clocking 8.0% and 7.0% growth in the first and second quarter of FY2019 respectively. The CSO estimates GDP growth in FY2019 at 7.0% compared to 7.2% in FY2018.

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

Table 1: Growth in real GDP and GVA, India

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

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

On the back of a widening trade deficit, the CAD increased to 2.6% of GDP during April-December 2018 — up from 1.8% in April-December 2017. There was a net outflow of USD 17.5 billion of foreign currency reserves in April-December 2018 versus a net inflow of USD 30.3 billion over the same period a year earlier.

The good news was inflation. During the second half of FY2019, the consumer price index (CPI) which steadfastly remained below the RBI's medium-term target of 4%, reaching a 19-month low of 1.9% in January 2019. It picked up marginally in February to 2.6%, albeit supported by a weak base and uptick in prices of some food categories. The RBI has projected headline inflation to remain soft in the near term: 2.4% in Q4 FY2019, 2.9% to 3.0% in H1 FY2020, and 3.5% to 3.8% in H2 FY2020. It did, however, acknowledge the monsoon risk from El Niño conditions and highlighted uncertainties in oil price movement.

Clearly, at this point, the RBI does not see inflation as a material risk. This has been underscored by the majority of the members of the RBI's monetary policy committee (MPC) — when they recommended two successive cuts of 25 bps each in the policy rates and also maintained a neutral monetary stance.

Systemic liquidity swung between surplus and deficit during FY2019, with the RBI needing to intervene to smoothen liquidity flows. This liquidity stress was compounded thanks to major debt defaults of a systemically important NBFC. The default resulted in a virtual drying up of the money markets; and access to funds for borrowers such as NBFCs and HFCs were deeply impacted. The consequent increase in interest rates for fresh borrowings in Q3 FY2019 resulted in business disruptions. While these disorders have now settled with sufficient access to liquidity and moderate interest rates, there is little doubt that H2 FY2019 was a challenging six months for both NBFCs and HFCs.

Banking credit continued to post double-digit growth, registering 14.1% increase on-year as of 15 March 2019. However, this growth was still not broad-based. Industrial credit growth continued to remain anaemic, while the service sector and the retail segment saw fairly strong growth in bank credit. However, the healthy credit growth from banks to NBFCs and HFCs was largely nullified by money markets refraining from lending to NBFCs and HFCs during Q3 FY2019.

We foresee financial year 2019-20 (FY2020) to be a challenging year, mainly on account of four factors. These are:
(a) recent increases in international crude prices;
(b) some high frequency indicators — such as growth in manufacturing and capital goods, the Index of Industrial Production, auto sales — suggest a significant moderation in activity, amid a slowing global economy;
(c) the possibility of El Niño and its risk to food prices; and
(d) budgetary and political announcements such as basic minimum income support for the poor, if implemented across-the-Board, could add to inflation.

Having stated our concerns, it should also be stated that we at BHFL are confident of successfully dealing with these challenges in FY2020.

Industry overview

Housing finance market in India has had a sound, stable and sustainable growth. The housing loan disbursements to individuals have increased from ₹ 1,800 crore in FY1991 to ₹ 4.3 lakh crore in FY2018. The number of loans disbursed in FY2018 were around 55 lakh loans of which 39% of the number of loans were for loans up to the value of ₹ 10 lakh. (Source: NHB Annual report 2017-18).

The demand for housing in India continues to grow given rapid urbanisation, increasing income levels and emergence of nuclear families. This growth has been given a further impetus by the Pradhan Mantri Awas Yojana [PMAY] for affordable housing.

The settlement of the initial implementation issues of the Goods and Services Tax (GST) and Real Estate (Regulation and Development) Act, 2016 (RERA) coupled with recent policy measures as detailed below, should further augment the growth of housing finance sector:

- reduction in GST rates for residential properties to 5% for normal category of houses and 1% for affordable housing albeit with no input tax credit to real estate developers;
- extension of period of exemption from levy of Income tax on notional rent on unsold inventory from one year to two years;
- exemption from levy of income tax on notional rent on a second self-occupied house;
- extension of timeline to avail deductions under section 80-IA of the Income Tax Act;
- rollover of capital gains tax under section 54 of the Income Tax Act to be extended to investment in two residential properties from the existing limit of one residential property;
- relaxation on minimum holding period of loans eligible to be securitized in terms of revised RBI guidelines;
- relaxation in priority sector lending classification norms for home loans with reduction in property valuations and loan values;
- the recently issued draft guidelines by NHB to reduce excessive leverage and strengthen HFCs structurally by (i) increasing the requirements of capital adequacy to 15% from the existing levels of 12% (ii) capping the overall leverage i.e. borrowing to net owned funds to 14 times by FY2020 and 12 times by FY2022 from the existing cap of 16 times and (iii) introduction of a cap on the ratio of deposits to net owned funds of 3 times.

We believe that the growth of housing sector would provide BHFL considerable opportunity to achieve scale and robust growth.

The Company

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

BHFL started full scale operations effective February 2018 and now has a closing Asset Under Management (AUM) of ₹ 17,562 crore as on 31 March 2019 as against ₹ 3,570 crore as on 31 March 2018.

During FY2019, BHFL raised two rounds of equity capital by way of rights issue to BFL amounting to ₹ 2,000 crore. Its net worth was ₹ 3,658 crore as on 31 March 2019.

BHFL has adopted the Indian accounting standard (Ind AS) for FY2019. This involves giving Ind AS compliant comparatives for FY2018 and as at 1 April 2017 – the last being the date of transition. Accordingly, figures for previous years/periods, have been recasted and audited by statutory auditors as per the new accounting standard. Highlights of FY2019 are given below.

Performance highlights FY2019

- Assets under management (AUM) stood at ₹ 17,562 crore.
- Loan receivables stood at ₹ 17,332 crore.
- Total income was ₹ 1,150 crore.
- Impairment on financial instruments were ₹ 25 crore.
- Profit before tax was ₹ 149 crore.
- Profit after tax was ₹ 110 crore.
- Capital adequacy as on 31 March 2019 was 25.81%, which is well above the NHB norms.

BHFL focusses on the following business verticals: (i) home loans, (ii) loan against property (iii) lease rental discounting, (iv) developer loans and (v) rural mortgage loans.

BHFL's capital adequacy stood at a healthy 25.81% as on 31 March 2019 which was well above the regulatory stipulated norms of 12%. Its tier I capital adequacy was 25.32%.

The Company enjoys highest long-term credit rating of "AAA/Stable" by CRISIL and "IND AAA/Stable" by India Ratings and highest short-term credit rating of CRISIL A1+ by CRISIL and IND A1+ by India Ratings. As on 31 March 2019, BHFL's total borrowings stood at ₹ 15,236 crore.

Assets Under Management: A Snapshot

Table 2 breaks down the AUM across the major business verticals.

Table 2: Assets Under Management

(₹ In Crore)

Assets Under Management	FY2019	FY2018	Growth (in %)	Share of total (FY2019)
Home loans (including top ups)	11,584	2,870	304	66%
Loan against property	2,176	230	846	12%
Lease rental discounting	1,705	166	927	10%
Developer loans	705	68	937	4%
Rural mortgage loans	860	111	675	5%
Other loans	532	125	326	3%
Total	**17,562**	**3,570**	**392**	**100%**

Business update

Home loans

BHFL focusses on mass affluent salaried customers for its home loans business with loans ranging from ₹ 35 lakh to ₹ 150 lakh and operates in 40 locations across India. Home loans business remained in a hyper competitive state throughout FY2019. BHFL's strategy of micro market presence across locations and pre-launch approved project finance led acquisition model has supported its entry in the under-construction home loans business. BHFL uses both proprietary 'direct to customer' and developer channel to acquire home loan customers.

Loan against property

BHFL focusses on SME and mass affluent individual customers for its loan against property (LAP) business. It is currently present in 26 locations across India for LAP business. LAP offering enables SME customers to raise long term borrowings by mortgage of their residential and commercial properties. BHFL acquires its LAP business predominantly through 'direct to customer' channel which enables lower cost of acquisition and higher customer retention.

Lease rental discounting

BHFL focusses on 'high net worth individuals' and developers for offering lease rental discounting in top 8 locations across India. Loan size in this business range from ₹ 5 crore to ₹ 100 crore with an average loan size of nearly ₹ 20 crore. BHFL focusses on commercial properties occupied by prominent lessees under a long-term lease contract. Financing facility under this program is offered basis underlying lease rental cashflows and secured by mortgage of the property and escrow of the lease rentals.

Developer loans

BHFL offers 'construction finance' (CF) and inventory finance predominantly to developers with a track record of timely delivery of projects in 8 locations across India. Average loan size for this business ranges between ₹ 15 crore to ₹ 35 crore. These relationships enable BHFL to acquire retail customers for home loans.

BHFL offers construction finance to approved developers for their small to mid-sized projects where all development approvals have been obtained. CF disbursements are made over the construction period basis stage of completion. The repayments of CF facility are secured through escrow arrangement.

Inventory finance is offered to developers against their unsold completed construction inventory.

Rural mortgage loans

BHFL offers home loans and loans against property to salaried and relatively underserved self-employed customers across 75 small towns in India. Rural mortgage loans help BHFL to widen its geographic reach, expand customer franchise and reduce portfolio concentration risk.

Partnerships and services

In partnership with various financial service providers, the Company offers the following products to its customers: life insurance, general insurance, health insurance, property search services and other financial services products.

Financial performance

Table 3 gives BHFL's standalone financial performance for FY2019 vis-à-vis FY2018.

Table 3: BHFL's Standalone Financials

(₹ In Crore)

Particulars	FY2019	FY2018	% Change over FY2018
Total income	1,150	106	985
Finance costs	685	47	1,357
Net interest income (NII)	**465**	**59**	**688**
Employee benefits expenses	220	18	1,122
Depreciation and amortisation expenses	7	-	-
Other expenses	70	26	169
Pre-provisioning operating profit	**168**	**15**	**1,020**
Impairment on financial instruments	25	4	525
Profit before exceptional item and tax	**143**	**11**	**1,200**
Exceptional item	6	-	-
Profit before tax (PBT)	**149**	**11**	**1,255**
Profit after tax (PAT)	**110**	**10**	**1,000**
Other comprehensive income/(expenses)	(2)	-	-
Total comprehensive income	**108**	**10**	**980**
Earnings per share (EPS) basic, in ₹	0.52	0.19	172
Earnings per share (EPS) diluted, in ₹	0.52	0.19	172
Book value per share, in ₹	10.31	10.00	3

Risk management and portfolio quality

As a HFC, BHFL is exposed to credit, liquidity and interest rate risk. It continues to invest in talent, processes and emerging technologies for building advanced risk and underwriting capabilities.

BHFL has a well-defined risk governance structure which provides for identification, assessment and management of risks. Risk management involves making decisions and establishing governance systems that embed and support effective risk process, as well as building an organizational culture that supports agility. The Company has a Risk Management Committee (RMC) that comprises of its directors and members of its senior management team.

BHFL's balanced approach to portfolio management coupled with a rigorous portfolio review mechanism have enabled it to pick up early warning signals and take corrective actions. BHFL loan portfolio continues to remain healthy and in the growth mode.

A robust governance framework wherein the Board and its committees approve risk strategies, delegates credit authorities along with robust underwriting practices followed with continuous risk monitoring ensure that the portfolios stay within acceptable risk levels.

BHFL has in place an 'Asset Liability Committee' (ALCO) as per NHB circular dated 11 October 2010 to monitor its Asset Liability Management (ALM). ALCO conducts meetings every month to review macroeconomic conditions affecting housing finance business, liquidity situation along with interest rate environment to provide direction to treasury and business team on fund planning and business metrics.

The Company follows NHB prudential norms for asset classifications and capital adequacy.

Asset Liability Management

BHFL had a total borrowing of ₹ 15,236 crore as on 31 March 2019. It has a robust ALCO which meets every month and continuously monitors asset-liability mismatches to ensure that there are no imbalances on either side of the balance sheet.

The ALM position of BHFL is based on the maturity buckets as per the guidelines issued by NHB. BHFL assesses expected maturity pattern of its assets and liabilities and maintains adequate liquidity for its business. BHFL has maintained its ALM position well within the 15% negative mismatch permissible for 0 to 30 days and upto 1 year bucket under the extant NHB norms. The liquid investments as on 31 March 2019 were ₹ 1,756 crore.

Customer service

Mortgages is a long duration product and a high involvement buying decision for the customer which involves frequent and regular interactions. To enable a transparent, convenient and hassle-free customer experience, our dedicated team of customer service coupled with transparent operations enabled by strong technology infrastructure helps us to be responsive to our customers and maintain high standard of customer service.

Human resources

Human resources are the Company's most valuable assets and BHFL focusses on continuously training and upgrading the work skills of its employees. BHFL runs various induction and training programmes throughout the year in functional areas as well as in the areas of leadership, soft skills, train the trainer, etc. As on 31 March 2019, BHFL had 1,771 employees. BHFL added 1,345 employees in FY2019.

Internal control systems and their adequacy

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

Fulfilment of the NHB norms and standards

BHFL fulfils and often exceeds norms and standards laid down by the NHB relating to the recognition and provisioning of non-performing assets, capital adequacy, etc. The capital adequacy ratio of the Company was 25.81% as of 31 March 2019, which is well above the NHB norm of 12%.

Consolidated Financial Statement

BHFL had a 100% subsidiary viz., Bajaj Financial Securities Ltd. (BFinsec). On 10 August 2018, BHFL sold its entire holding in BFinsec to its holding company BFL at an arm's length price.

Table 4 gives a summarised consolidated financial performance for FY2019 vis-a-vis FY2018.

Table 4: BHFL's Consolidated Financials

(₹ In Crore)

Particulars	FY2019	FY2018	% Change over FY2018
Total income	1,150	107	975
Finance costs	685	47	1,357
Net interest income (NII)	**465**	**60**	**675**
Employee benefits expenses	220	18	1,122
Depreciation and amortisation expenses	7	-	-
Other expenses	70	26	169
Pre-provisioning operating profit	**168**	**16**	**950**
Impairment on financial instruments	25	4	525
Profit before tax (PBT)	**143**	**12**	**1,092**
Profit after tax (PAT)	**104**	**12**	**767**
Other comprehensive income/(expenses)	(2)	-	-
Total comprehensive income	**102**	**12**	**750**
Earnings per share (EPS) basic, in ₹	0.50	0.22	121
Earnings per share (EPS) diluted, in ₹	0.50	0.22	121
Book value per share, in ₹	10.31	10.04	3

Cautionary statement

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

DIRECTORS' REPORT

Your directors have pleasure in presenting the eleventh Annual Report and audited financial statements for FY2019.

Presentation of financial statements

Ministry of Corporate Affairs (MCA) vide its notification dated 30 March 2016, mandated Non-Banking Financial Companies (NBFCs) having net worth of Rupees five hundred crore or more to comply with the Ind AS in preparation of their financial statements and quarterly financial results for the accounting periods beginning on or after 1 April 2018 with effective transition date of 1 April 2017. In terms of rule 2(1)(g) of the Companies (Indian Accounting Standards) Rules, 2015, the expression NBFC includes Housing Finance Companies (HFCs).

As per National Housing Bank (NHB) circular dated 14 June 2018, HFCs are required to comply with aforesaid rules.

Further, MCA has amended Schedule III to the Companies Act, 2013 (the 'Act'). Vide the amendment, a new division viz., 'Division III' financial statement format has been introduced for NBFCs effective 11 October 2018.

Accordingly, the financial statements of the Company for the year ended 31 March 2019 have been prepared in accordance with Ind AS and revised Schedule III to the Act. The corresponding figures for the year ended 31 March 2018 and opening Balance Sheet as on 1 April 2017 have been re-cast as per Ind AS and revised Schedule III to the Act. The Company has applied Ind AS 101 'First time adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected, the previously reported financial position, financial performance and cash flows of the Company, is detailed in the note no. 45 to the financial statements of the Company.

The audited consolidated financial statements have been prepared in compliance with the Act and Ind AS 110 'Consolidated financial statements'.

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

Financial results

The highlights of standalone financial results are as under:

(₹ In Crore)

Particulars	FY2019	FY2018	% change over FY2018
Total income	1,150	106	985
Finance costs	685	47	1,357
Net interest income (NII)	**465**	**59**	**688**
Total operating expenses	297	44	575
Pre-provisioning operating profit	**168**	**15**	**1,020**
Impairment on financial instruments	25	4	525
Profit before exceptional item and tax	**143**	**11**	**1,200**
Exceptional item	6	-	-
Profit before tax (PBT)	**149**	**11**	**1,255**
Profit after tax (PAT)	**110**	**10**	**1,000**
Retained earnings as at the beginning of the year	**(4)**	**(10)**	**(60)**
Profit after tax (PAT)	110	10	1,000
Other comprehensive income on defined benefit plan	(2)	-	-
Retained earnings before appropriations	**104**	**-**	**-**
Appropriations			
Transfer to reserve fund u/s 29C of the NHB Act, 1987	(22)	(4)	450
Retained earnings as at the end of the year	**82**	**(4)**	**(2,150)**

Subsidiaries, associates and joint ventures

During the year under review, Bajaj Financial Securities Ltd. (BFinsec) ceased to be the subsidiary of the Company, pursuant to the transfer of its 100% holding in BFinsec to Bajaj Finance Ltd.(BFL). The transfer was completed on 10 August 2018 at a price consideration of ₹ 20.38 crore at arm's length pricing.

The Company does not have any subsidiary, associate or joint venture company as on the date of this Report.

Performance and financial position of subsidiaries

There were no major business operations in BFinsec. BFinsec ceased to be a subsidiary of the Company on 10 August 2018. The profit after tax for BFinsec as on the said date was ₹ 0.06 crore primarily on account of sale of mutual funds.

Dividend

The directors do not recommend any dividend for the consideration of members at the ensuing annual general meeting (AGM).

Share capital

The Company raised capital of ₹ 1,000 crore on 19 September 2018 and further capital of ₹ 1,000 crore on 25 March 2019 by way of rights issue to the holding company, i.e., BFL.

The infused funds have been utilized for the business of the Company.

As on 31 March 2019, paid-up share capital of the Company stood at ₹ 35,500,000,000 comprising of 3,550,000,000 equity shares of face value ₹ 10 fully paid up.

Increase in borrowing powers

During FY2019, pursuant to section 180(1)(c) of the Act, the Company increased the limit on the borrowing powers of the Board of Directors from ₹ 20,000 crore to ₹ 35,000 crore, to meet its growing business needs.

Working results

The Company had a good first full year of operations, aided by strong volume growth across all its lines of businesses.

AUM as on 31 March 2019 was ₹ 17,562 crore as compared to ₹ 3,570 crore as on 31 March 2018, representing an increase of 392% over the previous year.

Loan receivables as on 31 March 2019 was ₹ 17,332 crore as compared to ₹ 3,570 crore as on 31 March 2018, an increase of 385% over the previous year.

Total income during FY2019 increased to ₹ 1,150 crore from ₹ 106 crore during FY2018 registering a growth of 985% over the previous year.

Profit before tax for FY2019 was ₹ 149 crore, as against ₹ 11 crore for FY2018, an increase of 1255% over the previous year. The profit after tax for FY2019 was ₹ 110 crore as compared to ₹ 10 crore for FY2018, an increase of 1000% over the previous year. This has been due to the Company's healthy net interest margin, operating efficiencies and prudent risk management.

The Company's impairment on financial instruments increased from ₹ 4 crore in FY2018 to ₹ 25 crore in FY2019 taking into account the increased business. The Company ended FY2019 with a Gross NPA of 0.05% and Net NPA of 0.04%.

Operations

Detailed information about the operations of the Company and details on the state of affairs of the Company are covered in the 'Management Discussion and Analysis Report'.

Annual return

The extract of annual return as provided under section 92(3) of the Act, in the prescribed form MGT-9 is annexed to this Report and is also hosted on the Company's website https://www.bajajfinserv.in/housing-investor-relation-annual-reports

Number of meetings of the Board

The Board met five times during the year on 16 May 2018, 16 July 2018, 22 October 2018, 17 January 2019 and 7 March 2019. The gap between two consecutive meetings is less than one hundred and twenty days.

Audit committee

The current composition of the Audit Committee is as follows:

Name of the Directors	**Category**
Lila Poonawalla	Chairperson, non-executive, independent
Nanoo Pamnani	Non-executive, independent
Sanjiv Bajaj	Non-executive

The Audit Committee met four times during the year on 16 May 2018, 16 July 2018, 22 October 2018 and 17 January 2019. The gap between two consecutive meetings is less than one hundred and twenty days.

All recommendations of the Audit Committee were accepted by the Board.

Directors' responsibility statement

In compliance of section 134(5) of the Act, the directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements 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 the FY2019;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Declaration by independent directors

The independent directors have submitted the declaration of independence stating that they meet the criteria of independence as provided in section 149(6) of the Act, as amended.

Policy on directors' appointment and remuneration

The Company has a Board approved remuneration policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes and independence of directors.

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

No remuneration has been paid to non-executive directors for FY2019. However, the Board at its meeting held on 7 March 2019, has approved that a sitting fee of ₹ 50,000 per meeting shall be paid to all non–executive directors (including independent directors), for Board/Committee meetings attended by them on or after 1 April 2019.

Policy on Directors' appointment and remuneration is hosted on the Company's website https://www.bajajfinserv.in/housing-investor-relations-policies-and-documents

Particulars of loans, guarantees or investments

The Company, being a housing finance company registered with the NHB and engaged in the business of giving loans, is exempt from complying with the provisions of section 186 of the Act, in respect of loans, guarantees or securities provided. Accordingly, the disclosures of the loans given, as required under the aforesaid section, have not been made in this Report.

Information regarding investments covered under the provisions of section 186 of the Act are mentioned in the financial statements.

Related party transactions

All related party transactions entered during FY2019, were on an arm's length basis and in the ordinary course of business, as required under the Act and therefore did not require members' prior approval under the Act. The details of such transactions were placed before the Audit Committee for noting/review on quarterly basis.

During FY2019, there were no related party transactions requiring disclosure under section 134 of the Act. The Policy on dealing with related party transactions is given below and is also hosted on the Company's website https://www.bajajfinserv.in/housing-investor-relations-policies-and-documents

Policy on dealing with related party transactions:

Quote

"Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016" ('NHB Directions') require a housing finance company to formulate a policy on materiality of related party transactions and also on dealing with such related party transactions.

Accordingly, a policy is hereby framed as under:

1. All related party transactions (RPTs) of the Company covered under the Companies Act, 2013 and relevant provision of accounting standards will be approved by the audit committee of the board from time to time.

2. Consent of the Board and the Shareholders would be taken in respect of all RPTs, except in the following cases:

    i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules thereunder; or
    ii. Where the transactions are entered into by the company in its ordinary course of business and are on an arms' length basis;

3. Material transactions mean the transactions which are above the threshold limits specified in the Companies Act, 2013 and Rules thereunder.

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

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

Unquote

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of this Report.

Conservation of energy

The Company has taken, *inter alia*, following measures to reduce energy consumption:

- switched from conventional lighting systems to LED lights at most of the branches in metro areas.
- selecting and designing offices to facilitate maximum natural light utilisation.

Foreign exchange earnings and outgo

During FY2019, the Company did not have any foreign exchange earnings. Foreign exchange outgo amounted to ₹ 0.04 crore (FY2018 - ₹ Nil).

Risk management

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

Corporate social responsibility

Pursuant to section 135(1) of the Act, every company having net worth of ₹ 500 crore or more or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The Company being covered under the aforesaid provision, constituted a 'Corporate Social Responsibility Committee' (CSR Committee) consisting of the following members:

Name of the Directors	Category
Nanoo Pamnani	Chairman, non-executive, independent
Sanjiv Bajaj	Non-executive
Rajeev Jain	Managing director, executive

In view of the accumulated losses during the previous years, there was no requirement for the Company to contribute towards 'Corporate Social Responsibility' under section 135(5) of the Act.

The CSR Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare & sustainable development of the community at large.

The core elements of CSR is the continuing commitment by business to ethical principles, protection of human rights, care for the environment while improving the quality of life of all the stakeholders including the local community and society at large.

CSR Policy of the Company is hosted on the Company's website
https://www.bajajfinserv.in/housing-investor-relations-policies-and-documents

Formal annual evaluation

In view of the amendment to section 178 of the Act and as per the revised terms of reference of the Committee, the Nomination and Remuneration Committee, at its meeting held on 7 March 2019, decided that in order to avoid duplication of efforts, the evaluation of performance of Board, its Committees, Chairperson and individual directors be carried out by the Board only. The Committee, however, will continue to review the implementation and compliance of the evaluation process from time to time.

The manner in which such formal annual evaluation was made by the Board is given below:

- At the meeting held on 20 March 2017, the Committee had approved the revised criteria for evaluation of the Board, its Committees, Chairperson and individual directors and the same was also approved by the Board.

- Based on the same, a structured questionnaire was circulated to the Directors to evaluate the performance of Board, its various Committees, individual directors and Chairperson for the year 2018-19.

- Based on the feedback received from the Directors, summary of ratings was finalised and placed before the Board. The Board discussed and reviewed the same.

In terms of provisions of Schedule IV of Companies Act, 2013, the Board shall determine, *inter alia*, whether to continue the term of appointment of the independent director on the basis of the performance evaluation report. During the year 2018-19, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors.

Meeting of independent directors

Pursuant to the provisions of the Act, the independent directors shall hold at least one meeting in a year without attendance of non–independent directors and members of the Management. Accordingly, independent directors met on 7 March 2019 and:

- Noted the report on performance evaluation for the year 2018-19 from the Chairman of the Board;
- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairperson of the Company taking into account the views of executive and non-executive directors; and
- Assessed the quality, quantity and timeliness of flow of information to the Board and found it to be in line with its expectations.

Directors and key managerial personnel (KMP)

A. Directors

During the year under review, there has been no change in the Board composition.

Sanjiv Bajaj, director, retires by rotation at the ensuing AGM and, being eligible, offers himself for re-appointment.

Brief details of re-appointment as required under the Act, is given in the notice of AGM.

B. Key managerial personnel

Anant Damle ceased to be the Company Secretary of the Company w.e.f. 30 September 2018 and R Vijay was appointed as Company Secretary on 22 October 2018.

Remuneration of directors

During FY2019, no remuneration was paid to any of the directors and there were no pecuniary relationship/transactions of any of the non–executive directors with the Company.

Significant and material orders

During FY2019, there were no significant and material orders passed by the regulators or courts or tribunals which may impact the going concern status of the Company and its operations in future.

Internal audit

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

Internal financial controls

The internal financial controls within the Company are commensurate with the size, scale and complexity of its operations. The Company has robust policies and procedures which, *inter alia*, ensure integrity in conducting business, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

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

Debt listing

The non-convertible debentures of the Company issued on private placement basis are listed on the Wholesale Debt Market of BSE Ltd.

Annual listing fees, as prescribed, have been paid to the said stock exchange up to 31 March 2020.

Debenture trustee

The details of debenture trustee for the privately placed debentures of the Company:

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

Credit rating

During FY2019, the Company retained its credit rating owing to high capital adequacy, strong promoter support and tightened credit acceptance criteria. The Company has been assigned the following ratings for its long term and short term borrowings:

A. Long term debt rating

- "CRISIL AAA/Stable" for its long term borrowing programme, which comprises of ₹ 7,000 crore for the NCD programme, ₹ 500 crore for the subordinate debt programme, ₹ 5,000 crore for its bank loan rating programme.
- "IND AAA/Stable" for its long term borrowing programme, which comprises of ₹ 500 crore for the NCD programme and ₹ 7,000 crore for its bank loan rating programme.

B. Short term debt rating

- "CRISIL A1+" for its short-term debt programme with a programme size of ₹ 5,000 crore.
- "IND A1+" for its short-term debt programme with a programme size of ₹ 5,000 crore.
- "CRISIL A1+" for its short-term bank loan facilities.
- "IND A1+" for its short-term bank loan facilities.

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

Vigil mechanism

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

This mechanism provides safeguards against victimisation of directors/employees who avail of the mechanism and for direct access to the Chairperson of the audit committee in exceptional cases.

SEBI vide its notification dated 31 December 2018, has amended SEBI (Prohibition of Insider Trading) Regulations, 2015. Pursuant to the aforesaid amendment, the vigil mechanism policy was amended to provide for reporting of instances of leak of unpublished price sensitive information by employees of the Company.

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

National Housing Bank guidelines

The Company has complied with the applicable provisions of the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions 2016, other circulars, notifications and guidelines issued by NHB from time to time.

Other disclosures

- The financial results are placed on the Company's website https://www.bajajfinserv.in/housing-investor-relations-financial-information
- Cash Flow Statement for FY2019 is attached to the balance sheet.
- The provision of section 148 of the Act are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under section 148(1) of the Act.

- During the year under review, no non-convertible debentures issued by the Company remained unclaimed or unpaid.
- Details required under the provisions of section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are annexed to this Report.
- Details required under the provisions of section 197(12) of the Act read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.
- The directors' responsibility statement as required by section 134(5) of the Act, is given under the heading 'Directors' Responsibility Statement'.
- Pursuant to the provisions of the Act, no fraud was reported by auditors of the Company to the Audit Committee during FY2019.
- The Company being a housing finance company, the provision relating to Chapter V, i.e., Acceptance of Deposit of the Companies Act, 2013, is not applicable. The Company is registered with NHB as a Housing Finance Company without accepting public deposits.
- Pursuant to NHB Master Direction-Information Technology Framework for the HFC sector, the Company has constituted an IT Strategy Committee to review the IT strategies in line with the corporate strategies, cyber security arrangements and any other matter related to IT governance.
- The Company has a policy on prevention of sexual harassment of women at the workplace. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During FY2019, one case of sexual harassment was reported and thereafter resolved. No case was pending as on the date of the Report.

Secretarial standards of ICSI

The Company has complied with the requirements under the Secretarial Standards on Meetings of the Board of Directors (SS–1) and General Meetings (SS–2).

Auditors

Pursuant to the provisions of section 139 of the Act, S R B C & CO LLP, Chartered Accountants, (Firm Registration No. 324982E/E300003) were appointed as statutory auditors of the Company to hold office from the conclusion of the 9th AGM of the Company till the conclusion of the 14th AGM.

The Audit Report by S R B C & CO LLP, for FY2019 is unmodified i.e., it does not contain any qualification, reservation or adverse remark.

Secretarial auditor

Pursuant to the provisions of section 204 of the Act, the Board has re-appointed Shyamprasad D Limaye, Practising Company Secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

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

Acknowledgement

The Board of Directors would like to express their gratitude and appreciation for the support and co–operation from its shareholders, trustee for debenture holders, banks, financial institutions, NHB, SEBI and other regulators.

The Board of Directors also place on record its sincere appreciation for the commitment and hard work put in by the Management and the employees of the Company and thank them for an excellent year of operations.

On behalf of the Board of Directors

Nanoo Pamnani
Chairman

Pune: 6 May 2019

Extract of annual return (Form MGT-9)

As on 31 March 2019

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

I. Registration and other details

Particulars	Details
CIN	U65910PN2008PLC132228
Registration date	13 June 2008
Name of the Company	Bajaj Housing Finance Limited
Category/Sub-category of the Company	Public Company, Limited by shares
Address of the registered office and contact details	Bajaj Auto Limited Complex, Mumbai-Pune Road, Akurdi, Pune- 411035 Tel: 020 3018 6403 Email id: bhflinvestor.service@bajajfinserv.in Website:- https://www.bajajfinserv.in/corporate-housing-finance-limited
Whether listed company	Yes (BSE Ltd. – Debenture listed)
Name, Address and Contact details of the Registrar and Transfer Agent, if any	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact Person: Mr. S P Venugopal Tel: 040-6716 1718 Fax: 040-23001153 Toll Free No.1800 345 4001 Email ID: venu.sp@karvy.com Website:www.karvyfintech.com

II. Principal business activities of the Company

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

III. Particulars of holding, subsidiary and associate companies

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

*Bajaj Finserv Ltd. holds 54.99% shares in Bajaj Finance Ltd.

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

i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year (as on 1 April 2018) Demat	Physical	Total	% of total shares	No. of shares held at the end of the year (as on 31 March 2019) Demat	Physical	Total	% of total shares	% change during the year
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	1,550,000,000	1,550,000,000	100	2,549,999,400	1,000,000,600	3,550,000,000	100	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
sub-total (A) (1)	0	**1,550,000,000**	**1,550,000,000**	**100**	**2,549,999,400**	**1,000,000,600**	**3,550,000,000**	**100**	**0**
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of promoters and promoters group (A)= (A)(1)+ (A)(2)	**0**	**1,550,000,000**	**1,550,000,000**	**100**	**2,549,999,400**	**1,000,000,600**	**3,550,000,000**	**100**	**0**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	0	0	0	0	0

i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year (as on 1 April 2018) Demat	Physical	Total	% of total shares	No. of shares held at the end of the year (as on 31 March 2019) Demat	Physical	Total	% of total shares	% change during the year
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**0**	**1,550,000,000**	**1,550,000,000**	**100**	**2,549,999,400**	**1,000,000,600**	**3,550,000,000**	**100**	**0**

ii) Shareholding of promoters

Sr. No.	Name of shareholder	Shareholding at the beginning of the year (1 April 2018) No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	Shareholding at the end of the year (as on 31 March 2019) No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	% change in shareholding during the year
1	Bajaj Finance Ltd.	*1,550,000,000	100	0	*3,550,000,000	100	0	0
	Total	**1,550,000,000**	**100**	**0**	**3,550,000,000**	**100**	**0**	**0**

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

iii) Change in promoters' shareholding

Name of shareholder	Particulars		Shareholding at the beginning of the year (As on 1 April 2018) No. of shares	% of total shares of the Company	Cumulative shareholding during the year No. of shares	% of total shares of the Company
	At the beginning of the year		*1,550,000,000	100		
Bajaj Finance Ltd.	19 September 2018	Allotment of share	1,000,000,000	39.21	2,550,000,000	100
Bajaj Finance Ltd.	25 March 2019	Allotment of share	1,000,000,000	28.17	3,550,000,000	100
	At the end of the year (31 March 2019)		***3,550,000,000**	**100**		

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

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

There are no shareholders of the Company apart from its Promoter.

v) Shareholding of directors and key managerial personnel

Sr. No.	Name of director and key managerial personnel	Shareholding of each director and each key managerial personnel	Shareholding at the beginning of the year (as on 1 April 2018) No. of shares	Shareholding at the beginning of the year (as on 1 April 2018) % of total shares of the Company	Cumulative shareholding during the year No. of shares	Cumulative shareholding during the year % of total shares of the Company
(i)	Rajeev Jain jointly with Bajaj Finance Ltd.	At the beginning of the year	100	0		
		At the end of the year (31 March 2019)			100	0
(ii)	Sanjiv Bajaj jointly with Bajaj Finance Ltd.	At the beginning of the year	100	0		
		At the end of the year (31 March 2019)			100	0

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

(Amount in ₹)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,142,192,850	NIL	NIL	29,142,192,850
ii) Interest due but not paid	Nil	NIL	NIL	Nil
iii) Interest accrued but not due	162,610,079	NIL	NIL	162,610,079
iv) Amortisation of Finance Cost	(25,936,967)	NIL	NIL	(25,936,967)
Total (i+ii+iii+iv)	**29,278,865,962**	**NIL**	**NIL**	**29,278,865,962**
Change in Indebtedness during the financial year				
• Addition	89,634,074,105	110,835,657,658	NIL	200,469,731,763
• Reduction	1,857,966,955	77,780,000,000	NIL	79,637,966,955
Net Change	**87,776,107,150**	**33,055,657,658**	**NIL**	**120,831,764,808**
Indebtedness at the end of the financial year				
i) Principal Amount	116,918,300,000	33,055,657,658	NIL	149,973,957,658
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	2,510,403,577	222,170,736	NIL	2,732,574,313
iv) Amortisation of Finance Cost	(342,103,577)	(3,128,394)	NIL	(345,231,971)
Total (i+ii+iii+iv)	**119,086,600,000**	**33,274,700,000**	**NIL**	**152,361,300,000**

VI. Remuneration of directors and key managerial personnel

A. Remuneration to managing director, whole–time directors and/or manager: NIL
B. Remuneration to other directors: NIL
C. Remuneration to key managerial personnel other than MD/Manager/WTD

	Key managerial personnel				
Particulars of Remuneration	**Atul Jain Chief Executive Officer**	**Gaurav Kalani Chief Financial Officer**	**Anant Damle Company Secretary (resigned w.e.f. 30 September 2018)**	**R Vijay Company Secretary (Appointed w.e.f. 22 October 2018)**	**Total**
1. Gross salary					
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,586,221	6,456,495	Nil	Nil	36,042,716
b) Value of perquisites u/s 17(2) Income-tax Act, 1961	32,400	39,600	Nil	Nil	72,000
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	Nil	Nil	0
2. Stock Option	0	0	Nil	Nil	0
3. Sweat Equity	0	0	Nil	Nil	0
4. Commission	0	0	Nil	Nil	0
- as % of profit	0	0	Nil	Nil	0
- others, specify	0	0	Nil	Nil	0
5. Others, please specify	0	0	Nil	Nil	0
Total	**29,618,621**	**6,496,095**	**Nil**	**Nil**	**36,114,716**

VII. Penalties/punishment/compounding of offences

During FY2019, there were no penalties/punishment/compounding of offences under the Act.

Remuneration details under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended for the financial year ended 31 March 2019

Name of director/key managerial personnel	Ratio of remuneration of director to median remuneration of employees	% Increase in remuneration in the financial year
A. Managing Director		
Rajeev Jain	NIL	NIL
B. Non-executive directors		
Nanoo Pamnani-Chairman	NIL	NIL
Sanjiv Bajaj	NIL	NIL
Lila Poonawalla	NIL	NIL
C. Key Managerial Personnel		
Rajeev Jain, Managing Director		NIL
Atul Jain, Chief Executive Officer (CEO)		Not comparable
Gaurav Kalani, Chief Financial Officer (CFO)		Not comparable
R Vijay, Company Secretary (Appointed w.e.f. 22 October 2018)		NIL
Anant Damle, Company Secretary (Resigned w.e.f. 30 September 2018)		NIL
D. % increase in Median Remuneration of employees other than managing director		Not comparable
E. Number of permanent employees on the rolls of the Company as on 31 March 2019:		1,771

Notes:

- No remuneration was paid to any of the directors.
- Employees were hired from November 2017.
- Remuneration for CEO and CFO is not comparable as they are appointed from 1 April 2018.

Notes on disclosures under rule 5

1. Average percentage increase in salary of employees other than Managing Director is 13.64%.
2. No remuneration was paid to the Managing Director during the year.
3. The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial audit report (Form MR-3)

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

For the financial year ended 31 March 2019

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

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

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

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

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings.

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

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

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

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

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

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

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

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

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

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously.

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

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

(i) on 29 January 2019 increased the borrowing powers of the Company from ₹ 20,000 crore to ₹ 35,000 crore under section 180(1)(c) of the Act and creation of charge/security on the Company's assets with respect to borrowings up to maximum of ₹ 35,000 crore under section 180(1)(a) of the Companies Act, 2013.

(ii) on 19 September 2018 allotted 1,000,000,000 equity shares of face value of ₹ 10 each aggregating to ₹ 1,000 crore and on 25 March 2019 allotted 1,000,000,000 equity shares of face value of ₹ 10 each aggregating to ₹ 1,000 crore on rights basis to its promoter i.e. Bajaj Finance Limited.

(iii) allotted Debentures on Private Placement basis from time to time, totaling to an amount equal to the face value of ₹ 2,005.20 crore and complied with the rules and regulations under various Acts.

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

Shyamprasad D Limaye
FCS No. 1587 CP No. 572

Pune: 6 May 2019

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report on the Standalone Ind AS Financial Statements

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

Opinion

We have audited the accompanying standalone Ind AS financial statements of Bajaj Housing Finance Ltd. ('the Company'), which comprise the Balance sheet as at 31 March 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for opinion

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

Key audit matters

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

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

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

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework *(as described in note 45 of the Ind AS financial statements)*	
The Company has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For periods up to and including the year ended 31 March 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date balance sheet as at 1 April 2017 have been prepared under Ind AS. The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to *inter alia* determine impact of Ind AS on accounting and disclosure requirements prescribed under extant National Housing Bank (NHB) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.	• Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind AS and applied by the management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Tested the disclosures prescribed under Ind AS.
(b) Impairment on financial assets (expected credit losses) *(as described in note 7 of the Ind AS financial statements)*	
Ind AS 109 requires the Company to recognise impairment allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: • unbiased, probability weighted outcome under various scenarios; • time value of money; • impact arising from forward looking macro-economic factors and; • availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: • grouping of borrowers based on homogeneity by using appropriate statistical techniques; • staging of loans and estimation of behavioral life; • determining macro-economic factors impacting credit quality of receivables; • estimation of losses for loan products with no/minimal historical defaults. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.	• We read and assessed the Company's accounting policies for Impairment on financial assets and their compliance with Ind AS 109. • We tested the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 and vice versa. • We evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. • Tested the ECL model, including assumptions and underlying computation. • Assessed the floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Audited disclosures included in the Ind AS financial statements in respect of expected credit losses.

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

Key audit matters	How our audit addressed the key audit matter
(c) IT systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorised. • We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorisation. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

Other information

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

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

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

Responsibilities of Management and those charged with governance for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

Auditor's responsibilities for the audit of the standalone Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Report on other legal and regulatory requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure 1' a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

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

(e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate report in 'Annexure 2' to this report;

(g) In our opinion, the managerial remuneration for the year ended 31 March 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note no. 37 to the standalone Ind AS financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

Annexure 1 to Independent Auditors' Report

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

(1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the Management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment/fixed assets are held in the name of the company.

(2) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(3) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(4) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(5) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(6) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.

(7) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(8) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.

(9) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

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

Annexure 1 to Independent Auditors' Report (Contd.)

(10) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(11) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(12) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(13) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(14) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(15) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(16) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

Annexure 2 to Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Bajaj Housing Finance Ltd. (the 'Company') as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS financial statements

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

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

Annexure 2 to Independent Auditors' Report (Contd.)

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these standalone Ind AS financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	106.98	110.80	0.23
Receivables	6			
Trade receivables		-	-	-
Other receivables		5.59	0.03	-
Loans	7	17,331.56	3,569.62	0.05
Investments	8	1,756.17	1,006.55	343.34
Other financial assets	9	6.11	4.01	-
		19,206.41	**4,691.01**	**343.62**
Non-financial assets				
Current tax assets (net)		2.00	0.34	0.01
Deferred tax assets (net)	10	8.20	4.47	-
Property, plant and equipment	11	31.36	3.01	2.38
Intangible assets	11	6.57	0.04	-
Other non-financial assets	12	3.06	2.38	0.03
		51.19	**10.24**	**2.42**
Total assets		**19,257.60**	**4,701.25**	**346.04**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Payables	13			
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		-	0.02	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		16.07	6.57	0.18
Other payables				
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		32.48	28.99	-
Debt securities	14	7,632.36	2,042.09	-
Borrowings (other than debt securities)	15	7,603.77	885.80	-
Other financial liabilities	16	289.00	179.78	-
		15,573.68	**3,143.25**	**0.18**

Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
Non-financial liabilities				
Provisions	17	5.01	0.49	-
Deferred tax liabilities (net)	10	-	-	5.52
Other non-financial liabilities	18	20.56	7.06	0.03
		25.57	**7.55**	**5.55**
Equity				
Equity share capital	19	3,550.00	1,550.00	350.00
Other equity	20	108.35	0.45	(9.69)
		3,658.35	**1,550.45**	**340.31**
Total liabilities and equity		**19,257.60**	**4,701.25**	**346.04**
Summary of significant accounting policies	4			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
Revenue from operations			
Interest income	21	997.83	74.13
Fees and commission income	22	56.84	1.69
Net gain on fair value changes	23	39.64	29.81
Sale of services	24	54.84	–
Total revenue from operations		**1,149.15**	**105.63**
Other income	25	0.22	0.32
Total income		**1,149.37**	**105.95**
Expenses			
Finance costs	26	684.71	46.96
Fees and commission expense	27	1.32	0.01
Impairment on financial instruments	28	25.06	4.47
Employee benefits expenses	29	219.73	18.14
Depreciation and amortisation expenses	11	6.82	0.15
Other expenses	30	69.41	25.37
Total expenses		**1,007.05**	**95.10**
Profit before exceptional items and tax		**142.32**	**10.85**
Exceptional Items	31	6.38	–
Profit before tax		**148.70**	**10.85**
Tax expense:			
Current tax		41.85	10.69
Deferred tax charge/(credit)		(2.95)	(9.99)
Total tax expense		**38.90**	**0.70**
Profit after tax		**109.80**	**10.15**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(2.69)	(0.01)
Tax impact on above		0.79	–
Items that will be reclassified to profit or loss in subsequent periods:		–	–
Other comprehensive income for the year (net of tax)		**(1.90)**	**(0.01)**
Total comprehensive income for the year		**107.90**	**10.14**

Statement of Profit and Loss (Contd.)

Particulars	Note No.	For the year ended 31 March 2019	2018
Earnings per share	32		
(Nominal value per share ₹ 10)			
Basic (₹)		0.52	0.19
Diluted (₹)		0.52	0.19
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Statement of Changes in Equity

Equity share capital

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Balance at the beginning of the year	1,550.00	350.00
Changes in equity share capital during the year [refer note no. 19(a)]	2,000.00	1,200.00
Balance at the end of the year	**3,550.00**	1,550.00

Other equity

(₹ In Crore)

Particulars	Note no.	Reserves and Surplus: Statutory Reserve in terms of NHB Act	Reserves and Surplus: Retained earnings	Total other equity
Balance as at 1 April 2017	20	0.03	(9.72)	(9.69)
Profit after tax		-	10.15	10.15
Other comprehensive income (net of tax)		-	(0.01)	(0.01)
		0.03	**0.42**	**0.45**
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		4.46	(4.46)	-
Balance as at 31 March 2018	20	**4.49**	**(4.04)**	**0.45**
Profit after tax		-	109.80	109.80
Other comprehensive income (net of tax)		-	(1.90)	(1.90)
		4.49	**103.86**	**108.35**
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		21.96	(21.96)	-
Balance as at 31 March 2019	20	**26.45**	**81.90**	**108.35**

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

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Company Secretary

Rajeev Jain
Managing Director

Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(I) Operating activities		
Profit before tax	148.70	10.85
Adjustments for:		
Interest Income	(997.83)	(74.13)
Depreciation and amortisation	6.82	0.15
Impairment on financial instruments	25.06	4.47
Finance costs	684.71	46.96
Net (gain)/loss on disposal of property, plant and equipment	0.26	-
Provision no longer required written back	-	(0.14)
Gain on sale of investment in subsidiary	(6.38)	-
Service fees for management of assigned portfolio of loans	(1.55)	-
Net (gain)/loss on financial instruments measured at fair value through profit and loss (FVTPL)	(39.64)	(29.81)
	(179.85)	(41.65)
Cash inflow from interest on loans	925.37	53.72
Cash inflow from service asset	-	-
Cash outflow towards finance cost	(481.86)	(33.29)
Cash generated from/(used in) operations before working capital changes	**263.66**	**(21.22)**
Working capital changes		
(Increase)/decrease in other receivables	(4.01)	(0.03)
(Increase)/decrease in loans	(13,716.63)	(3,554.35)
(Increase)/decrease in other financial assets	(2.10)	(4.01)
(Increase)/decrease in other non-financial assets	(0.68)	(2.35)
Increase/(decrease) in trade payables	9.48	6.55
Increase/(decrease) in other payables	3.49	28.99
Increase/(decrease) in other financial liabilities	109.22	179.78
Increase/(decrease) in provisions	1.83	0.48
Increase/(decrease) in other non-financial liabilities	13.50	7.03
	(13,322.24)	(3,359.13)
Income taxes paid (net of refunds)	(43.51)	(11.02)
Net cash used in operating activities (I)	**(13,365.75)**	**(3,370.15)**
Carried forward	(13,365.75)	(3,370.15)

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Brought forward	(13,365.75)	(3,370.15)
(II) Investing activities		
Purchase of property, plant and equipment	(35.93)	(0.78)
Proceeds from sale of property, plant and equipment	0.78	-
Purchase of intangible assets	(6.81)	(0.04)
Purchase of investments measured at FVTPL	(73,538.44)	(11,488.02)
Proceeds from sale of investments measured at FVTPL	72,814.07	10,855.22
Interest received on investments measured at FVTPL and cash equivalent fixed deposits	2.48	0.12
Proceeds from sale of investment in subsidiary	20.38	-
Net cash used in investing activities (II)	**(743.47)**	**(633.50)**
(III) Financing activities		
Issue of equity share capital	2,000.00	1,200.00
Debt securities issued (net)	5,373.00	2,028.42
Borrowings other than debt securities issued (net)	6,732.40	885.80
Net cash generated from financing activities (III)	**14,105.40**	**4,114.22**
Net increase/(decrease) in cash and cash equivalents (I+II+III)	**(3.82)**	**110.57**
Cash and cash equivalents at the beginning of the year	**110.80**	**0.23**
Cash and cash equivalents at the end of the year	**106.98**	**110.80**

- The above Statement of Cash Flow has been prepared under the 'indirect method' as set out in Ind AS 7 'Statement of Cash Flows'.
- Components of cash and cash equivalents are disclosed in note no. 5.

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

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Chairman

Gaurav Kalani
Chief Financial Officer

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Company Secretary

Rajeev Jain
Managing Director

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

1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Limited') was incorporated as a subsidiary of Bajaj Finserv Limited ('BFS') on 13 June 2008, is a company limited by shares and domiciled in India. The Company was acquired by Bajaj Finance Limited (BFL) from BFS in November 2014 to conduct housing finance business in a dedicated subsidiary company and accordingly the Company's name was changed to Bajaj Housing Finance Limited (BHFL) on 14 November 2014. It got registered with National Housing Bank ('NHB') as a non deposit taking Housing Finance Company vide certificate no 09.0127.15 on 24 September 2015. BHFL is a 100% subsidiary of BFL and started its operation in financial year 2017-18 (FY2018). The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property (iii) lease rental discounting, (iv) developer loans, (v) rural mortgage loans and (vi) unsecured loans. The Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business is at 5th floor, B2 Building, Cerebrum IT Park, Kalyani Nagar, Pune Maharashtra, India.

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 6 May 2019, Board of Directors of the Company approved and recommended the audited financial statements for consideration and adoption by the shareholders in its annual general meeting.

2. Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and Master Circular – The Housing Finance Companies (NHB) Directions, 2010 ('Master Directions') issued by NHB. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended 31 March 2018, the Company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the Master Directions (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2019 are the first the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 'First time adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note no. 45.

Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 are prepared under previous GAAP to comply with Policy Circular NHB (ND)/DRS/Policy Circular No.89/2017-18 June 14, 2018 issued by NHB on Implementation of Indian Accounting Standards (Ind AS) which requires Housing Finance Companies to follow the extant provisions of National Housing Bank Act 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on Prudential Norms, and other related Circulars etc., issued in this regard by the NHB from time to time for regulatory and supervisory purposes, including various kinds of reporting to the National Housing Bank (NHB). HFCs are also required to provide adequate disclosures/statements for furnishing compliance in the aforesaid matter in the notes forming part of the financial statements of the HFC.

3. Presentation of Financial Statements

The Company presents its Balance Sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgements

The preparation of the Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the

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

3 Presentation of Financial Statements (Contd.)

outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

(i) Business model assessment [Refer note no. 4.4(i)]
(ii) Fair value of financial instruments [Refer note no. 4.14, 42, and 43]
(iii) Effective interest rate (EIR) [Refer note no. 4.1(i)]
(iv) Impairment on financial assets [Refer note no. 4.4(i) and 7]
(v) Provisions and other contingent liabilities [Refer note no. 4.10 and 37(a)]
(vi) Provision for tax expenses [Refer note no. 4.6]
(vii) Residual value and useful life of property, plant and equipment [Refer note no. 4.7]

4 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Income

(i) Interest income

The Company recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets [as set out in note no. 4.4(i)] regarded as 'Stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired [as outlined in note no. 4.4(i)], the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through statement of profit and loss (FVTPL) is recognised at the contractual rate of interest.

(ii) Dividends

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

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

4 Summary of significant accounting policies (Contd.)

(a) Fees and commission

The Company recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(b) Net gain on fair value changes

Financial assets are subsequently measured at FVTPL. The Company recognises gains/losses on fair value change of financial assets measured at FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL.

(c) Sale of services

The Company, on de-recognition of financial assets where a right to service the derecognised financial asssets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit and loss and correspondingly creates a service asset in balance sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 'Financial instruments'.

Other revenues on sale of services are recognised as per Ind AS 115 'Revenue from contracts with customers' as articulated above in 'other revenue from operations'.

(iv) Other income

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

(v) Taxes

Incomes are recognised net of the Goods and Services Tax/Service Tax, wherever applicable.

4.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities is recognised using the EIR method [Refer note no. 4.1.(i)].

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, etc., are recognised in the statement of profit and loss on an accrual basis.

(iii) Taxes

Expenses are recognised net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

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

4. Summary of significant accounting policies (Contd.)

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.4 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payable, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities the Company recognises the financial instruments on settlement date.

(i) Financial assets

Financial assets include cash, or an equity instruments of another entity, or a contractual right to receive cash or another financial asset from another entity etc. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of the financial asset except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into three categories:

(a) Debt instruments at amortised cost
(b) Debt instruments at FVOCI
(c) Debt instruments at FVTPL

(a) Debt instruments at amortised cost:

The Company measures its financial assets at amortised cost if both the following conditions are met:

- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the nature of portfolio, and the period for which the interest rate is set.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the

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

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

delinquent portfolios on the books of the Company, it may sell these portfolios to banks and/or asset reconstruction companies.

After initial measurement, such financial assets are subsequently measured at amortised cost on Effective Interest Rate (EIR). For further details, refer note no. 4.1(i). The ECL calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

(b) Debt instruments at FVOCI:

The Company subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in the Other Comprehensive Income (OCI). The interest income on these assets is recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as mortgage loans portfolio where the Company periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from other comprehensive income to profit or loss.

(c) Debt instruments at FVTPL:

The Company classifies financial assets which are held for trading under FVTPL category. Held-for-trading assets are recorded and measured in the balance sheet at fair value. Interest and dividend income is recorded in interest income or dividend income respectively according to the terms of the contract, or when the right to payment has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

The Company's investments into mutual funds, commercial papers and certificate of deposits for trading and short term cash flow management have been classified under this category.

Derecognition of financial assets:

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is de-recognised, the Company does not have any contnuing involvement in the same.

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

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

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

On derecognition of a financial asset in its entirety, the difference between:

- The carrying amount (measured at the date of derecognition) and
- The consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Impairment on financial assets

Expected Credit Losses ('ECL') are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3' for which a lifetime ECL is recognised.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk or default, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

a) Credit impaired/default (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period (typically 12 months) post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

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

4 Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behaviourial score cards and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no.44.

(ii) Financial liabilities

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

Initial measurement

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

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method [Refer note no 4.1 (i)]. Any gains or losses arising on derecognition of liabilities are recognised in statement of profit and loss.

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

4 Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

Derecognition

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

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an enforceable legal right to offset the recognised amounts with an an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

4.5 Investment in subsidiaries

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investments.

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

4.6 Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961; and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

4 Summary of significant accounting policies (Contd.)

4.6 Taxes (Contd.)

Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or directly in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.7 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, plant and equipment'.

Depreciation on property, plant and equipment:

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

(b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

(c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.

(d) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

(e) Tangible assets which are depreciated over useful life different than those indicated in Schedule II are as under:

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

(f) Assets having unit value upto ₹ 5,000 is depreciated fully in the financial year of purchase of asset.

(g) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the statement of profit and loss when the asset is derecognised.

(h) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.8 Intangible assets and amortisation thereof

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment. The intangible assets are amortised using the straight line method over a period of five years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.9 Impairment of non-financial assets

An assessment is done at each balance sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

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

4 Summary of significant accounting policies (Contd.)

4.10 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. 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.

4.11 Foreign currency translation

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency.

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss.

4.12 Retirement and other employee benefits

(i) Gratuity

Payment for present liability of future payment of gratuity is made to the approved gratuity fund viz. Bajaj Auto Ltd. gratuity fund trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in Plan Assets managed by LIC and BALICL as compared to actuarial liability determined by an appointed Actuary using the projected unit credit method are recognised as a liability. Gains or losses through remeasurements of the net defined benefit liability/(assets) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments are recognised in statement of profit and loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (eg. Employees' Provident Fund Organisation (EPFO)) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Since the Company pays all Provident fund and Pension fund contributions to EPFO, no actuarial assumptions are required to measure the obligation or the expense and there is no possibility of any actuarial gain or loss. Moreover, the obligations are measured on an undiscounted basis, except where they are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

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

4 Summary of significant accounting policies (Contd.)

4.12 Retirement and other employee benefits (Contd.)

(iii) Compensated absences

Privilege leave entitlements are recognised as a liability as per the rules of the Company. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed actuary. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the balance sheet date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

4.13 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company acting as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating leases. Basis the above principle, all leases entered into by the company as a lessee have been classified as operating leases.

Lease payments under an operating lease is recognised on an accrual basis in the statement of profit and loss.

4.14 Fair value measurement

The Company measures its qualifying financial instruments at fair value on each balance sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into level I, level II and level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 42 and 43.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

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

4 Summary of significant accounting policies (Contd.)

4.15 Standard issued but not yet effective

Ind AS 116 'Leases' was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The standard requires lessor to classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. It requires lessor to recognise lease payments from operating leases as income on either a straight-line basis or another systematic basis and recognise costs, including depreciation, incurred in earning the lease income as an expense.

The Company has leases in which it acts as a lessee and that needs to be accounted for as per requirements of Ind AS 116. The Company is in the process of determining the accounting impact of Ind AS on its lease contracts wherein it acts as a lessee. The Company has a lease contract wherein it acts as a lessor.

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

5 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Cash on hand	–	–	–
Balances with banks:			
In current accounts	106.98	10.69	0.23
Fixed deposits (maturity less than 3 months from date of acquisition)	–	100.11	–
	106.98	110.80	0.23

6 Receivables

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Trade receivables	–	–	–
	–	–	–
Other receivables			
Considered good – secured			
Service asset	1.55	–	–
Others	3.46	–	–
Considered good – unsecured			
Others	0.58	0.03	–
	5.59	0.03	–

- Impairment allowance recognised on trade and other receivables is ₹ Nil (Previous year: ₹ Nil).
- No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

7 Loans

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At amortised cost	At FVOCI	Total	At amortised Cost	At FVOCI	Total	At amortised Cost	At FVOCI	Total
Term loan									
(A) Secured									
Against equitable mortgage of immovable property under finance agreements	3,777.21	13,050.69	16,827.90	384.11	3,064.94	3,449.05	0.05	-	0.05
Less: Impairment loss allowances	7.95	19.95	27.90	0.76	3.35	4.11	-	-	-
Total (A)	3,769.26	13,030.74	16,800.00	383.35	3,061.59	3,444.94	0.05	-	0.05
(B) Unsecured									
Unsecured loans at agreement values less instalments received	532.87	-	532.87	125.04	-	125.04	-	-	-
Less: Impairment loss allowances	1.31	-	1.31	0.36	-	0.36	-	-	-
Total (B)	531.56	-	531.56	124.68	-	124.68	-	-	-
Total (A+B)	**4,300.82**	**13,030.74**	**17,331.56**	**508.03**	**3,061.59**	**3,569.62**	**0.05**	**-**	**0.05**
Out of above									
(i) Loans in India									
Public sector	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowances	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
Others	4,310.08	13,050.69	17,360.77	509.15	3,064.94	3,574.09	0.05	-	0.05
Less: Impairment loss allowances	9.26	19.95	29.21	1.12	3.35	4.47	-	-	-
Sub-total	**4,300.82**	**13,030.74**	**17,331.56**	**508.03**	**3,061.59**	**3,569.62**	**0.05**	**-**	**0.05**
(ii) Loans outside India	-	-	-	-	-	-	-	-	-
Total (i+ii)	**4,300.82**	**13,030.74**	**17,331.56**	**508.03**	**3,061.59**	**3,569.62**	**0.05**	**-**	**0.05**

Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	17,291.64	59.63	9.50	17,360.77	3,573.52	0.57	-	3,574.09	0.05	-	-	0.05
Less: Impairment loss allowance	22.55	3.30	3.36	29.21	4.39	0.08	-	4.47	-	-	-	-
	17,269.09	**56.33**	**6.14**	**17,331.56**	**3,569.13**	**0.49**	**-**	**3,569.62**	**0.05**	**-**	**-**	**0.05**

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

7 Loans (Contd.)

Analysis of changes in the gross carrying amount by stages in relation to loans and its corresponding impairment loss allowances (ECL) is as follows

(₹ In Crore)

Particulars	For the year ended 31 March 2019							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2018	3,573.52	4.39	0.57	0.08	-	-	3,574.09	4.47
Transfer during the year								
transfers to stage 1	-	-	-	-	-	-	-	-
transfers to stage 2	(30.25)	(0.07)	30.25	0.07	-	-	-	-
transfers to stage 3	(5.92)	(0.02)	-	-	5.92	0.02	-	-
Sub-total	**(36.17)**	**(0.09)**	**30.25**	**0.07**	**5.92**	**0.02**	**-**	**-**
Impact of change in credit risk on account of stage movements	-	-	-	1.24	-	2.06	-	3.30
Changes in opening credit exposures (additional disbursement net of repayments)	(385.95)	(0.31)	(1.00)	(0.08)	(0.08)	-	(387.03)	(0.39)
New credit exposures during the year, net of repayments	14,140.24	18.56	29.81	1.99	3.98	1.60	14,174.03	22.15
Amounts written off during the year			-	-	(0.32)	(0.32)	(0.32)	(0.32)
As at 31 March 2019	**17,291.64**	**22.55**	**59.63**	**3.30**	**9.50**	**3.36**	**17,360.77**	**29.21**

Particulars	For the year ended 31 March 2018							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 1 April 2017	0.05	-	-	-	-	-	0.05	-
Transfer during the year								
transfers to stage 1	-	-	-	-	-	-	-	-
transfers to stage 2	-	-	-	-	-	-	-	-
transfers to stage 3	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Impact of change in credit risk on account of stage movements	-	-	-	-	-	-	-	-
Changes in opening credit exposures (additional disbursement net of repayments)	-	-	-	-	-	-	-	-
New credit exposures during the year, net of repayments	3,573.47	4.39	0.57	0.08	-	-	3,574.04	4.47
Amounts written off during the year	-	-	-	-	-	-	-	-
As at 31 March 2018	3,573.52	4.39	0.57	0.08	-	-	3,574.09	4.47

Details of impairment on financial instruments disclosed in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	**2018**
Net impairment loss allowance charge/(release) for the year	24.74	4.47
Amounts written off during the year	0.32	-
Impairment on financial instruments	25.06	4.47

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

8 Investments

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) At cost			
(i) Investments in equity shares of subsidiary	-	14.00	14.00
Total (i)	-	14.00	14.00
(B) At fair value through profit or loss			
(i) In mutual funds	1,350.00	399.60	310.38
Add: Fair value gain/(losses)	1.44	0.44	18.96
Total (i)	1,351.44	400.04	329.34
(ii) In certificate of deposits	404.64	296.31	-
Add: Fair value gain/(losses)	0.09	-	-
Total (ii)	404.73	296.31	-
(iii) In commercial paper	-	296.20	-
Add: Fair value gain/(losses)	-	-	-
Total (iii)	-	296.20	-
Total (i+ii+iii)	1,756.17	992.55	329.34
Total (A+B)	1,756.17	1,006.55	343.34

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Out of above:			
In India	1,756.17	1,006.55	343.34
Outside India	-	-	-
	1,756.17	1,006.55	343.34

9 Other financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Security deposits*	4.20	1.39	-
Advances to customers	-	2.62	-
Advances to related parties	0.13	-	-
Other advances	1.78	-	-
	6.11	4.01	-

- Impairment allowance recognised on other financial assets is ₹ Nil (Previous year: ₹ Nil).

* Includes security deposits with related parties ₹ 0.02 crore (Previous year ₹ Nil)

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

10 Deferred tax assets/(liabilities), (net)

Reconciliation of tax expenses and profit before tax multiplied by corporate tax rate

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Profit before tax	148.70	10.85
At corporate tax rate of 29.12% (Previous year: 28.84%)	43.30	3.13
Tax on non-deductible expenditure	-	0.18
Tax on utilisation of previously unrecognised tax losses	(2.54)	(2.61)
Tax on income not subject to tax	(1.86)	-
Tax expense (effective tax rate of 26.16%, Previous year 6.45%)	38.90	0.70

Deferred tax assets/(liabilities) recorded in balance sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Deferred tax relates to the following:			
(A) Deferred tax assets			
Disallowance u/s 43B of the Income Tax Act, 1961	1.47	0.14	-
Impairment on financial instruments	6.31	1.31	-
Financial instruments measured at EIR	3.11	3.55	-
Total (A)	10.89	5.00	-
(B) Deferred tax liabilities			
Depreciation and amortisation	0.10	0.40	-
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	2.15	-	-
Unrealised net gain on fair value changes	0.44	0.13	5.52
Total (B)	2.69	0.53	5.52
Deferred tax assets/(liabilities), net (A-B)	8.20	4.47	(5.52)

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

10 Deferred tax assets (net) (Contd.)

Changes in deferred tax recorded in profit or Loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Deferred tax relates to the following		
Disallowance u/s 43B of the Income Tax Act, 1961	(0.55)	(0.14)
Impairment on financial instruments	(5.00)	(1.31)
Depreciation and amortisation	(0.30)	0.40
Financial instruments measured at EIR	0.44	(3.55)
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	2.15	-
Unrealised net gain/(loss) on fair value changes	0.31	(5.39)
	(2.95)	(9.99)

- Deferred tax charge for the year ended 31 March 2018 includes an impact of ₹ 0.08 crore on account of revaluation of deferred tax assets (net) due to change in corporate tax rate.

Changes in deferred tax recorded in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Deferred tax relates to the following		
Disallowance u/s 43B of the Income Tax Act, 1961	(0.78)	-
	(0.78)	-

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

11 Property, plant and equipment and intangible assets

For the year ended 31 March 2019

(₹ In Crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year	As at 31 March 2019	As at 31 March 2019
Property, plant and equipment (a)									
Buildings	2.39	-	-	2.39	0.13	-	0.11	0.24	2.15
Computers	0.01	10.73	1.05	9.69	-	0.20	2.06	1.86	7.83
Furniture and fixtures	-	7.57	0.04	7.53	-	-	1.62	1.62	5.91
Vehicles	0.75	3.24	0.16	3.83	0.01	0.01	0.74	0.74	3.09
Office equipment	0.02	7.55	-	7.57	0.02	-	0.98	1.00	6.57
Lease hold improvement	-	6.84	-	6.84	-	-	1.03	1.03	5.81
Sub-total	**3.17**	**35.93**	**1.25**	**37.85**	**0.16**	**0.21**	**6.54**	**6.49**	**31.36**
Intangible assets (b)									
Software	0.04	6.81	-	6.85	-	-	0.28	0.28	6.57
Sub-total	**0.04**	**6.81**	**-**	**6.85**	**-**	**-**	**0.28**	**0.28**	**6.57**
Total	**3.21**	**42.74**	**1.25**	**44.70**	**0.16**	**0.21**	**6.82**	**6.77**	**37.93**

For the year ended 31 March 2018

(₹ In Crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2017	Additions	Deductions/ adjustments	As at 31 March 2018	As at 1 April 2017	Deductions/ adjustments	For the year	As at 31 March 2018	As at 31 March 2018
Property, plant and equipment (a)									
Buildings	2.39	-	-	2.39	0.01	-	0.12	0.13	2.26
Computers	-	0.01	-	0.01	-	-	-	-	0.01
Furniture and fixtures	-	-	-	-	-	-	-	-	-
Vehicles	-	0.75	-	0.75	-	-	0.01	0.01	0.74
Office equipment	-	0.02	-	0.02	-	-	0.02	0.02	-
Lease hold improvement	-	-	-	-	-	-	-	-	-
Sub-total	**2.39**	**0.78**	**-**	**3.17**	**0.01**	**-**	**0.15**	**0.16**	**3.01**
Intangible assets (b)									
Software	-	0.04	-	0.04	-	-	-	-	0.04
Sub-total	**-**	**0.04**	**-**	**0.04**	**-**	**-**	**-**	**-**	**0.04**
Total	**2.39**	**0.82**	**-**	**3.21**	**0.01**	**-**	**0.15**	**0.16**	**3.05**

(a)See note no. 4.7
(b)See note no. 4.8

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

12 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital advances	0.71	-	-
Indirect tax credits available for utilisation	0.70	2.37	0.03
Advances to suppliers and others	1.65	0.01	-
	3.06	2.38	0.03

13 Payables

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade payables			
Total outstanding dues of micro enterprises and small enterprises#	-	0.02	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	16.07	6.57	0.18
	16.07	6.59	0.18
Other payables			
Total outstanding dues of micro enterprises and small enterprises#	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	32.48	28.99	-
	32.48	28.99	-

Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year-end are furnished below:

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Principal amount due to suppliers under MSMED Act, as at the year end (since paid) (₹ 25,784)		0.02	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.93	0.08	-
Interest paid to suppliers under MSMED Act (other than section 16)	-	-	-
Interest paid to suppliers under MSMED Act (section 16) (Previous year ₹ 26,027)	0.01		-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (₹ 276)		-	-

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

14 Debt securities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) At amortised cost			
(i) Secured*			
Privately placed redeemable non-convertible debentures	4,304.89	2,042.09	–
Total (i)	4,304.89	2,042.09	–
(ii) Unsecured			
Borrowings by issue of commercial paper	3,327.47	–	–
Total (ii)	3,327.47	–	–
Total (i+ii)	7,632.36	2,042.09	–
(B) Out of above			
In India	7,632.36	2,042.09	–
Outside India	–	–	–
	7,632.36	2,042.09	–

* Secured by a first pari-passu charge by mortgage of Company's Office admeasuring 2,610 sq. ft. at Unit No. 804, 8th Floor, Block, A of Wing Delta, bearing old Door nos. 113 to 122 and 128 to 134 and New No.177, Raheja Towers, Anna Salai, Mount Road, Chennai - 600 002 of nominal value and debts/loan receivables under financing activity as stated in the respective information memorandum.

(a) Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2019

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
731-1095	–	100.00	352.63	–	452.63
1096-1460	–	–	79.94	110.00	189.94
Issued at par and redeemable at premium					
366-730	–	320.00	–	–	320.00
731-1095	–	–	428.29	–	428.29
1096-1460	–	–	1,848.51	834.26	2,682.77
Interest accrued and impact of EIR					231.26
					4,304.89

- Interest rates range form 7.50% p.a. to 9.21% p.a.

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

14 Debt securities (Contd.)

Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2018

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
1096-1460	–	–	100.00	79.91	179.91
Issued at par and redeemable at premium					
1096-1460	–	–	–	1,848.51	1,848.51
Interest accrued and impact of EIR					13.67
					2,042.09

– Interest rates range form 7.50% p.a. to 8.25% p.a.

(b) Terms of repayment of commercial papers as at 31 March 2019

(₹ In Crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at discount and redeemable at par					
Up to 365	3,327.78	–	–	–	3,327.78
Interest accrued and impact of EIR					(0.31)
					3,327.47

– Interest rates range form 7.46% p.a. to 7.60% p.a.

15 Borrowings (Other than debt securities)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) At amortised cost			
Secured*			
Term loans from Banks	7,335.57	700.00	–
Loans repayable on demand from banks			
Cash Credit	268.20	110.80	–
Overdraft facility	–	75.00	–
	7,603.77	885.80	–
(B) Out of above			
In India	7,603.77	885.80	–
Outside India	–	–	–
	7,603.77	885.80	–

* Secured against hypothecation of book debts, loan receivables and other receivables.

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

15 Borrowings (Other than debt securities) (Contd.)

(a) Terms of repayment of term loans as at 31 March 2019

Original maturity of loan (In no. of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
Quarterly									
Up to 365	3	58.33	-	-	-	-	-	-	58.33
366 to 730	-	-	39	558.33	-	-	-	-	558.33
731 to 1095	-	-	-	-	15	234.38	-	-	234.38
More than 1095	-	-	-	-	21	173.96	56	875.00	1,048.96
Half yearly									
Up to 365	4	308.00	-	-	-	-	-	-	308.00
366 to 730	-	-	4.00	308	-	-	-	-	308.00
731 to 1095	-	-	-	-	2	154	-	-	154.00
More than 1095	-	-	-	-	2	154	26	1,876.00	2,030.00
Yearly									
Up to 365	6	253.34	-	-	-	-	-	-	253.34
366 to 730	-	-	6	253.34	-	-	-	-	253.34
731 to 1095	-	-	-	-	1	30.00	-	-	30.00
More than 1095	-	-	-	-	6	323.32	11	540.00	863.32
On maturity (Bullet)									
366 to 730	-	-	2	150.00	-	-	-	-	150.00
731 to 1095	-	-	-	-	2	450.00	-	-	450.00
More than 1095	-	-	-	-	-	-	3	650.00	650.00
Interest accrued and impact of EIR									(14.43)
									7,335.57

- Interest rates range form 7.77% p.a. to 9.00% p.a.

Terms of repayment of term loans as at 31 March 2018

Original maturity of loan (In no. of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
Quarterly									
366 to 730	-	-	3	58.33	-	-	-	-	58.33
731 to 1095	-	-	-	-	12	154.17	-	-	154.17
More than 1095	-	-	-	-	7	79.17	30	158.33	237.50
Yearly									
More than 1095	-	-	-	-	-	-	2	200.00	200.00
On maturity (Bullet)									
More than 1095	-	-	-	-	1	50.00	-	-	50.00
									700.00

- Interest rates range form 7.66% p.a. to 8.44% p.a.

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

16 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Security deposits	0.08	0.08	–
Employee benefits payable	29.10	6.09	–
Book overdraft	248.86	170.12	–
Others*	10.96	3.49	–
	289.00	179.78	–

* Includes amounts pertaining to related parties ₹ 10.96 crore (Previous year ₹ 3.49 crore)

17 Provisions

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits			
Gratuity	2.12	0.13	–
Compensated absences	2.17	0.29	–
Other long term service benefits	0.72	0.07	–
	5.01	0.49	–

18 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory dues	14.36	4.36	0.03
Others	6.20	2.70	–
	20.56	7.06	0.03

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

19 Equity share capital

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Authorised			
6,000,000,000 equity shares of ₹ 10 each (31 March 2018: 3,000,000,000 equity shares of ₹ 10 each, 1 April 2017: 550,000,000 equity shares of ₹ 10 each)	6,000.00	3,000.00	550.00
Issued			
3,550,000,000 equity shares of ₹ 10 each (31 March 2018: 1,550,000,000 equity shares of ₹ 10 each, 1 April 2017: 350,000,000 equity shares of ₹ 10 each)	3,550.00	1,550.00	350.00
Subscribed and paid up			
3,550,000,000 equity shares of ₹ 10 each fully called up and paid up (31 March 2018: 1,550,000,000 equity shares of ₹ 10 each, 1 April 2017: 350,000,000 equity shares of ₹10 each)	3,550.00	1,550.00	350.00
	3,550.00	1,550.00	350.00

During the year 2018-19, pursuant to approval of the Members – The Company has, vide resolution passed in the Extraordinary General Meeting held on 29 January 2019, increased its authorised share capital from ₹ 30,000,000,000 (Rupees three thousand crore) divided into 3,000,000,000 equity shares of face value of ₹ 10 each to ₹ 60,000,000,000 (Rupees six thousand crore) divided into 6,000,000,000 equity shares of face value of ₹ 10 each.

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

Equity share capital issued, subscribed and fully paid up	As at 31 March 2019 Nos.	₹ In Crore	As at 31 March 2018 Nos.	₹ In Crore
Outstanding at the beginning of the year	1,550,000,000	1,550.00	350,000,000	350.00
Add: Issue of equity shares on right basis	2,000,000,000	2,000.00	1,200,000,000	1,200.00
Outstanding at the end of the year	**3,550,000,000**	**3,550.00**	**1,550,000,000**	**1,550.00**

- 1,000,000,000 fully paid-up equity shares of face value of ₹ 10 each were allotted at par on 25 March 2019 to Bajaj Finance Ltd., holding company of the Company on rights basis.
- 1,000,000,000 fully paid-up equity shares of face value of ₹ 10 each were allotted at par on 19 September 2018 to Bajaj Finance Ltd., holding company of the Company on rights basis.
- 1,200,000,000 fully paid-up equity shares of face value of ₹ 10 each were allotted at par on 6 February 2018 to Bajaj Finance Ltd., holding company of the Company on rights basis.
- 300,000,000 fully paid-up equity shares of face value of ₹ 10 each were allotted at par on 21 June 2016 to Bajaj Finance Ltd., holding company of the Company on rights basis.

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

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

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

19 Equity share capital (Contd.)

(c) Shares held by Holding Company (face value ₹ 10 per share)

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finance Ltd.*	3,550,000,000	3,550.00	1,550,000,000	1,550.00	350,000,000	350.00

* A subsidiary of Bajaj Finserv Ltd.

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	% Holding	Nos.	% Holding	Nos.	% Holding
Bajaj Finance Ltd.*	3,550,000,000	100%	1,550,000,000	100%	350,000,000	100%

* A subsidiary of Bajaj Finserv Ltd.

20 Other equity

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(A) Statutory reserve in terms of section 29C of the NHB Act, 1987			
(i) Balance at the beginning of the year:			
Statutory reserve u/s 29C of the National Housing Bank Act, 1987	4.49	0.03	0.03
Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	-	-	-
	4.49	0.03	0.03
(ii) Addition/appropriation/withdrawal during the year			
Add:			
Amount transferred u/s 29C of the NHB Act, 1987	14.56	4.46	-
Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	7.40	-	-
Less:			
Amount appropriated from the statutory reserve u/s 29C of the NHB Act, 1987	-	-	-
Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-	-
(iii) Balance at the end of the year (i+ii)			
Statutory reserve u/s 29C of the National Housing Bank Act, 1987	19.05	4.49	0.03
Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	7.40	-	-
Total (A)	26.45	4.49	0.03

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

20 Other equity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(B) Retained earnings			
Balance as at the beginning of the year	(4.04)	(9.72)	(9.72)
Profit for the year	109.80	10.15	-
Item of other comprehensive income recognised directly in retained earnings:			
On defined benefit plan	(1.90)	(0.01)	-
	103.86	0.42	(9.72)
Appropriations:			
Transfer to statutory reserve in terms of section 29C of the NHB Act, 1987	14.56	4.46	-
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	7.40	-	-
Total appropriations	21.96	4.46	-
Balance as at the end of the year (B)	81.90	(4.04)	(9.72)
Total other equity (A+B)	108.35	0.45	(9.69)

Nature and purpose of other equity

(a) Statutory Reserve in terms of section 29C of the National Housing Bank Act, 1987

Reserve Fund is created as per the section 29C of the National Housing Bank Act, 1987, which requires every housing finance company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. This includes special reserve created to avail the deduction as per the provisions of section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long-term finance for construction or purchase of houses in India for residential purposes.

(b) Retained earnings

Retained earnings represents the surplus in profit and loss account after appropriation.

The Company recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of:

- actuarial gains and losses; and
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset).

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

20 Other equity (Contd.)

(c) Other comprehensive income

On loans

The Company recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss. The table gives details of movement of fair value changes:

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Balance as at the beginning of the year	-	-
Fair value changes	19.95	3.35
Impairment loss allowances transferred to profit or loss	(19.95)	(3.35)
Balance as at the end of the year	-	-

21 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2019 — On financial assets measured at Amortised cost	FVOCI	FVTPL	Total	For the year ended 31 March 2018 — On financial assets measured at Amortised cost	FVOCI	FVTPL	Total
On loans	286.22	709.52	-	995.74	9.32	64.09	-	73.41
On investments	-	-	1.50	1.50	-	-	0.60	0.60
On others	0.59	-	-	0.59	0.12	-	-	0.12
	286.81	**709.52**	**1.50**	**997.83**	**9.44**	**64.09**	**0.60**	**74.13**

22 Fees and commission income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Distribution income	37.92	0.63
Fees on value added services and products	9.60	0.53
Service and administration charges	7.58	0.49
Foreclosure income	1.74	0.04
	56.84	1.69

23 Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Net gain/(loss) on financial instruments measured at fair value through profit or loss		
On trading portfolio		
Realised gain/(loss) on debt instruments at FVTPL	38.55	48.33
Unrealised gain/(loss) on debt instruments at FVTPL	1.09	(18.52)
	39.64	29.81

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

24 Sale of services

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Service charges	53.29	-
Service fees for management of assigned portfolio of loans	1.55	-
	54.84	-

25 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Provision no longer required written back	-	0.14
Income from rent	0.17	0.18
Interest on income tax refund (₹ 953, previous year ₹ 20,949)		
Miscellaneous income	0.05	-
	0.22	0.32

26 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
On financial liabilities measured at amortised cost		
On debt securities	385.63	33.66
On borrowings other than debt securities	299.08	13.30
	684.71	46.96

27 Fees and commission expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Commission and incentives	0.59	0.01
Loan portfolio management service charges	0.73	-
	1.32	0.01

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

28 Impairment on financial instruments

(₹ In Crore)

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	At amortised cost	At FVOCI	Total	At amortised cost	At FVOCI	Total
On loans	8.14	16.92	25.06	1.12	3.35	4.47
	8.14	16.92	25.06	1.12	3.35	4.47

29 Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Employees emoluments	204.05	17.40
Contribution to provident fund and other funds	6.00	0.47
Staff welfare expenses	9.68	0.27
	219.73	18.14

30 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Travelling expenses	15.65	1.03
Outsourcing/back office expenses	13.83	15.20
Rent, taxes and energy cost	9.71	0.01
Information technology expenses	9.45	1.42
Repairs and maintenance	6.50	0.93
Business support services	2.58	2.86
Legal and professional charges	1.83	0.36
Printing and stationery	1.54	–
Communication expenses	1.41	0.14
Advertisement, branding and promotion	1.11	0.81
Bank charges	0.65	0.18
Net loss on sale of property, plant and equipment	0.26	–
Customer experience	0.16	0.72
Auditor's fees and expenses*	0.04	0.10
Insurance	0.02	–
Miscellaneous expenses	4.67	1.61
	69.41	25.37

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

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

30 Other expenses (Contd.)

Break-up of payment to auditor (net of service tax/GST credit availed)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
As auditor		
Audit fee	0.01	0.01
Tax audit fee	0.00	-
Limited review	0.01	-
In other capacity		
Other services (certification fees)	0.02	0.09
	0.04	0.10

31 Exceptional items

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Profit on sale of investments in subsidiary	6.38	-
	6.38	-

32 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2019	2018
(A) Net profit attributable to equity shareholders (₹ In Crore)	109.80	10.15
(B) Weighted average number of equity shares for basic and diluted earnings per share	2,100,684,932	527,534,247
Earning per share (basic and diluted) (₹) (A/B)	0.52	0.19

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

33 Segment Information

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

34 Transfer of financial assets that are derecognised in their entirety where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

35 Revenue from contract with customers

(₹ In Crore)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Type of services		
Distribution income	37.92	0.63
Fees on value added services and products	9.60	0.53
Service and administration charges	7.58	0.49
Foreclosure income	1.74	0.04
Sale of services	54.84	-
	111.68	1.69
Geographical markets		
India	111.68	1.69
Outside India	-	-
	111.68	1.69
Timing of revenue recognition		
Services transferred at a point in time	111.68	1.69
Services transferred over time	-	-
	111.68	1.69

Contract balances

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Service assets	1.55	-	-
Other receivables	1.73	-	-

- Amounts receivable are recognised when the right to consideration becomes unconditional.
- Impairment loss allowance recognised for contract asset is ₹ Nil (Previous year: ₹ Nil)

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

36 Employee benefits plan

Defined benefit plans

(A) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

(i) Movement in defined benefit obligations

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Defined benefit obligation as at the beginning of the year	0.61	-
Current service cost	0.29	0.12
Past service cost	-	-
Interest on defined benefit obligation	0.05	0.01
Remeasurement (gain)/loss		
Actuarial (gain)/loss arising from change in financial assumptions	0.05	0.02
Actuarial (gain)/loss arising from change in demographic assumptions	0.01	(0.04)
Actuarial (gain)/loss arising on account of experience changes	3.20	0.05
Benefits paid	(0.39)	-
Liabilities assumed/(settled)*	8.05	0.45
Defined benefit obligation as at the end of the year	11.87	0.61

* On accounting of business combination within group

(ii) Movement in plan assets

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Fair value of plan asset as at the beginning of the year	0.48	-
Employer contributions	1.00	-
Interest on plan assets	0.04	0.01
Administration expenses	(0.01)	-
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	0.58	0.02
Benefits paid	(0.39)	-
Assets acquired/(settled)*	8.05	0.45
Fair value of plan asset as at the end of the year	9.75	0.48

* On accounting of business combination within group

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

36 Employee benefits plan (Contd.)

(A) Gratuity (Contd.)

(iii) Reconciliation of net liability/(asset)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Net defined benefit liability/(asset) as at the beginning of the year	0.13	–
Expense charged to statement of profit and loss	0.30	0.12
Amount recognised in other comprehensive income	2.69	0.01
Employer contributions	(1.00)	–
Net defined benefit liability/(asset) as at the end of the year	2.12	0.13

(iv) Expenses charged to the statement of profit and loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Current service cost	0.29	0.12
Interest cost	0.01	–
	0.30	0.12

(v) Remeasurement (gains)/losses in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Opening amount recognised in other comprehensive income	0.01	–
Changes in financial assumptions	0.05	0.02
Changes in demographic assumptions	0.01	(0.04)
Experience adjustments	3.20	0.05
Actual return on plan assets less interest on plan assets	(0.58)	(0.02)
Closing amount recognised in other comprehensive income	2.69	0.01

(vi) Amount recognised in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Present value of funded defined benefit obligation	11.87	0.61	–
Fair value of plan assets	9.75	0.48	–
Net funded obligation	2.12	0.13	–
Net defined benefit liability/(asset) recognised in balance sheet	2.12	0.13	–

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

36 Employee benefits plan (Contd.)

(A) Gratuity (Contd.)

(vii) Key actuarial assumptions

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Discount rate	7.70%	7.75%
Salary escalation rate (p.a.)	11%	11%
Category of plan assets		
Insurer managed funds	100%	100%

(viii) Sensitivity analysis for significant assumptions is as shown below

(₹ In Crore)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on defined benefit obligation	(4.77%)	4.96%	(4.54%)	4.74%
Impact of decrease in 50 bps on defined benefit obligation	5.15%	(4.66%)	4.91%	(4.43%)

(ix) Projected plan cash flow

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Maturity Profile		
Expected benefits for year 1	0.64	0.03
Expected benefits for year 2	0.72	0.04
Expected benefits for year 3	0.78	0.05
Expected benefits for year 4	0.84	0.07
Expected benefits for year 5	0.92	0.08
Expected benefits for year 6	0.93	0.07
Expected benefits for year 7	0.97	0.07
Expected benefits for year 8	1.12	0.06
Expected benefits for year 9	0.99	0.06
Expected benefits for year 10 and above	22.75	1.06

(x) Expected contribution to fund in the next year

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Expected contribution to fund in the next year	1.00	1.00

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

36 Employee benefits plan (Contd.)

(B) Compensated absences

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Maturity Profile			
Present value of unfunded obligations	-	0.29	-
Expense recognised in the statement of profit and loss	-	-	-
Discount rate (p.a.)	-	7.75%	-
Salary escalation rate (p.a)	-	11.00%	-

- As per the revised leave policy of the Company, compenseted absences are not eligible for carry forward.

(C) Long-term service benefit liabilty

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of unfunded obligations	0.72	0.07	-
Expense recognised in the statement of profit and loss	0.65	0.01	-
Discount rate (p.a.)	7.70%	7.75%	-

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

37 Contingent liabilities and commitments

(a) Contingent liabilities not provided for in respect of:

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Disputed claims against the Company not acknowledged as debts	0.05	-	-

H'ble Supreme Court has recently delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The Company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal counsel and the response/direction from the authorities, including on representations made by an industry association in this regard.

(b) Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(i) Capital commitments (estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))	0.90	0.17	-
(ii) Other commitments (towards partially disbursed/un-encashed loans)	197.09	14.41	0.36

(c) Lease commitments

The Company's significant leasing arrangements are in respect of operating leases for premises which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation of lease payments. The non-cancellable operating lease agreements are ranging from 12 to 36 months. There are no sub-leases. An amount of ₹ 3.92 crore (Previous year: ₹ Nil) has been charged as lease payments to the statement of profit and loss.

The total future minimum lease rentals payable at the Balance Sheet date for non-cancellable portion of the leases are as under:

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Not later than one year	3.58	-
Later than one year but not later than five years	4.43	-
Later than five years	-	-

38 Changes in liabilities arising from financing activities

The Company does not have any financing activities which affect the capital and asset structure of the Company without the use of cash and cash equivalents.

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

39 Disclosure of transactions with related parties as required by Ind AS 24

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019 Transaction value	2019 Outstanding amounts carried in Balance Sheet	2018 Transaction value	2018 Outstanding amounts carried in Balance Sheet
A. Holding company, subsidiaries and fellow subsidiaries:					
Bajaj Finserv Ltd. (Ultimate Holding Company)		-	-	-	-
Bajaj Finance Ltd. (Holding Company)	Contribution to equity (355,00,00,000 shares of ₹ 10 each)	2,000.00	(3,550.00)	1,200.00	(1,550.00)
	Security deposit received	-	(0.08)	0.08	(0.08)
	Rent received	0.17	-	0.18	-
	Assets purchased	4.67	-	-	-
	Assets sale	0.04	-	-	-
	Purchase of loan portfolio	393.54	-	-	-
	Sale of equity share of subsidiary (Bajaj Financial Securities Ltd.)	20.38	-	-	-
	Business support charges paid	19.75	-	17.75	(2.17)
	Business support charges received	1.13	-	-	-
	Fees and commission received	54.15	-	-	-
	Other receipts	1.81	-	1.98	-
Bajaj Financial Securities Ltd. (100% subsidiary transferred to Holdiing company on 10 August 2018)	Contribution to equity	-	-	-	14.00
Bajaj Allianz General Insurance Company Ltd. (Fellow subsidiary)	Insurance premium adjusted (including cancellation receipts)	8.22	(0.73)	4.64	(0.10)
	Insurance expense	1.91	0.09	-	-
Bajaj Allianz Life Insurance Company Ltd. (Fellow subsidiary)	Insurance premium adjusted (including cancellation receipts)	262.62	(8.60)	12.49	(1.21)
	Insurance expense	0.44	0.04	-	-
Bajaj Finserv Direct Ltd. (Fellow subsidiary)	Business support charges paid	12.44	(1.63)	-	-
B. Key managerial personnel and their relatives					
Atul Jain (Chief Executive Officer)		3.25	-	-	-
C. Other entities					
Bajaj Auto Ltd.	Rent paid	0.01	-	-	-
	Security deposit (paid)	0.02	0.02	-	-
Hind Musafir Agency Ltd.	Services received	2.31	-	0.08	(0.02)

Note:

- Transactions value are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- Name of the related parties and nature of their relationships 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 9 of the Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are are to be settled in cash and are unsecured.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

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

40 Capital

The Company actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirements of the regulator, National Housing Board of India (NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.

(i) Capital management

Objective

The company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The company aims to maintain a strong capital base to support the risks inherent to its business and its growth strategy. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks-which include credit, liquidity and interest rate.

The Company monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis through its assets liability management committee (ALCO).

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(ii) Regulatory capital

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Tier I capital	3,626.71	1,547.13	324.87
Tier II capital	70.75	15.00	-
Total capital	3,697.46	1,562.13	324.87
Total risk weighted assets	14,324.25	3,461.83	324.99
Tier I CRAR	25.32%	44.69%	99.96%
Tier II CRAR	0.49%	0.43%	0.00%
Total CRAR	25.81%	45.12%	99.96%

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

41 Events after reporting date

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

42 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of investments held for trading under FVTPL have been determined under level 1 (refer note no. 43) using quoted market prices of the underlying instruments;
- Fair values of investments under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair value of loans held for a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. The fair value of these loans have been determined under level 3.

The Company has determined that the carrying values of cash and cash equivalents, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

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

43 Fair value hierarchy

The company determines fair values of financial instruments according to the following hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the company can access at the measurement date.

Level 2: valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2019:

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31 Mar 2019	1,756.17	-	-	1,756.17
Loans under FVOCI	31 Mar 2019	-	13,030.74	-	13,030.74

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2018:

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31 Mar 2018	992.55	-	-	992.55
Loans under FVOCI	31 Mar 2018	-	3,061.59	-	3,061.59

Quantitative disclosures of fair value measurement hierarchy for assets as at 1 April 2017:

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	1 Apr 2017	329.34	-	-	329.34
Loans under FVOCI	1 Apr 2017	-	-	-	-

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

43 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets					
Cash and cash equivalents	106.98	106.98	-	-	106.98
Other receivables	5.59	-	-	5.59	5.59
Loans at amortised cost*	4,300.82	-	-	4,300.82	4,300.82
Investments	-	-	-	-	-
Other financial assets	6.11	-	-	6.11	6.11
	4,419.50	106.98	-	4,312.52	4,419.50
Financial liabilities					
Trade payables	16.07	-	-	16.07	16.07
Other payables	32.48	-	-	32.48	32.48
Debt securities	7,632.36	-	7,626.63	-	7,626.63
Borrowings (other than debt securities)	7,603.77	-	-	7,603.77	7,603.77
Other financial liabilities	289.00	-	-	289.00	289.00
	15,573.68	-	7,626.63	7,941.32	15,567.95

* Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

Fair value of financial instruments not measured at fair value as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets					
Cash and cash equivalents	110.80	110.80	-	-	110.80
Other receivables	0.03	-	-	0.03	0.03
Loans at amortised cost*	508.03	-	-	508.03	508.03
Investments	14.00	-	-	14.00	14.00
Other financial assets	4.01	-	-	4.01	4.01
	636.87	110.80	-	526.07	636.87
Financial liabilities					
Trade payables	6.59	-	-	6.59	6.59
Other payables	28.99	-	-	28.99	28.99
Debt securities	2,042.09	-	2,047.01	-	2,047.01
Borrowings (other than debt securities)	885.80	-	-	885.80	885.80
Other financial liabilities	179.78	-	-	179.78	179.78
	3,143.25	-	2,047.01	1,101.16	3,148.17

* Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

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

43 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets					
Cash and cash equivalents	0.23	0.23	-	-	0.23
Other receivables	-	-	-	-	-
Loans at amortised cost*	0.05	-	-	0.05	0.05
Investments	14.00	-	-	14.00	14.00
Other financial assets	-	-	-	-	-
	14.28	0.23	-	14.05	14.28
Financial liabilities					
Trade payables	0.18	-	-	0.18	0.18
Other payables	-	-	-	-	-
Debt securities	-	-	-	-	-
Borrowings (other than debt securities)	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
	0.18	-	-	0.18	0.18

* Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

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

44 Risk management objectives and policies

Risk Management Framework

A summary of the major risks faced by the Company, its measurement, monitoring and management are described as under:

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises • when long term assets cannot be funded at the expected term resulting in cashflow mismatches; • Amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board appointed Asset Liability Committee (ALCO)	Liquidity and funding risk is: • measured by identifying gaps in the structural and dynamic liquidity statements. • monitored by – assessment of the gap between available liquidity and the near term liabilities given current market liquidity conditions and evolving regulatory directions for HFCs. – a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. - periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company. • managed by the Company's treasury team under the guidance of ALCO.
Interest rate risk	Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Committee (ALCO)	Interest rate risk is: • measured using Valuation at Risk ('VaR'), and modified duration analysis and other measures, including the sensitivity of net interest income. • monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities. • managed by the Company's treasury team under the guidance of ALCO.
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company	Board appointed Risk Management Committee	Credit risk is: • measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various metrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. • monitored by Risk Management Committee using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks. • managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed Risk Management Committee.

Liquidity and funding risk

The Company's ALCO monitors asset liability mismatches to ensure there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Company maintains a judicious mix of borrowings from banks and money markets. The Company continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company maintain a healthy asset liability position. The Company continues to evaluate new sources of borrowing by way of new routes of funding like NHB refinance, External Commercial Borrowings (ECB), etc.

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

44 Risk management objectives and policies (Contd.)

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities:

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	3,398.26	4,387.76	7,786.02	13.67	2,593.38	2,607.05	-	-	-
Borrowings (other than debt securities)	1,494.23	8,116.52	9,610.75	247.30	838.21	1,085.51	-	-	-
Trade payables	16.07	-	16.07	6.59	-	6.59	0.18	-	0.18
Other payables	32.48	-	32.48	28.99	-	28.99	-	-	-
Other financial liabilities	288.92	0.08	289.00	179.70	0.08	179.78	-	-	-
	5,229.96	12,504.36	17,734.32	476.25	3,431.67	3,907.92	0.18	-	0.18

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	106.98	-	106.98	110.80	-	110.80	0.23	-	0.23
Other receivables	5.59	-	5.59	0.03	-	0.03	-	-	-
Loans	702.78	16,628.78	17,331.56	125.66	3,443.96	3,569.62	-	0.05	0.05
Investments	1,756.17	-	1,756.17	1,006.55	-	1,006.55	343.34	-	343.34
Other financial assets	1.91	4.20	6.11	2.62	1.39	4.01	-	-	-
Non-financial assets									
Current tax assets (net)	-	2.00	2.00	-	0.34	0.34	-	0.01	0.01
Deferred tax assets (net)	-	8.20	8.20	-	4.47	4.47	-	-	-
Property, plant and equipment	-	31.36	31.36	-	3.01	3.01	-	2.38	2.38
Other intangible assets	-	6.57	6.57	-	0.04	0.04	-	-	-
Other non-financial assets	3.06	-	3.06	2.38	-	2.38	0.03	-	0.03
	2,576.49	16,681.11	19,257.60	1,248.04	3,453.21	4,701.25	343.60	2.44	346.04
LIABILITIES									
Financial liabilities									
Trade payables	16.07	-	16.07	6.59	-	6.59	0.18	-	0.18
Other payables	32.48	-	32.48	28.99	-	28.99	-	-	-
Debt securities	3,354.24	4,278.12	7,632.36	13.67	2,028.42	2,042.09	-	-	-
Borrowings (other than debt securities)	875.20	6,728.57	7,603.77	185.80	700.00	885.80	-	-	-
Other financial liabilities	288.92	0.08	289.00	179.70	0.08	179.78	-	-	-
Non-financial liabilities									
Provisions	2.19	2.82	5.01	0.29	0.20	0.49	-	-	-
Deferred tax liabilities (net)	-	-	-	-	-	-	-	5.52	5.52
Other non-financial liabilities	20.56	-	20.56	7.06	-	7.06	0.03	-	0.03
	4,589.66	11,009.59	15,599.25	422.10	2,728.70	3,150.80	0.21	5.52	5.73

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

44 Risk management objectives and policies (Contd.)

Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to foreign exchange rate and equity price risk.

Interest rate risk

On Investment

During FY2019, the Company recalibrated its investment portfolio to holding shorter duration investments which resulted in minimal fair value change impact on its investment portfolio.

The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR and the parameters for monitoring the same are defined in its investment policy.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

			Sensitivity to fair value	
Particulars	**Carrying value**	**Fair value**	**1% increase**	**1% decrease**
Investment at FVTPL	1,756.17	1,756.17	(2.49)	2.49

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

			Sensitivity to fair value	
Particulars	**Carrying value**	**Fair value**	**1% increase**	**1% decrease**
Investment at FVTPL	992.55	992.55	(4.12)	4.12

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

			Sensitivity to fair value	
Particulars	**Carrying value**	**Fair value**	**1% increase**	**1% decrease**
Investment at FVTPL	329.34	329.34	(3.81)	3.81

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

44 Risk management objectives and policies (Contd.)

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same are computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by ALCO.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	17,331.56	17,331.56	-	-
Debt Securities	7,632.36	7,626.63	(88.16)	90.93
Borrowings (other than debt securities)	7,603.77	7,603.77	-	-

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	3,569.62	3,569.62	-	-
Debt Securities	2,042.09	2,047.01	(56.13)	58.27
Borrowings (other than debt securities)	885.80	885.80	-	-

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	0.05	0.05	-	-

Credit Risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property (iii) lease rental discounting, (iv) developer loans, (v) rural mortgage loans and (vi) unsecured loans. The Company assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
- Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised; and

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

44 Risk management objectives and policies (Contd.)

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12-month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) alongwith an adjustment considering forward macro economic conditions [for a detailed note for methodology of computation of ECL please refer to significant accounting policies note no 4.4(i) to the financial statements].

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial instruments' and accordingly were not subject to sensitivity of future economic conditions.

The table below summarises the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD across product lines using emperical data where relevant.

<table>
<tr><th>Lending verticals</th><th colspan="3">PD</th><th>EAD</th><th>LGD</th></tr>
<tr><th></th><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th><th></th><th></th></tr>
<tr><td>Home loans</td><td colspan="2" rowspan="3">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td><td rowspan="6">100%</td><td rowspan="3">EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date</td><td rowspan="6">Past trends of recoveries for each set of portfolios are discounted at reasonable approximation of the original effective rates of interest.</td></tr>
<tr><td>Loan against property</td></tr>
<tr><td>Rural mortgage loans</td></tr>
<tr><td>Lease rental discounting</td><td colspan="2" rowspan="2">External ratings or internal evaluation with a management overlay for each customer or customer industry segment.</td><td rowspan="2">EAD is computed given the time to default based on historic trends across rating profile</td></tr>
<tr><td>Developer loans</td></tr>
<tr><td>Other loans</td><td colspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td><td>EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date</td></tr>
</table>

The table below summarises the gross carrying values and the associated allowance for expected credit loss (ECL) stage wise for loan portfolio:

As at 31 March 2019

(₹ In Crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	16,760.16	58.46	9.28	531.48	1.17	0.22
Allowance for ECL	21.44	3.19	3.27	1.11	0.11	0.09
ECL coverage ratio	0.13%	5.46%	35.24%	0.21%	9.40%	40.91%

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

44 Risk management objectives and policies (Contd.)

As at 31 March 2018

(₹ In Crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	3,448.48	0.57	-	125.04	-	-
Allowance for ECL	4.03	0.08	-	0.36	-	-
ECL coverage ratio	0.12%	14.04%	-	0.29%	-	-

As at 1 April 2017

(₹ In Crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	0.05	-	-	-	-	-
Allowance for ECL	-	-	-	-	-	-
ECL coverage ratio	0.00%	-	-	-	-	-

Collateral valuation

The nature of products across these broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of its assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

The main types of collateral across various products obtained are as follows:

Product Group	Nature of securities
Home loans	Equitable mortgage of residential properties.
Loan against property	Equitable mortgage of residential and commercial properties.
Rural mortgage loans	
Lease rental discounting	
Developer loans	

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics. The Company exercises its right to repossess properties mortgaged to it for delinquent customers. The repossessed assets are either sold or released to delinquent customers in case they come forward to settle their dues. The Company does not record repossessed assets on its balance sheet as non-current assets held for sale.

Analysis of Concentration Risk

The Company continues to grow its product offerings by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

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

44 Risk management objectives and policies (Contd.)

Measurement uncertainty and sensitivity analysis of ECL estimates

Expected credit loss impairment allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward-looking economic forecasts and its impact as an integral part of ECL model.

Methodology

The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and management estimates which ensure that the scenarios are unbiased.

The Company has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors having acceptable correlation with past loss trends which were in line with management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in future economic conditions.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under future economic conditions

(₹ In Crore)

	As at		
Particulars	**31 March 2019**	**31 March 2018**	**1 April 2017**
Gross carrying amount	17,360.77	3,574.09	0.05
Reported ECL	29.21	4.47	-
Reported ECL coverage	0.17%	0.13%	0.00%
ECL amounts for alternate scenario			
Central Scenario (80%)	29.21	4.47	-
Downside Scenario (10%)	54.35	4.47	-
Upside scenario (10%)	24.97	4.47	-
ECL Coverage ratios by scenario			
Central Scenario (80%)	0.17%	0.13%	0.00%
Downside Scenario (10%)	0.31%	0.13%	0.00%
Upside scenario (10%)	0.14%	0.13%	0.00%

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

45 First-time adoption of Ind AS

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

The Company has prepared its Ind AS compliant financial statements for the year ended on 31 March 2019, the comparative period ended on 31 March 2018 and an opening Ind AS balance sheet as at 1 April 2017 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

For periods ended upto the year ended 31 March 2018, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (previous GAAP).

(A) Mandatory exceptions and optional exemptions availed

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

Mandatory exceptions

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below.

(i) Estimates

Ind AS 101 prescribes that an entity’s estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occuring on or after the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

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

(iv) Impairment on financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assesed Impairment on financial assets in conformity with Ind AS 109.

Optional exemptions availed

(i) Investment in subsidiary

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

The Company has elected to measure its investment in subsidiary as per previous GAAP carrying value.

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

45 First-time adoption of Ind AS (Contd.)

(ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.

The Company has elected to apply this exemption for such contracts/arrangements.

(B) Reconciliations between Ind AS and previous GAAP are given below

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

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

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018			As at 1 April 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents		110.69	0.11	110.80	0.23	-	0.23
Other receivables		0.03	-	0.03	-	-	-
Loans	2	3,588.85	(19.23)	3,569.62	0.05	-	0.05
Investments	1	1,006.11	0.44	1,006.55	322.38	20.96	343.34
Other financial assets		4.12	(0.11)	4.01	-	-	-
		4,709.80	(18.79)	4,691.01	322.66	20.96	343.62
Non-financial assets							
Current tax assets (net)		0.34	-	0.34	0.01	-	0.01
Deferred tax assets (net)		-	4.47	4.47	-	-	-
Property, plant and equipment		3.01	-	3.01	2.38	-	2.38
Intangible assets		0.04	-	0.04	-	-	-
Other non-financial assets		2.38	-	2.38	0.03	-	0.03
		5.77	4.47	10.24	2.42	-	2.42
Total assets		**4,715.57**	**(14.32)**	**4,701.25**	**325.08**	**20.96**	**346.04**

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

45 First-time adoption of Ind AS (Contd.)

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018 Previous GAAP	As at 31 March 2018 Adjustments	As at 31 March 2018 Ind AS	As at 1 April 2017 Previous GAAP	As at 1 April 2017 Adjustments	As at 1 April 2017 Ind AS
LIABILITIES AND EQUITY							
Liabilities							
Financial liabilities							
Trade payables		6.59	-	6.59	0.18	-	0.18
Other payables		28.99	-	28.99	-	-	-
Debt securities	2	2,028.42	13.67	2,042.09	-	-	-
Borrowings (other than debt securities)		885.80	-	885.80	-	-	-
Other financial liabilities	2	196.04	(16.26)	179.78	-	-	-
		3,145.84	(2.59)	3,143.25	0.18	-	0.18
Non-financial liabilities							
Provisions	3	15.49	(15.00)	0.49	-	-	-
Deferred tax liabilities (net)		-	-	-	-	5.52	5.52
Other non-financial liabilities		7.06	-	7.06	0.03	-	0.03
		22.55	(15.00)	7.55	0.03	5.52	5.55
Equity							
Equity share capital		1,550.00	-	1,550.00	350.00	-	350.00
Other equity		(2.82)	3.27	0.45	(25.13)	15.44	(9.69)
		1,547.18	3.27	1,550.45	324.87	15.44	340.31
Total liabilities and equity		**4,715.57**	**(14.32)**	**4,701.25**	**325.08**	**20.96**	**346.04**

Reconciliation of equity as at 1 April 2017 and as at 31 March 2018 summarised in below table

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018	As at 1 April 2017
Equity as reported under previous GAAP		**1,547.18**	**324.87**
Adjustments:			
Fair valuation of investment classified under FVTPL	1	0.44	20.96
Impact of EIR based amortisation of loan receivables, net	2	(14.76)	-
Amortisation of finance costs	2	2.60	-
Impairment on financial assets	3	10.53	-
Remeasurement of defined benfit plan	4	(0.01)	-
		(1.20)	20.96
Less: Deferred tax adjustment		4.47	(5.52)
Equity as per Ind AS		**1,550.45**	**340.31**

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

45 First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ In Crore)

Particulars	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income	2	73.02	1.11	74.13
Fees and commission income	2	24.05	(22.36)	1.69
Net gain on fair value changes	1	48.33	(18.52)	29.81
Total revenue from operations		**145.40**	**(39.77)**	**105.63**
Other income	1	2.32	(2.00)	0.32
Total income		**147.72**	**(41.77)**	**105.95**
Expenses				
Finance costs	2	49.56	(2.60)	46.96
Fees and commission expense		0.01	-	0.01
Impairment on financial instruments	3	15.00	(10.53)	4.47
Employee benefits expenses		18.14	-	18.14
Depreciation and amortisation expenses		0.15	-	0.15
Other expenses	2	31.86	(6.49)	25.37
Total expenses		**114.72**	**(19.62)**	**95.10**
Profit before tax		**33.00**	**(22.15)**	**10.85**
Tax expense				
Current tax		10.69	-	10.69
Deferred tax (credit)/charge		-	(9.99)	(9.99)
Total tax expense		**10.69**	**(9.99)**	**0.70**
Profit after tax		**22.31**	**(12.16)**	**10.15**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement gains/(losses) on defined benefit plans	5	-	(0.01)	(0.01)
Tax impact on above		-	-	-
Items that will be reclassified to profit or loss in subsequent periods		-	-	
Changes in fair value of FVOCI debt securities		-	-	-
Tax impact on above		-	-	-
Other comprehensive income for the year (net of tax)		**-**	**(0.01)**	**(0.01)**
Total comprehensive income for the year		**22.31**	**(12.17)**	**10.14**

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

45 First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018 summarised in below table

Particulars	Notes to first time adoption	Amount ₹ In Crore
Profit after tax as reported under previous GAAP		**22.31**
Adjustments:		
Fair valuation of investment classified under FVTPL	1	(20.52)
Impact of EIR based amortisation of loan receivables (net)	2	(14.76)
Amortisation of finance costs	2	2.60
Impairment on financial assets	3	10.53
		(22.15)
Less: Deferred tax adjustment		9.99
Total adjustment (net of tax)		(12.16)
Profit after tax as per Ind AS for the year		**10.15**
Other comprehensive income	5	(0.01)
Total comprehensive income as per Ind AS		**10.14**

Notes to first time adoption of Ind AS

(1) Fair valuation of investments subsequently measured under FVTPL

Under the previous GAAP, investments in mutual funds were classified as current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2018.

(2) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings.

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2018.

(3) Impairment on financial assets

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

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

45 First-time adoption of Ind AS (Contd.)

Notes to first time adoption of Ind AS (Contd.)

(4) Remeasurement of defined benefit plan obligations

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

(5) Components of other comprehensive income (OCI)

Under Ind AS, following item has been recognised in other comprehensive income in the statement of profit and loss of the company:

- Re-measurement gains/(losses) on defined benefit plans

Adjustment for remeasurement gains/(losses) on defined benefit plans as set out in note (4) above, is recognised in retained earnings (net of related deferred taxes).

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2018

There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2018.

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018.

46.1 Disclosures

46.1.1 Capital

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) CRAR (%)	25.81%	45.12%
(ii) CRAR Tier I capital (%)	25.32%	44.69%
(iii) CRAR Tier II capital (%)	0.49%	0.43%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt instruments	-	-

46.1.2 Reserve Fund u/s 29C of NHB Act, 1987

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year:		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	4.49	0.03
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	-	-
	4.49	0.03
Addition/appropriation/withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	14.56	4.46
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	7.40	-
Less:		
a) Amount appropriated from the statutory reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	19.05	4.49
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	7.40	-
	26.45	4.49

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

46.1.3 Investments

(₹ In Crore)

Particulars	As a t 31 March 2019	2018
Value of Investments		
(i) Gross value of Investments		
(a) In India	1,754.43	1,006.11
(b) Outside India		
(ii) Provision for depreciation		
(a) In India	–	–
(b) Outside India	–	–
(iii) Net value of Investments		
(a) In India	1,754.43	1,006.11
(b) Outside India	–	–
Movement of provisions held towards depreciation on investments		
(i) Opening balance	–	2.00
(ii) Add: Provisions made during the year	–	–
(iii) Less: Write-off/written-back of excess provisions during the year	–	2.00
(iv) Closing balance	–	–

46.1.4 Derivatives

The company has not entered into any derivate/forward rate agrement/interest rate swap/exchange traded interest rate derivative during the year.

46.1.5.1 Securitisation

The company has not entered into any Securitisiation transactions during the year.

46.1.5.2 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction

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

46.1.5.3 Details of Assignment transactions undertaken by HFCs

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(i) Number of accounts	1,500	–
(ii) Aggregate value (net of provisions) of accounts assigned	231.03	–
(iii) Aggregate consideration	231.03	–
(iv) Additional consideration realised in respect of accounts transferred in earlier years	–	–
(v) Aggregate gain/loss over net book value	–	–

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

46.1.5.4 Details of non-performing financial assets purchased/sold

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

46.1.6 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2019

(₹ In Crore)

Particulars	Up to 30/31 days (one month)	Over 1 month and up to 2 months	Over 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 month and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years and upto 7 years	Over 7 years and upto 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from bank	-	-	154.00	33.34	1,067.33	2,914.33	3,531.00	535.00	-	-	8,235.00
Market borrowing	2,042.14	1,285.42	-	-	-	3,129.60	944.25	-	-	-	7,401.41
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	283.74	198.32	195.80	574.90	1,110.76	3,912.40	2,702.82	1,999.43	2,269.44	4,182.05	17,429.66
Investments	1,754.43	-	-	-	-	-	-	-	-	-	1,754.43
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items of assets and liabilities have been shown based on behavioral pattern. Borrowings from bank includes undrawn credit limit of ₹ 616.80 crore sanctioned by bank

46.1.6 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2018

(₹ In Crore)

Particulars	Up to 30/31 days (one month)	Over 1 month and up to 2 months	Over 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 month and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years and upto 7 years	Over 7 years and upto 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from bank	-	-	-	-	390.00	341.67	1,408.33	-	-	-	2,140.00
Market borrowing	-	-	-	-	-	100.00	1,928.42	-	-	-	2,028.42
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	20.86	5.66	7.12	30.13	64.50	313.90	349.27	362.21	653.39	1,781.82	3,588.86
Investments	992.11	-	-	-	-	-	-	-	-	14.00	1,006.11
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items of assets and liabilities have been shown based on behavioral pattern. Borrowings from bank includes undrawn credit limit of ₹ 1254.20 crore sanctioned by bank.

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

46.1.7 Exposure

46.1.7.1 Exposure to Real Estate Sector

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
a) Direct Exposure		
(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans upto ₹ 15 lakh ₹ 904.78 crore; previous year ₹ 221.40 crore)	13,786.18	3,167.49
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	2,798.99	237.98
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures – (a) Residential (b) Commercial real estate	–	–
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	–	–

46.1.7.2 Exposure to Capital Market

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	–	–
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	–	–
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	–	–
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	–	–
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–	–
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	–	–
(vii) Bridge loans to companies against expected equity flows/issues;	–	–
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	–	–
Total Exposure to Capital Market	**–**	**–**

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

46.1.7.3 Details of financing of parent company products

Not applicable

46.1.7.4 Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the HFC

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

46.1.7.5 Unsecured Advances

The Company has unsecured advances of ₹ 536.88 crore (previous year ₹ 125.59 crore). The Company has not granted any advances against intangible collateral.

46.2 Miscellaneous

46.2.1 Registration obtained from other financial sector regulators

The Company has obtained registration from Financial Intelligence Units, India vide Registration No. FIHFC00119.

46.2.2 Disclosure of penalties imposed by NHB and other regulators

During the year there were no penalties imposed by National Housing Bank or any other regulators.

46.2.3 Related party Transactions

Refer Note 39 to Notes to Account

46.2.4 Rating assigned by Credit Rating Agencies and migration of rating during the year

(₹ In Crore)

Rating Agency	Instruments	Rating assigned	Migration in ratings during the year	As at 31 March 2019	As at 31 March 2018
CRISIL	Non-Convertible Debenture and Subordinated debts	CRISIL AAA/Stable	NIL	7,500.00	3,000.00
	Long-Term Bank Rating	CRISIL AAA/Stable	NIL	5,000.00	2,000.00
	Commercial Paper	CRISIL A1+	NIL	5,000.00	2,000.00
India Ratings	Secured Non-Convertible Debenture and Unsecured Tier II debt	IND AAA/Stable	NIL	500.00	500.00
	Long-Term Bank Rating	IND AAA/Stable	NIL	5,600.00	1,800.00
	Short-Term Bank Rating	IND A1+	NIL	1,400.00	700.00
	Commercial Paper	IND A1+	NIL	5,000.00	2,000.00

4.2.5 Remuneration of Directors

The Company has not paid any remunerations to directors during the current year and previous year.

46.2.6 Net Profit or Loss for the period, prior period items and changes in accounting policies

The Company has not debited any prior period items in statement of profit and loss during the current year.

46.2.7 Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

46.3 Additional Disclosures

46.3.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in statement of profit and loss

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
1. Provision for depreciation on Investment	-	-
2. Provision made towards Income tax	48.46	10.69
3. Provision towards NPA	2.88	-
4. Provision for Standard Assets *	55.75	15.00
5. Other provision and contingencies	-	-
*** Breakup of provision for Standard Assets**		
Commercial Real Estate	18.58	2.03
Commercial Real Estate-Residential Housing	4.18	0.26
Others	32.99	12.71
	55.75	15.00

Break up of Loan and Advances and Provisions thereon

(₹ In Crore)

Particulars	Housing 2019	Housing 2018	Non-Housing 2019	Non-Housing 2018
Standard Assets				
a) Total Outstanding Amount	9,544.85	2,206.08	7,878.24	1,382.78
b) Provisions made	26.87	5.75	43.88	9.25
Sub-Standard Assets				
a) Total Outstanding Amount	5.27	-	2.93	-
b) Provisions made	1.05	-	0.58	-
Doubtful Assets – Category-I				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	1.23	-	0.02	-
b) Provisions made	1.23	-	0.02	-
Total				
a) Total Outstanding Amount	9,551.35	2,206.08	7,881.19	1,382.78
b) Provisions made	29.15	5.75	44.48	9.25

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

46.3.2 Draw Down from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987

The Company has not drawn any amount from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987 during the current year.

46.3.3 Concentration of Public Deposits, Advances, Exposures and NPAs

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

The Company is non public deposit taking housing finance company and has not accepted any public deposits during the current year.

46.3.3.2 Concentration of Loans and Advances

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Loans and Advances to twenty largest borrowers	1,309.65	273.87
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	7.51%	7.63%

46.3.3.3 Concentration of all Exposure (including off-balance sheet exposure)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure to twenty largest borrowers/customers	1,309.65	273.87
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	7.43%	7.63%

46.3.3.4 Concentration of NPAs

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure to top ten NPA accounts	5.79	–

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

46.3.3.5 Sector-wise NPAs

(₹ In Crore)

Sector	Percentage of NPAs to Total Advances in that sector	
	As at 31 March 2019	As at 31 March 2018
Housing Loans		
Individuals	0.07%	0.00%
Builders/Project Loans	0.00%	0.00%
Corporates	0.00%	0.00%
Non-Housing Loans		
Individuals	0.05%	0.00%
Builders/Project Loans	0.00%	0.00%
Corporates	0.00%	0.00%

46.3.4 Movement of NPAs

(₹ In Crore)

Particulars	As at 31 March	
	2019	2018
(I) Net NPAs to Net Advances (%)	0.04%	0.00%
(II) Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Additions during the year	9.45	-
c) Reductions during the year	-	-
d) Closing balance	9.45	-
(III) Movement of Net NPAs		
a) Opening balance	-	-
b) Additions during the year	6.57	-
c) Reductions during the year	-	-
d) Closing balance	6.57	-
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Provisions made during the year	2.88	-
c) Write-off/write-back of excess provisions	-	-
d) Closing balance	2.88	-

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

46 Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

46.3.5 Overseas Assets

The Company has not held any overseas assets as on reporting date (P.Y.Nil).

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

The Company does not have any SPVs sponsored which is required to be consolidated as per accounting norms.

46.3.7 Disclosure of Complaints

Customer Complaints*

Particulars	As at 31 March 2019	As at 31 March 2018
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	125	3
c) No. of complaints redressed during the year	125	3
d) No. of complaints pending at the end of the year	0	0

* Represents complaints reported on NHB – GRIDS Portal.

47 Disclosure of frauds as per NHB (ND)/DRS/Policy Circular No.92/2018-19 dated 05 February, 2019

There was one case of fraud amounting to ₹ 0.52 crore as reported to NHB during the financial year ended 31 March 2019 (Previous year: ₹ Nil)

48 The Company has not granted any loans against collateral of gold jewellery.

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

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

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

Form AOC-1

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

Part A: Subsidiaries

(₹ In Crore)

1	Name of the subsidiary	Bajaj Financial Securities Ltd.
2	The date since when subsidiary was acquired	07.04.2010
3	Reporting period for the subsidiary concerned, if different from the Holding company's reporting period	01.04.2018 – 10.08.2018*
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	NA
5	Share capital	14.00
6	Other equity	5.71
7	Total assets	19.77
8	Total liabilities	0.06
9	Investments	19.51
10	Turnover	0.06
11	Profit before taxation	0.06
12	Provision for taxation (net)	–
13	Profit after taxation	0.06
14	Proposed dividend	NA
15	% of shareholding	NA

* Date of sale of Bajaj Financial Securities Ltd. to Bajaj Finance Ltd.

Part B: Associates and Joint Venture – Not Applicable

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

Gaurav Kalani
Chief Financial Officer

Pune: 6 May 2019

R Vijay
Company Secretary

Rajeev Jain
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report on the Consolidated Ind AS Financial Statements

To the Members of **Bajaj Housing Finance Limited**

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Bajaj Housing Finance Limited (hereinafter referred to as 'the Holding Company'), its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group') comprising of the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements').

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

Basis for opinion

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

Key Audit Matters

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

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

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

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework *(as described in note 45 of the consolidated Ind AS financial statements)*	
The Group has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For periods up to and including the year ended 31 March 2018, the Group had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date balance sheet as at 1 April 2017 have been prepared under Ind AS. The transition has involved significant change in the Group's policies and processes for financial reporting, including generation of supportable information and applying estimates to *inter alia* determine impact of Ind AS on accounting and disclosure requirements prescribed under extant National Housing Bank (NHB) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.	• Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind AS and applied by the management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Tested the disclosures prescribed under Ind AS.
(b) Impairment on financial assets (expected credit losses) *(as described in note 7 of the Ind AS financial statements)*	
Ind AS 109 requires the Group to recognise impairment allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: • unbiased, probability weighted outcome under various scenarios; • time value of money; • impact arising from forward looking macro-economic factors and; • availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: • grouping of borrowers based on homogeneity by using appropriate statistical techniques; • staging of loans and estimation of behavioral life; • determining macro-economic factors impacting credit quality of receivables; • estimation of losses for loan products with no/minimal historical defaults. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.	• We read and assessed the Group's accounting policies for Impairment on financial assets and their compliance with Ind AS 109. • We tested the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 and vice versa. • We evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. • Tested the ECL model, including assumptions and underlying computation. • Assessed the floor/minimum rates of provisioning applied by the Group for loan products with inadequate historical defaults. • Audited disclosures included in the Ind AS financial statements in respect of expected credit losses.
(c) IT systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Group. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• We tested the design and operating effectiveness of the Group's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorised. • We tested the Group's periodic review of access rights. We also tested requests of changes to systems for approval and authorisation. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

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

Other information

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

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

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

Responsibilities of Management and those charged with governance for the Consolidated Ind AS Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting

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

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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

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

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

Report on other legal and regulatory requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

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

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

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

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

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

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

(g) In our opinion, the managerial remuneration for the year ended 31 March 2019 has been paid/provided by the Holding Company, its subsidiary to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer note no. 37 to the consolidated Ind AS financial statements;

   (ii) The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2019;

   (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary during the year ended 31 March 2019.

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

Annexure 1 to Independent Auditors' Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of Bajaj Housing Finance Limited as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of Bajaj Housing Finance Limited (hereinafter referred to as the 'Holding Company') and its subsidiary company, which is a company incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

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

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

Meaning of internal financial controls over financial reporting

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

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

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

Annexure 1 to Independent Auditors' Report (Contd.)

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	106.98	110.84	0.29
Receivables	6			
Trade receivables		-	-	-
Other receivables		5.59	0.03	-
Loans	7	17,331.56	3,569.62	0.05
Investments	8	1,756.17	1,013.97	349.40
Other financial assets	9	6.11	4.01	-
		19,206.41	**4,698.47**	**349.74**
Non-financial assets				
Current tax assets (net)		2.00	0.35	0.02
Deferred tax assets (net)	10	8.20	4.47	-
Property, plant and equipment	11	31.36	3.01	2.38
Intangible assets	11	6.57	0.04	-
Other non-financial assets	12	3.06	2.38	0.03
		51.19	**10.25**	**2.43**
Total assets		**19,257.60**	**4,708.72**	**352.17**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Payables	13			
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		-	0.02	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		16.07	6.63	0.26
Other payables				
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		32.48	29.02	-
Debt Securities	14	7,632.36	2,042.09	-
Borrowings (other than debt securities)	15	7,603.77	885.80	-
Other financial liabilities	16	289.00	179.78	-
		15,573.68	**3,143.34**	**0.26**

Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2019	31 March 2018	1 April 2017
Non-financial liabilities				
Current tax liabilities (net)		-	1.74	-
Provisions	17	5.01	0.49	-
Deferred Tax Liabilities (net)	10	-	-	7.60
Other non-financial liabilities	18	20.56	7.06	0.03
		25.57	**9.29**	**7.63**
Equity				
Equity share capital	19	3,550.00	1,550.00	350.00
Other equity	20	108.35	6.09	(5.72)
		3,658.35	**1,556.09**	**344.28**
Total liabilities and equity		**19,257.60**	**4,708.72**	**352.17**
Summary of significant accounting policies	4			

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

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Consolidated Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2019	2018
Revenue from operations			
Interest income	21	997.83	74.13
Fees and commission income	22	56.84	1.70
Net gain on fair value changes	23	39.70	31.21
Sale of services	24	54.84	-
Total revenue from operations		**1,149.21**	**107.04**
Other income	25	0.22	0.33
Total income		**1,149.43**	**107.37**
Expenses			
Finance costs	26	684.71	46.96
Fees and commission expense	27	1.32	0.01
Impairment on financial instruments	28	25.06	4.47
Employee benefits expenses	29	219.73	18.14
Depreciation and amortisation expenses	11	6.82	0.15
Other expenses	30	69.41	25.46
Total expenses		**1,007.05**	**95.19**
Profit before exceptional items and tax		**142.38**	**12.18**
Exceptional Items	31	0.68	-
Profit before tax		**143.06**	**12.18**
Tax expense:			
Current tax		41.85	12.43
Deferred tax charge/(credit)		(2.95)	(12.07)
Total tax expense		**38.90**	**0.36**
Profit after tax		**104.16**	**11.82**
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(2.69)	(0.01)
Tax impact on above		0.79	-
Items that will be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income for the year (net of tax)		**(1.90)**	**(0.01)**
Total comprehensive income for the year		**102.26**	**11.81**

Consolidated Statement of Profit and Loss (Contd.)

Particulars	Note No.	For the year ended 31 March 2019	2018
Earnings per equity share	32		
(Nominal value per share ₹ 10/-)			
Basic (₹)		0.50	0.22
Diluted (₹)		0.50	0.22
Summary of significant accounting policies	4		

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

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Consolidated Statement of Changes in Equity

Equity share capital

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Balance at the beginning of the year	1,550.00	350.00
Changes in equity share capital during the year [refer note no. 19(a)]	2,000.00	1,200.00
Balance at the end of the year	**3,550.00**	1,550.00

Other equity

(₹ In Crore)

Particulars	Note no.	Reserves and Surplus: Statutory reserve in terms of NHB Act	Reserves and Surplus: Retained earnings	Total other equity
Balance as at 1 April 2017	20	0.03	(5.75)	(5.72)
Profit after tax		-	11.82	11.82
Other comprehensive income (net of tax)		-	(0.01)	(0.01)
		0.03	**6.06**	**6.09**
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		4.46	(4.46)	-
Balance as at 31 March 2018	20	**4.49**	**1.60**	**6.09**
Profit after tax		-	104.16	104.16
Other comprehensive income (net of tax)		-	(1.90)	(1.90)
		4.49	**103.86**	**108.35**
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		21.96	(21.96)	-
Balance as at 31 March 2019	20	**26.45**	**81.90**	**108.35**

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

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Consolidated Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
(I) Operating activities		
Profit before tax	143.06	12.18
Adjustments for:		
Interest income	(997.83)	(74.13)
Depreciation and amortisation	6.82	0.15
Impairment on financial instruments	25.06	4.47
Finance costs	684.71	46.96
Net (gain)/loss on disposal of property, plant and equipment	0.26	-
Provision no longer required written back	-	(0.15)
Gain on sale of investment in subsidiary	(0.68)	-
Service fees for management of assigned portfolio of loans	(1.55)	-
Net (gain)/loss on financial instruments measured at FVTPL	(39.70)	(31.21)
	(179.85)	(41.73)
Cash inflow from interest on loans	925.21	53.72
Cash inflow from service asset	-	-
Cash outflow towards finance cost	(481.55)	(33.29)
Cash generated from/(used in) operations before working capital changes	263.81	(21.30)
Working capital changes:		
(Increase)/decrease in other receivables	(4.01)	(0.03)
(Increase)/decrease in loans	(13,716.47)	(3,554.35)
(Increase)/decrease in other financial assets	(2.10)	(4.01)
(Increase)/decrease in other non-financial assets	(0.68)	(2.35)
Increase/(decrease) in trade payables	9.42	6.54
Increase/(decrease) in other payables	3.46	29.02
Increase/(decrease) in other financial liabilities	109.22	179.78
Increase/(decrease) in provisions	1.83	0.48
Increase/(decrease) in other non-financial liabilities	13.50	7.03
	(13,322.02)	(3,359.19)
Income taxes paid (net of refunds)	(45.24)	(11.02)
Net cash used in operating activities (I)	**(13,367.26)**	**(3,370.21)**
Carried forward	(13,367.26)	(3,370.21)

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Brought forward	(13,367.26)	(3,370.21)
(II) Investing activities		
Purchase of property, plant and equipment	(35.93)	(0.78)
Proceeds from sale of property, plant and equipment	0.78	-
Purchase of intangible assets	(6.81)	(0.04)
Proceeds from investments measured at amortised cost	-	0.11
Purchase of investments measured at FVTPL	(73,538.78)	(11,509.58)
Proceeds from sale of investments measured at FVTPL	72,835.89	10,876.68
Interest received on investments measured at amortised cost, FVTPL and cash equivalent fixed deposits	2.48	0.15
Proceeds from sale of investment in subsidiary	0.68	-
Net cash used in investing activities (II)	(741.69)	(633.46)
(III) Financing activities		
Issue of equity share capital	2,000.00	1,200.00
Debt securities issued (net)	5,372.69	2,028.42
Borrowings other than debt securities issued (net)	6,732.40	885.80
Net cash generated from financing activities (III)	14,105.09	4,114.22
Net increase/(decrease) in cash and cash equivalents (I+II+III)	(3.86)	110.55
Cash and cash equivalents at the beginning of the year	110.84	0.29
Cash and cash equivalents at the end of the year	106.98	110.84

- The above Statement of Cash Flow has been prepared under the 'indirect method' as set out in Ind AS 7 'Statement of Cash Flows'.
- Components of cash and cash equivalents are disclosed in note no. 5.

As per our report of even date

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

per Arvind Sethi
Partner
Membership number: 089802

Pune: 6 May 2019

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

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

1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Limited') was incorporated as a subsidiary of Bajaj Finserv Limited ('BFS') on 13 June 2008, is a company limited by shares and domiciled in India. The Company was acquired by Bajaj Finance Limited (BFL) from BFS in November 2014 to conduct housing finance business in a dedicated subsidiary company and accordingly the Company's name was changed to Bajaj Housing Finance Limited (BHFL) on 14 November 2014. It got registered with National Housing Bank ('NHB') as a non deposit taking Housing Finance Company vide certificate no 09.0127.15 on 24 September 2015. BHFL is a 100% subsidiary of BFL and started its operation in financial year 2017-18 (FY2018). The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property (iii) lease rental discounting, (iv) developer loans, (v) rural mortgage loans and (vi) unsecured loans. The Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business is at 5th floor, B2 Building, Cerebrum IT Park, Kalyani Nagar, Pune Maharashtra, India.

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 6 May 2019, Board of Directors of the Company approved and recommended the audited financial statements for consideration and adoption by the shareholders in its annual general meeting.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and National Housing Bank Guidelines/ Regulations ('NHB directions') to the extent applicable. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended 31 March 2018, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and NHB directions to the extent applicable (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2019 are the first the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 'First time adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note no. 45.

3.1 Presentation of Financial Statements

The Group presents its Balance Sheet in order of liquidity.

The Group generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

(i) Business model assessment [Refer note no. 4.4.(i)]
(ii) Fair value of financial instruments [Refer note no. 4.13, 42, and 43]
(iii) Effective interest rate (EIR) [Refer note no. 4.1.(i)]
(iv) Impairment on financial assets [Refer note no. 4.4.(i), and 7]
(v) Provisions and other contingent liabilities [Refer note no. 4.9 and 37(a)]
(vi) Provision for tax expenses [Refer note no. 4.5]

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

(vii) Residual value and useful life of property, plant and equipment [Refer note no. 4.6]

3.2 Principles of consolidation

(i) The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

On 10 August 2018, the Parent Company sold its entire holding in subsidiary to its holding company BFL at an arms-length price.

The financial statements of subsidiaries acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(ii) The Consolidated financial statements include results of the subsidiary Company (Bajaj Financial Securities Ltd.), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

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

* On 10 August 2018, the Parent Company sold 100% shareholding in Bajaj Financial Securities Ltd. to its holding Company, Bajaj Finance Ltd.

Figures for preparation of consolidated financial statements are upto date of sale and are unaudited.

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

	Net Assets (i.e. Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
Name of the entities in the Group	**As a % of consolidated net assets**	**Amount (₹ In Crore)**	**As a % of consolidated profit or loss**	**Amount (₹ In Crore)**	**As a % of consolidated other comprehensive income**	**Amount (₹ In Crore)**	**As a % of consolidated total comprehensive income**	**Amount (₹ In Crore)**
Parent								
Bajaj Housing Finance Ltd.	100.00%	3,658.35	99.94%	104.10	100.00%	(1.90)	99.94%	102.20
Subsidiary								
Bajaj Financial Securities Ltd.	0.00%	-	0.06%	0.06	0.00%	-	0.06%	0.06
Total	**100.00%**	**3,658.35**	**100.00%**	**104.16**	**100.00%**	**(1.90)**	**100.00%**	**102.26**

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

4. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Income

(i) Interest income

The Group recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets [as set out in note no. 4.4 (i)] regarded as 'Stage 3', the Group recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired [as outlined in note no. 4.4 (i)], the Group reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

(ii) Dividends

Dividend income on equity shares is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Fees and commission

The Group recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

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

4. Summary of significant accounting policies (Contd.)

(b) Net gain on fair value changes

Financial assets are subsequently measured at FVTPL. The Group recognises gains/losses on fair value change of financial assets measured at FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL.

(c) Sale of services

The Group, on de-recognition of financial assets where a right to service the derecognised financial assets for a fee is retained, recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit and loss and correspondingly creates a service asset in balance sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an expense in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 'Financial instruments'.

Other revenues on sale of services are recognised as per Ind AS 115 'Revenue from contracts with customers' as articulated above in 'Other revenue from operations'.

(iv) Other Income

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

(v) Taxes

Incomes are recognised net of the Goods and Services Tax/Service Tax, wherever applicable.

4.2 Expenditures

(i) Finance costs

Borrowing costs on financial liabilities is recognised using EIR [Refer note no. 4.1.(i)].

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, etc., are recognised in the statement of profit and loss on accrual basis.

(iii) Taxes

Expenses are recognised net of the goods and services tax/service tax, except where credit for the input tax is not statutorily permitted.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.4 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings and equity capital etc. are some examples of financial instruments.

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

4. Summary of significant accounting policies (Contd.)

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities the Group recognises the financial instruments on settlement date.

(i) Financial assets

Financial assets include cash, or an equity instuments of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of the financial asset except in the case of financial assets recorded at FVTPL where the transaction costs are charged to the profit or loss.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into three categories:

a) Debt instruments at amortised cost
b) Debt instruments at FVOCI
c) Debt instruments at FVTPL

a) Debt instruments at amortised cost

The Group measures its financial assets at amortised cost if both the following conditions are met:

- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the nature of portfolio, and the period for which the interest rate is set.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Group for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios on the books of the Group, it may sell these portfolios to banks and/or asset reconstruction companies.

After initial measurement, such financial assets are subsequently measured at amortised cost on Effective Interest Rate (EIR). For further details, refer note no. 4.1(i). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

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

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

b) Debt instruments at FVOCI

The Group subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in the other comprehensive income (OCI). The interest income on these assets is recognised in the profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as mortgage loans portfolio where the Group periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from other comprehensive income to profit or loss.

(c) Debt instruments at FVTPL

The Group classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the balance sheet at fair value. Interest and dividend income is recorded in interest income or dividend income respectively according to the terms of the contract, or when the right to payment has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through the profit or loss.

The Group's investments into mutual funds, commercial papers and certificate of deposits for trading and short term cash flow management have been classified under this category.

Derecognition of Financial Assets:

The Group de-recognises a financial asset (or, where applicable, a part of a financial asset) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Group has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Group does not have any continuing involvement in the same.

The Group transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Group retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Group adequately for performing the service. If the fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- The carrying amount (measured at the date of derecognition) and
- The consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

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

4 Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

Impairment on financial assets

Expected Credit Losses (ECL) are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3' for which a lifetime ECL is recognised.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk or default, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument (lifetime ECL).

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired/default (stage 3)

The Group recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period (typically 12 months) post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

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

4 Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Group has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behaviourial score cards and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

The Group has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no.44.

(ii) Financial liabilities

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

Initial measurement

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

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method [Refer note no 4.1 (i)]. Any gains or losses arising on derecognition of liabilities are recognised in statement of profit and loss.

Derecognition

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

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

4 Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

4.5 Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961; and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside the profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the profit or loss is recognised either in OCI or directly in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.6 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, plant and equipment'.

Depreciation on property, plant and equipment

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

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

4 Summary of significant accounting policies (Contd.)

4.6 Property, plant and equipment (Contd.)

(b) Useful lives of assets are determined by the management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

(c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.

(d) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

(e) Tangible assets which are depreciated over useful life different than those indicated in Schedule II are as under:

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

(f) Assets having unit value upto ₹ 5,000 is depreciated fully in the financial year of purchase of asset.

(g) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the statement of profit and loss when the asset is derecognised.

(h) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.7 Intangible assets and amortisation thereof

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment. The intangible assets are amortised using the straight line method over a period of five years, which is the management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.8 Impairment of non-financial assets

An assessment is done at each balance sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

4.9 Provisions and contingent liabilities

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Group also discloses present obligations for which a reliable estimate cannot be made. 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.

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

4 Summary of significant accounting policies (Contd.)

4.10 Foreign currency translation

The Group's financial statements are presented in Indian Rupee, which is also the Group's functional currency.

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss.

4.11 Retirement and other employee benefits

(i) Gratuity

Payment for present liability of future payment of gratuity is made to the approved gratuity fund viz. Bajaj Auto Ltd. gratuity fund trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in Plan Assets managed by LIC and BALICL as compared to actuarial liability determined by an appointed Actuary using the projected unit credit method are recognised as a liability. Gains or losses through remeasurements of the net defined benefit liability/(assets) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments are recognised in statement of profit and loss. Remeasurements are not reclassified to the profit or loss in subsequent periods.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (eg. Employees' Provident Fund Organisation (EPFO)) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Since the Group pays all Provident fund and Pension fund contributions to EPFO, no actuarial assumptions are required to measure the obligation or the expense and there is no possibility of any actuarial gain or loss. Moreover, the obligations are measured on an undiscounted basis, except where they are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

(iii) Compensated absences

Privilege leave entitlements are recognised as a liability as per the rules of the Group. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed actuary. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the balance sheet date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the profit or loss in subsequent periods.

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

4 Summary of significant accounting policies (Contd.)

4.12 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group acting as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are classified as operating leases. Basis the above principle, all leases entered into by the Group as a lessee have been classified as operating leases.

Lease payments under an operating lease is recognised on an accrual basis in the statement of profit and loss.

4.13 Fair value measurement

The Group measures its qualifying financial instruments at fair value on each balance sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 42 and 43.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

4.14 Standard issued but not yet effective

Ind AS 116 'Leases' was notified on 30 March 2019 and it replaces Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

4 Summary of significant accounting policies (Contd.)

4.14 Standard issued but not yet effective (Contd.)

The standard requires lessor to classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. It requires lessor to recognise lease payments from operating leases as income on either a straight-line basis or another systematic basis and recognise costs, including depreciation, incurred in earning the lease income as an expense.

The Group has leases in which it acts as a lessee and that needs to be accounted for as per requirements of Ind AS 116. The Group is in the process of determining the accounting impact of Ind AS on its lease contracts wherein it acts as a lessee. The Group has a lease contract wherein it acts as a lessor.

5 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Cash on hand	-	-	-
Balances with banks:			
In current accounts	106.98	10.73	0.29
Fixed deposits (maturity less than 3 months from date of acquisition)	-	100.11	0.00
	106.98	110.84	0.29

6 Receivables

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Trade receivables	-	-	-
Other receivables			
Considered good - secured			
Service asset	1.55	-	-
Others	3.46	-	-
Considered good - unsecured			
Others	0.58	0.03	-
	5.59	0.03	-

- Impairment allowance recognised on trade and other receivables is ₹ Nil (Previous year: ₹ Nil).
- No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

7 Loans

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At amortised cost	At FVOCI	Total	At amortised Cost	At FVOCI	Total	At amortised Cost	At FVOCI	Total
Term Loan									
(A) Secured									
Against equitable mortgage of immovable property under finance agreements	3,777.21	13,050.69	16,827.90	384.11	3,064.94	3,449.05	0.05	-	0.05
Less: Impairment loss allowances	7.95	19.95	27.90	0.76	3.35	4.11	-	-	-
Total (A)	3,769.26	13,030.74	16,800.00	383.35	3,061.59	3,444.94	0.05	-	0.05
(B) Unsecured									
Unsecured loans at agreement values less instalments received	532.87	-	532.87	125.04	-	125.04	-	-	-
Less: Impairment loss allowances	1.31	-	1.31	0.36	-	0.36	-	-	-
Total (B)	531.56	-	531.56	124.68	-	124.68	-	-	-
Total (A+B)	**4,300.82**	**13,030.74**	**17,331.56**	**508.03**	**3,061.59**	**3,569.62**	**0.05**	**-**	**0.05**
Out of above:									
(i) Loans in India									
Public sector	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowances	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
Others	4,310.08	13,050.69	17,360.77	509.15	3,064.94	3,574.09	0.05	-	0.05
Less: Impairment loss allowances	9.26	19.95	29.21	1.12	3.35	4.47	-	-	-
Sub-total	**4,300.82**	**13,030.74**	**17,331.56**	**508.03**	**3,061.59**	**3,569.62**	**0.05**	**-**	**0.05**
(ii) Loans outside India	-	-	-	-	-	-	-	-	-
Total (i+ii)	**4,300.82**	**13,030.74**	**17,331.56**	**508.03**	**3,061.59**	**3,569.62**	**0.05**	**-**	**0.05**

Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	17,291.64	59.63	9.50	17,360.77	3,573.52	0.57	-	3,574.09	0.05	-	-	0.05
Less: Impairment loss allowance	22.55	3.30	3.36	29.21	4.39	0.08	-	4.47	-	-	-	-
	17,269.09	**56.33**	**6.14**	**17,331.56**	**3,569.13**	**0.49**	**-**	**3,569.62**	**0.05**	**-**	**-**	**0.05**

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

7 Loans (Contd.)

Analysis of changes in the gross carrying amount by stages in relation to loans and its corresponding impairment loss allowances (ECL) is as follows:

(₹ In Crore)

Particulars	For the year ended 31 March 2019							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 31 March 2018	3,573.52	4.39	0.57	0.08	-	-	3,574.09	4.47
Transfer during the year								
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	(30.25)	(0.07)	30.25	0.07	-	-	-	-
Transfers to stage 3	(5.92)	(0.02)	-	-	5.92	0.02	-	-
Sub-total	**(36.17)**	**(0.09)**	**30.25**	**0.07**	**5.92**	**0.02**	**-**	**-**
Impact of change in credit risk on account of stage movements	-	-	-	1.24	-	2.06	-	3.30
Changes in opening credit exposures (additional disbursement net of repayments)	(385.95)	(0.31)	(1.00)	(0.08)	(0.08)	-	(387.03)	(0.39)
New credit exposures during the year, net of repayments	14,140.24	18.56	29.81	1.99	3.98	1.60	14,174.03	22.15
Amounts written off during the year	-	-	-	-	(0.32)	(0.32)	(0.32)	(0.32)
As at 31 March 2019	**17,291.64**	**22.55**	**59.63**	**3.30**	**9.50**	**3.36**	**17,360.77**	**29.21**

Particulars	For the year ended 31 March 2018							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
As at 1 April 2017	0.05	-	-	-	-	-	0.05	-
Transfer during the year								
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Impact of change in credit risk on account of stage movements	-	-	-	-	-	-	-	-
Changes in opening credit exposures (additional disbursement net of repayments)	-	-	-	-	-	-	-	-
New credit exposures during the year, net of repayments	3,573.47	4.39	0.57	0.08	-	-	3,574.04	4.47
Amounts written off during the year	-	-	-	-	-	-	-	-
As at 31 March 2018	3,573.52	4.39	0.57	0.08	-	-	3,574.09	4.47

Details of impairment on financial instruments disclosed in the Statement of Profit and Loss:

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Net impairment loss allowance charge/(release) for the year	24.74	4.47
Amounts written off during the year	0.32	-
Impairment on financial instruments	25.06	4.47

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

8 Investments

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) At amortised cost			
(i) In fixed deposits	–	–	0.14
Total (i)	–	–	0.14
(B) At fair value through profit or loss			
(i) In mutual funds	1,350.00	421.01	322.82
Add: Fair value gain/(losses)	1.44	0.45	26.44
Total (i)	1,351.44	421.46	349.26
(ii) In certificate of deposits	404.64	296.31	–
Add: Fair value gain/(losses)	0.09	–	–
Total (ii)	404.73	296.31	–
(iii) In commercial papers	–	296.20	–
Add: Fair value gain/(losses)	–	–	–
Total (iii)	–	296.20	–
Total (i+ii+iii)	1,756.17	1,013.97	349.26
Total (A+B)	1,756.17	1,013.97	349.40

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Out of above			
In India	1,756.17	1,013.97	349.40
Outside India	–	–	–
	1,756.17	1,013.97	349.40

9 Other financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Security deposits*	4.20	1.39	–
Advances to customers	–	2.62	–
Advances to related parties	0.13	–	–
Other Advances	1.78	–	–
	6.11	4.01	–

- Impairment allowance recognised on other financial assets is ₹ Nil (Previous year: ₹ Nil).

* Includes security deposits with related parties ₹ 0.02 crore (Previous year ₹ Nil)

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

10 Deferred tax assets/(liabilities), (net)

(₹ In Crore)

Reconciliation of tax expenses and profit before tax multiplied by corporate tax rate

Particulars	For the year ended 31 March 2019	2018
Profit before tax	148.70	12.18
At corporate tax rate of 29.12% (previous year: 28.84%)	43.30	3.51
Tax on non-deductible expenditure	-	(0.46)
Tax on utilisation of previously unrecognised tax losses	(2.54)	(2.69)
Tax on income not subject to tax	(1.86)	-
Tax expense (effective tax rate of 26.16%, previous year: 2.96%)	38.90	0.36

Deferred tax assets/(liabilities) recorded in balance sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Deferred tax relates to the following:			
(A) Deferred tax assets			
Disallowance u/s 43B of the Income Tax Act, 1961	1.47	0.14	-
Impairment on financial instruments	6.31	1.31	-
Financial instruments measured at EIR	3.11	3.55	-
Total (A)	10.89	5.00	-
(B) Deferred tax liabilities			
Depreciation and amortisation	0.10	0.40	-
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	2.15	-	-
Unrealised net gain on fair value changes	0.44	0.13	7.60
Total (B)	2.69	0.53	7.60
Deferred tax assets/(liabilities), net (A-B)	8.20	4.47	(7.60)

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

10 Deferred tax assets (net) (Contd.)

Changes in deferred tax recorded in profit or loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	(0.55)	(0.14)
Impairment on financial instruments	(5.00)	(1.31)
Depreciation and amortisation	(0.30)	0.40
Financial instruments measured at EIR	0.44	(3.55)
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	2.15	-
Unrealised net gain/(loss) on fair value changes	0.31	(7.47)
	(2.95)	(12.07)

Deferred tax charge for the year ended 31 March 2018 includes an impact of ₹ 0.08 crore on account of revaluation of deferred tax assets (net) due to change in corporate tax rate.

Changes in deferred tax recorded in other comprehensive income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	(0.78)	-
	(0.78)	-

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

11 Property, plant and equipment and Intangible assets

For the year ended 31 March 2019

(₹ In Crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year	As at 31 March 2019	As at 31 March 2019
Property, plant and equipment (a)									
Buildings	2.39	-	-	2.39	0.13	-	0.11	0.24	2.15
Computers	0.02	10.73	1.06	9.69	0.01	0.21	2.06	1.86	7.83
Furniture and Fixtures	-	7.57	0.04	7.53	-	-	1.62	1.62	5.91
Vehicles	0.75	3.24	0.16	3.83	0.01	0.01	0.74	0.74	3.09
Office equipment	0.02	7.55	-	7.57	0.02	-	0.98	1.00	6.57
Lease hold improvement	-	6.84	-	6.84	-	-	1.03	1.03	5.81
Sub-total	**3.18**	**35.93**	**1.26**	**37.85**	**0.17**	**0.22**	**6.54**	**6.49**	**31.36**
Intangible assets (b)									
Software	0.33	6.81	0.29	6.85	0.29	0.29	0.28	0.28	6.57
Sub-total	**0.33**	**6.81**	**0.29**	**6.85**	**0.29**	**0.29**	**0.28**	**0.28**	**6.57**
Total	**3.51**	**42.74**	**1.55**	**44.70**	**0.46**	**0.51**	**6.82**	**6.77**	**37.93**

For the year ended 31 March 2018

(₹ In Crore)

Particulars	Gross block				Depreciation and amortisation				Net block
	As at 1 April 2017	Additions	Deductions/ adjustments	As at 31 March 2018	As at 1 April 2017	Deductions/ adjustments	For the year	As at 31 March 2018	As at 31 March 2018
Property, plant and equipment (a)									
Buildings	2.39	-	-	2.39	0.01	-	0.12	0.13	2.26
Computers	0.01	0.01	-	0.02	0.01	-	-	0.01	0.01
Furniture and Fixtures	-	-	-	-	-	-	-	-	-
Vehicles	-	0.75	-	0.75	-	-	0.01	0.01	0.74
Office equipment	-	0.02	-	0.02	-	-	0.02	0.02	-
Lease hold improvement	-	-	-	-	-	-	-	-	-
Sub-total	**2.40**	**0.78**	**-**	**3.18**	**0.02**	**-**	**0.15**	**0.17**	**3.01**
Intangible assets (b)									
Software	0.29	0.04	-	0.33	0.29	-	-	0.29	0.04
Sub-total	**0.29**	**0.04**	**-**	**0.33**	**0.29**	**-**	**-**	**0.29**	**0.04**
Total	**2.69**	**0.82**	**-**	**3.51**	**0.31**	**-**	**0.15**	**0.46**	**3.05**

(a) See note no. 4.6

(b) See note no. 4.7

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

12 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital advances	0.71	-	-
Indirect tax credits available for utilisation	0.70	2.37	0.03
Advances to suppliers and others	1.65	0.01	-
	3.06	2.38	0.03

13 Payables

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade payables			
Total outstanding dues of micro enterprises and small enterprises#	-	0.02	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	16.07	6.63	0.26
	16.07	6.65	0.26
Other payables			
Total outstanding dues of micro enterprises and small enterprises#	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	32.48	29.02	-
	32.48	29.02	-

Based on and to the extent of the information received by the Group from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year-end are furnished below:

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Principal amount due to suppliers under MSMED Act, as at the year end (since paid) (₹ 25,784)		0.02	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.93	0.08	-
Interest paid to suppliers under MSMED Act (other than section 16)	-	-	-
Interest paid to suppliers under MSMED Act (section 16) (Previous year ₹ 26,027)	0.01		-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act (₹ 276)		-	-

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

14 Debt securities

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) At amortised cost			
(i) Secured*			
Privately placed redeemable non-convertible debentures	4,304.89	2,042.09	-
Total (i)	4,304.89	2,042.09	-
(ii) Unsecured			
Borrowings by issue of commercial papers	3,327.47	-	-
Total (ii)	3,327.47	-	-
Total (i+ii)	7,632.36	2,042.09	-
(B) Out of above			
In India	7,632.36	2,042.09	-
Outside India	-	-	-
	7,632.36	2,042.09	-

* Secured by a first pari-passu charge by mortgage of Parent Company's Office admeasuring 2,610 sq. ft. at Unit No.804, 8th Floor, Block, A of Wing Delta, bearing old Door nos. 113 to 122 and 128 to 134 and New No.177, Raheja Towers, Anna Salai, Mount Road, Chennai - 600 002 of nominal value and debts/loan receivables under financing activity as stated in the respective information memorandum.

(a) Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2019

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
731-1095	-	100.00	352.63	-	452.63
1096-1460	-	-	79.94	110.00	189.94
Issued at par and redeemable at premium					-
366-730	-	320.00	-	-	320.00
731-1095		-	428.29	-	428.29
1096-1460	-	-	1,848.51	834.26	2,682.77
Interest accrued and impact of EIR					231.26
					4,304.89

- Interest rates range form 7.50% p.a. to 9.21% p.a.

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

14 Debt securities (Contd.)

Terms of repayment of non-convertible debentures (NCDs) as at 31 March 2018

(₹ In Crore)

Original maturity of NCDs (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at par and redeemable at par					
1096-1460	-	-	100.00	79.91	179.91
Issued at par and redeemable at premium					
1096-1460	-	-	-	1,848.51	1,848.51
Interest accrued and impact of EIR					13.67
					2,042.09

- Interest rates range form 7.50% p.a. to 8.25% p.a.

(b) Terms of repayment of commercial papers as at 31 March 2019

(₹ In Crore)

Original maturity (In no. of days)	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Issued at discount and redeemable at par					
Upto 365	3,327.78	-	-	-	3,327.78
Interest accrued and impact of EIR					(0.31)
					3,327.47

- Interest rates range form 7.46% p.a. to 7.60% p.a.
- Face value of commercial paper is ₹ 3,350 crore as at 31 March 2019 (Previous year ₹ Nil)

15 Borrowings (Other than debt securities)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) At amortised cost			
Secured*			
Term loans from banks	7,335.57	700.00	-
Loans repayable on demand from banks			
Cash credit	268.20	110.80	-
Overdraft facility	-	75.00	-
	7,603.77	885.80	-
(B) Out of above:			
In India	7,603.77	885.80	-
Outside India	-	-	-
	7,603.77	885.80	-

* Secured against hypothecation of book debts, loan receivables and other receivables.

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

15 Borrowings (Other than Debt securities)

(a) Terms of repayment of term loans as at 31 March 2019

Original maturity of loan (In no. of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
Quarterly									
Up to 365	3	58.33	-	-	-	-	-	-	58.33
366 to 730	-	-	39	558.33	-	-	-	-	558.33
731 to 1095	-	-	-	-	15	234.38	-	-	234.38
More than 1095	-	-	-	-	21	173.96	56	875.00	1,048.96
Half yearly									
Up to 365	4	308.00	-	-	-	-	-	-	308.00
366 to 730	-	-	4.00	308	-	-	-	-	308.00
731 to 1095	-	-	-	-	2	154	-	-	154.00
More than 1095	-	-	-	-	2	154	26	1,876.00	2,030.00
Yearly									
Up to 365	6	253.34	-	-	-	-	-	-	253.34
366 to 730	-	-	6	253.34	-	-	-	-	253.34
731 to 1095	-	-	-	-	1	30.00	-	-	30.00
More than 1095	-	-	-	-	6	323.32	11	540.00	863.32
On maturity (Bullet)									
366 to 730	-	-	2	150.00	-	-	-	-	150.00
731 to 1095	-	-	-	-	2	450.00	-	-	450.00
More than 1095	-	-	-	-	-	-	3	650.00	650.00
Interest accrued and impact of EIR	-	-	-	-	-	-	-	-	(14.43)
	-	-	-	-	-	-	-	-	7,335.57

- Interest rates range form 7.77% p.a. to 9.00% p.a.

Terms of repayment of term loans as at 31 March 2018

Original maturity of loan (In no. of days)	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	No. of instalments	₹ In Crore	₹ In Crore
Quarterly									
366 to 730	-	-	3	58.33	-	-	-	-	58.33
731 to 1095	-	-	-	-	12	154.17	-	-	154.17
More than 1095	-	-	-	-	7	79.17	30	158.33	237.50
Yearly									
More than 1095	-	-	-	-	-	-	2	200.00	200.00
On maturity (Bullet)									
More than 1095	-	-	-	-	1	50.00	-	-	50.00
									700.00

- Interest rates range form 7.66% p.a. to 8.44% p.a.

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

16 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Security deposits	0.08	0.08	-
Employee benefits payable	29.10	6.09	-
Book overdrafts	248.86	170.12	-
Others*	10.96	3.49	-
	289.00	179.78	-

*Includes amounts pertaining to related parties ₹ 10.96 crore (Previous year ₹ 3.49 crore)

17 Provisions

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Provision for employee benefits			
Gratuity	2.12	0.13	-
Compensated absences	2.17	0.29	-
Other long term service benefits	0.72	0.07	-
	5.01	0.49	-

18 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Statutory dues	14.36	4.36	0.03
Others	6.20	2.70	-
	20.56	7.06	0.03

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

19 Equity share capital

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Authorised			
6,000,000,000 equity shares of ₹ 10 each (31 March 2018: 3,000,000,000 equity shares of ₹ 10 each, 1 April 2017: 550,000,000 equity shares of ₹ 10 each)	6,000.00	3,000.00	550.00
Issued			
3,550,000,000 equity shares of ₹ 10 each (31 March 2018: 1,550,000,000 equity shares of ₹ 10 each, 1 April 2017: 350,000,000 equity shares of ₹ 10 each)	3,550.00	1,550.00	350.00
Subscribed and paid up			
3,550,000,000 equity shares of ₹ 10 each fully called up and paid up (31 March 2018: 1,550,000,000 equity shares of ₹ 10 each, 1 April 2017: 350,000,000 equity shares of ₹ 10 each)	3,550.00	1,550.00	350.00
	3,550.00	1,550.00	350.00

During the year 2018-19, pursuant to approval of the Members: The Parent Company has, vide resolution passed in the Extraordinary General Meeting held on 29 January 2019, increased its authorised share capital from ₹ 30,000,000,000 (Rupees three thousand crore) divided into 3,000,000,000 equity shares of face value of ₹ 10 each to ₹ 60,000,000,000 (Rupees six thousand crore) divided into 6,000,000,000 equity shares of face value of ₹ 10 each.

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

Equity share capital issued, subscribed and fully paid up	As at 31 March 2019 Nos.	₹ In Crore	As at 31 March 2018 Nos.	₹ In Crore
Outstanding at the beginning of the year	1,550,000,000	1,550.00	350,000,000	350.00
Add: Issue of equity shares on right basis	2,000,000,000	2,000.00	1,200,000,000	1,200.00
Outstanding at the end of the year	**3,550,000,000**	**3,550.00**	**1,550,000,000**	**1,550.00**

- 1,000,000,000 fully paid-up equity shares of face value of ₹ 10 each were allotted at par on 25 March 2019 to Bajaj Finance Ltd., holding company of the Parent Company on rights basis.
- 1,000,000,000 fully paid-up equity shares of face value of ₹ 10 each were allotted at par on 19 September 2018 to Bajaj Finance Ltd., holding company of the Parent Company on rights basis.
- 1,200,000,000 fully paid-up equity shares of face value of ₹ 10 each were allotted at par on 6 February 2018 to Bajaj Finance Ltd., holding company of the Parent Company on rights basis.
- 300,000,000 fully paid-up equity shares of face value of ₹ 10 each were allotted at par on 21 June 2016 to Bajaj Finance Ltd., holding company of the Parent Company on rights basis.

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

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

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

19 Equity share capital (Contd.)

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	₹ In Crore	Nos.	₹ In Crore	Nos.	₹ In Crore
Bajaj Finance Ltd.*	3,550,000,000	3,550.00	1,550,000,000	1,550.00	350,000,000	350.00

* A subsidiary of Bajaj Finserv Ltd.

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Nos.	% Holding	Nos.	% Holding	Nos.	% Holding
Bajaj Finance Ltd.*	3,550,000,000	100%	1,550,000,000	100%	350,000,000	100%

* A subsidiary of Bajaj Finserv Ltd.

20 Other equity

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) Statutory reserve in terms of section 29C of the NHB Act, 1987			
(i) Balance at the beginning of the year:			
Statutory reserve u/s 29C of the National Housing Bank Act, 1987	4.49	0.03	0.03
Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	-	-	-
	4.49	0.03	0.03
(ii) Addition/appropriation/withdrawal during the year			
Add:			
Amount transferred u/s 29C of the NHB Act, 1987	14.56	4.46	-
Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	7.40	-	-
Less:			
Amount appropriated from the statutory reserve u/s 29C of the NHB Act, 1987	-	-	-
Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-	-
(iii) Balance at the end of the year (i+ii)			
Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	19.05	4.49	0.03
Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	7.40	-	-
Total (A)	26.45	4.49	0.03

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

20 Other equity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(B) Retained Earnings			
Balance as at the beginning of the year	1.60	(5.75)	(5.75)
Profit for the year	104.16	11.82	-
Item of other comprehensive income recognised directly in retained earnings			
On defined benefit plan	(1.90)	(0.01)	-
	103.86	6.06	(5.75)
Less: Appropriations:			
Transfer to statutory reserve in terms of section 29C of the NHB Act, 1987	14.56	4.46	-
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under section 29C of the NHB Act, 1987	7.40	-	-
Total appropriations	21.96	4.46	-
Balance as at the end of the year (B)	81.90	1.60	(5.75)
Total other equity (A+B)	108.35	6.09	(5.72)

Nature and purpose of other equity

(a) Statutory Reserve in terms of section 29C of the National Housing Bank Act, 1987

Reserve fund is created as per the section 29C of the National Housing Bank Act, 1987, which requires every housing finance company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared. This includes special reserve created to avail the deduction as per the provisions of section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long-term finance for construction or purchase of houses in India for residential purposes.

(b) Retained earnings

Retained earnings represent the surplus in statement of profit and loss after appropriation. The Group recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of:

- actuarial gains and losses; and
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset).

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

20 Other equity (Contd.)

(c) Other comprehensive income

On loans

The Group recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss. The table gives details of movement of fair value changes:

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Balance as at the beginning of the year	-	-
Fair value changes	19.95	3.35
Impairment loss allowances transferred to profit or loss	(19.95)	(3.35)
Balance as at the end of the year	-	-

21 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2019				For the year ended 31 March 2018			
	On financial assets measured at				On financial assets measured at			
	Amortised cost	FVOCI	FVTPL	Total	Amortised cost	FVOCI	FVTPL	Total
On loans	286.22	709.52	-	995.74	9.32	64.09	-	73.41
On investments	-	-	1.50	1.50	-	-	0.60	0.60
On others	0.59	-	-	0.59	0.12	-	-	0.12
	286.81	**709.52**	**1.50**	**997.83**	**9.44**	**64.09**	**0.60**	**74.13**

22 Fees and commission income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Distribution income	37.92	0.64
Fees on value added services and products	9.60	0.53
Service and administration charges	7.58	0.49
Foreclosure income	1.74	0.04
	56.84	1.70

23 Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Net gain/(loss) on financial instruments measured at fair value through profit or loss		
On trading portfolio		
Realised gain/(loss) on debt instruments at FVTPL	38.61	57.20
Unrealised gain/(loss) on debt instruments at FVTPL	1.09	(25.99)
	39.70	31.21

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

24 Sale of services

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Service charges	53.29	-
Service fees for management of assigned portfolio of loans	1.55	-
	54.84	-

25 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Provision no longer required written back	-	0.15
Income from rent	0.17	0.18
Interest on income tax refund (₹ 953, previous year ₹ 20,949)		
Miscellaneous income	0.05	-
	0.22	0.33

26 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
On financial liabilities measured at amortised cost		
On debt securities	385.63	33.66
On borrowings other than debt securities	299.08	13.30
	684.71	46.96

27 Fees and commission expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Commission and incentives	0.59	0.01
Loan portfolio management service charges	0.73	-
	1.32	0.01

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

28 Impairment on financial instruments

(₹ In Crore)

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	At amortised cost	At FVOCI	Total	At amortised cost	At FVOCI	Total
On loans	8.14	16.92	25.06	1.12	3.35	4.47
	8.14	16.92	25.06	1.12	3.35	4.47

29 Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Employees emoluments	204.05	17.40
Contribution to provident fund and other funds	6.00	0.47
Staff welfare expenses	9.68	0.27
	219.73	18.14

30 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	2018
Travelling expenses	15.65	1.03
Outsourcing/back office expenses	13.83	15.20
Rent, taxes and energy cost	9.71	0.01
Information technology expenses	9.45	1.42
Repairs and maintenance	6.50	0.93
Business support services	2.58	2.86
Legal and professional charges	1.83	0.39
Printing and stationery	1.54	-
Communication expenses	1.41	0.14
Advertisement, branding and promotion	1.11	0.81
Bank charges	0.65	0.18
Net loss on sale of property, plant and equipment	0.26	-
Customer experience	0.16	0.72
Auditor's fees and expenses*	0.04	0.10
Insurance	0.02	-
Miscellaneous expenses	4.67	1.67
	69.41	25.46

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

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

30 Other expenses (Contd.)

Break-up of payment to auditor (net of service tax/GST credit availed)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
As auditor		
Audit fee	0.01	0.01
Tax audit fee	0.00	-
Limited review	0.01	-
In other capacity		
Other services (certification fees)	0.02	0.09
	0.04	0.10

31 Exceptional item

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Profit on sale of investments in subsidiary	0.68	-
	0.68	-

32 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Parent Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2019	2018
(A) Net profit attributable to equity shareholders (₹ In Crore)	104.16	11.82
(B) Weighted average number of equity shares for basic and diluted earnings per share	2,100,684,932	527,534,247
Earning per share (basic and diluted) (₹) (A/B)	0.50	0.22

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

33 Segment Information

The Group operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Group operates in a single geographical segment i.e. domestic.

34 Transfer of financial assets that are derecognised in their entirety where the Group has continuing involvement

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement.

35 Revenue from contract with customers

(₹ In Crore)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Type of services		
Distribution income	37.92	0.64
Fees on value added services and products	9.60	0.53
Service and administration charges	7.58	0.49
Foreclosure income	1.74	0.04
Sale of services	54.84	–
	111.68	1.70
Geographical markets		
India	111.68	1.70
Outside India	–	–
	111.68	1.70
Timing of revenue recognition		
Services transferred at a point in time	111.68	1.70
Services transferred over time	–	–
	111.68	1.70

Contract balances

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Service assets	1.55	–	–
Other receivables	1.73	–	–

- Amounts receivable are recognised when the right to consideration becomes unconditional.
- Impairment loss allowance recognised for contract asset is ₹ Nil (Previous year: ₹ Nil)

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

36 Employee benefits plan

(I) Defined benefit plans

(A) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

(i) Movement in defined benefit obligations

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	**2018**
Defined benefit obligation as at the beginning of the year	0.61	-
Current service cost	0.29	0.12
Past service cost	-	-
Interest on defined benefit obligation	0.05	0.01
Remeasurement (gain)/loss		
Actuarial (gain)/loss arising from change in financial assumptions	0.05	0.02
Actuarial (gain)/loss arising from change in demographic assumptions	0.01	(0.04)
Actuarial (gain)/loss arising on account of experience changes	3.20	0.05
Benefits paid	(0.39)	-
Liabilities assumed/(settled)*	8.05	0.45
Defined benefit obligation as at the end of the year	11.87	0.61

* On accounting of business combination within group

(ii) Movement in plan assets

(₹ In Crore)

Particulars	For the year ended 31 March	
	2019	**2018**
Fair value of plan asset as at the beginning of the year	0.48	-
Employer contributions	1.00	-
Interest on plan assets	0.04	0.01
Administration expenses	(0.01)	-
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	0.58	0.02
Benefits paid	(0.39)	-
Assets acquired/(settled)*	8.05	0.45
Fair value of plan asset as at the end of the year	9.75	0.48

* On accounting of business combination within group

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

36 Employee benefits plan (Contd.)

(iii) Reconciliation of net liability/(asset)

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Net defined benefit liability/(asset) as at the beginning of the year	0.13	-
Expense charged to statement of profit and loss	0.30	0.12
Amount recognised in other comprehensive income	2.69	0.01
Employer contributions	(1.00)	-
Net defined benefit liability/(asset) as at the end of the year	2.12	0.13

(iv) Expenses charged to the statement of profit and loss

(₹ In Crore)

Particulars	For the year ended 31 March 2019	2018
Current service cost	0.29	0.12
Interest cost	0.01	-
	0.30	0.12

(v) Remeasurement (gains)/losses in other comprehensive income

(₹ In Crore)

Particulars	Year ended 31 March 2019	2018
Opening amount recognised in other comprehensive income	0.01	-
Changes in financial assumptions	0.05	0.02
Changes in demographic assumptions	0.01	(0.04)
Experience adjustments	3.20	0.05
Actual return on plan assets less interest on plan assets	(0.58)	(0.02)
Closing amount recognised in other comprehensive income	2.69	0.01

(vi) Amount recognised in Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Present value of funded defined benefit obligation	11.87	0.61	-
Fair value of plan assets	9.75	0.48	-
Net funded obligation	2.12	0.13	-
Net defined benefit liability/(asset) recognised in balance sheet	2.12	0.13	-

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

36 Employee benefits plan (Contd.)

(vii) Key actuarial assumptions

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Discount rate	7.70%	7.75%
Salary escalation rate (p.a.)	11%	11%
Category of plan assets		
Insurer managed funds	100%	100%

(viii) Sensitivity analysis for significant assumptions is as shown below

(₹ In Crore)

	As at 31 March 2019		As at 31 March 2018	
Particulars	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on defined benefit obligation	(4.77%)	4.96%	(4.54%)	4.74%
Impact of decrease in 50 bps on defined benefit obligation	5.15%	(4.66%)	4.91%	(4.43%)

(ix) Projected plan cash flow

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Maturity Profile		
Expected benefits for year 1	0.64	0.03
Expected benefits for year 2	0.72	0.04
Expected benefits for year 3	0.78	0.05
Expected benefits for year 4	0.84	0.07
Expected benefits for year 5	0.92	0.08
Expected benefits for year 6	0.93	0.07
Expected benefits for year 7	0.97	0.07
Expected benefits for year 8	1.12	0.06
Expected benefits for year 9	0.99	0.06
Expected benefits for year 10 and above	22.75	1.06

(x) Expected contribution to fund in the next year

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Expected contribution to fund in the next year	1.00	1.00

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

36 Employee benefits plan (Contd.)

(B) Compensated absences

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Maturity Profile			
Present value of unfunded obligations	-	0.29	-
Expense recognised in the statement of profit and loss	-	-	-
Discount rate (p.a.)	-	7.75%	-
Salary escalation rate (p.a)	-	11.00%	-

- As per the revised leave policy of the Group, compenseted absences are not eligible for carry forward.

(C) Long-term service benefit liabilty

(₹ In Crore)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of unfunded obligations	0.72	0.07	-
Expense recognised in the statement of profit and loss	0.65	0.01	-
Discount rate (p.a.)	7.70%	7.75%	-

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

37 Contingent liabilities and commitments

(a) Contingent liabilities not provided for in respect of:

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
Disputed claims against the Group not acknowledged as debts	0.05	-	-

H'ble Supreme Court has recently delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The Parent Company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal counsel and the response/direction from the authorities, including on representations made by an industry association in this regard.

(b) Capital and other commitments

(₹ In Crore)

Particulars	As at 31 March 2019	31 March 2018	1 April 2017
(i) Capital commitments (estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))	0.90	0.17	-
(ii) Other commitments (towards partially disbursed/un-encashed loans)	197.09	14.41	0.36

(c) Lease commitments

The Group's significant leasing arrangements are in respect of operating leases for premises which are renewable on mutual consent at agreed terms. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation of lease payments. The non-cancellable operating lease agreements are ranging from 12 to 36 months. There are no sub-leases. An amount of ₹ 3.92 crore (Previous year: ₹ Nil) has been charged as lease payments to the statement of profit and loss.

The total future minimum lease rentals payable at the balance sheet date for non-cancellable portion of the leases are as under:

(₹ In Crore)

Particulars	As at 31 March 2019	2018
Not later than one year	3.58	-
Later than one year but not later than five years	4.43	-
Later than five years	-	-

38 Changes in liabilities arising from financing activities

The Group does not have any financing activities which affect the capital and asset structure of the Group without the use of cash and cash equivalents.

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

39 Disclosure of transactions with related parties as required by Ind AS 24

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	As at 31 March 2019 Transaction value	As at 31 March 2019 Outstanding amounts carried in Balance Sheet	As at 31 March 2018 Transaction value	As at 31 March 2018 Outstanding amounts carried in Balance Sheet
A. Holding Company, subsidiaries and fellow subsidiaries:					
Bajaj Finserv Ltd. (Ultimate Holding company)		-	-	-	-
Bajaj Finance Ltd. (Holding company)	Contribution to equity (355,00,00,000 shares of ₹ 10 each)	2,000.00	(3,550.00)	1,200.00	(1,550.00)
	Security deposit received	-	(0.08)	0.08	(0.08)
	Rent received	0.17	-	0.18	-
	Assets purchased	4.67	-	-	-
	Assets sale	0.04	-	-	-
	Purchase of loan portfolio	393.54	-	-	-
	Sale of equity shares of subsidiary (Bajaj Financial Securities Ltd.)	20.38	-	-	-
	Business support charges paid	19.75	-	17.75	(2.17)
	Business support charges received	1.13	-	-	-
	Fees and commission received	54.15	-	-	-
	Other receipts	1.81	-	1.98	-
Bajaj Allianz General Insurance Company Ltd. (Fellow subsidiary)	Insurance premium adjusted (including cancellation receipts)	8.22	(0.73)	4.64	(0.10)
	Insurance expense	1.91	0.09	-	-
Bajaj Allianz Life Insurance Company Ltd. (Fellow subsidiary)	Insurance premium adjusted (including cancellation receipts)	262.62	(8.60)	12.49	(1.21)
	Insurance expense	0.44	0.04	-	-
Bajaj Finserv Direct Ltd. (Fellow subsidiary)	Business support charges paid	12.44	(1.63)	-	-
B. Key managerial personnel and their relatives					
Atul Jain (Chief Executive Officer)		3.25	-	-	-
C. Other entities					
Bajaj Auto Ltd.	Rent paid	0.01	-	-	-
	Security deposit (paid)	0.02	0.02	-	-
Hind Musafir Agency Ltd.	Services received	2.31	-	0.08	(0.02)

Note:

- Transaction values are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- Name of the related parties and nature of their relationships 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 the Group.
- Related parties as defined under clause 9 of the Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Group. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash and are unsecured.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Group as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

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

40 Capital

The Group actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirements of the regulator, National Housing Board of India (NHB). The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by NHB.

(i) Capital management

Objective

The Group's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Group aims to maintain a strong capital base to support the risks inherent to its business and its growth strategy. The Group endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Group's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks- which include credit, liquidity and interest rate.

The Group monitors its capital to risk weighted assets ratio (CRAR) on a monthly basis through its assets liability management committee (ALCO).

The Group endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(ii) Regulatory capital

(₹ In Crore)

	As at		
Particulars	**31 March 2019**	**31 March 2018**	**1 April 2017**
Tier I capital	3,626.71	1,547.13	324.87
Tier II capital	70.75	15.00	–
Total capital	3,697.46	1,562.13	324.87
Total risk weighted assets	14,324.25	3,461.83	324.99
Tier I CRAR	25.32%	44.69%	99.96%
Tier II CRAR	0.49%	0.43%	0.00%
Total CRAR	25.81%	45.12%	99.96%

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

41 Events after reporting date

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

42 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Group has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Group's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of investments held for trading under FVTPL have been determined under level 1 (refer note no. 43) using quoted market prices of the underlying instruments;
- Fair values of investments under FVOCI have been determined under level 1 using quoted market prices of the underlying instruments;
- Fair value of loans held for a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. The fair value of these loans have been determined under level 3.

The Group has determined that the carrying values of cash and cash equivalents, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

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

43 Fair value hierarchy

The Group determines fair values of financial instruments according to the following hierarchy:

Level 1: valuation based on quoted market price: – financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation using observable inputs: – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: – financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2019

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Investments held for trading under FVTPL	31 Mar 2019	1,756.17	–	–	1,756.17
Loans under FVOCI	31 Mar 2019	–	13,030.74	–	13,030.74

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2018

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Investments held for trading under FVTPL	31 Mar 2018	1,013.97	–	–	1,013.97
Loans under FVOCI	31 Mar 2018	–	3,061.59	–	3,061.59

Quantitative disclosures of fair value measurement hierarchy for assets as at 1 April 2017

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Investments held for trading under FVTPL	1 Apr 2017	349.26	–	–	349.26
Loans under FVOCI	1 Apr 2017	–	–	–	–

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

43 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2019

(₹ In Crore)

		Fair value measurement using			
Particulars	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial Assets					
Cash and cash equivalents	106.98	106.98	-	-	106.98
Other receivables	5.59	-	-	5.59	5.59
Loans at amortised cost*	4,300.82	-	-	4,300.82	4,300.82
Investments	-	-	-	-	-
Other financial assets	6.11	-	-	6.11	6.11
	4,419.50	106.98	-	4,312.52	4,419.50
Financial liabilities					
Trade payables	16.07	-	-	16.07	16.07
Other payables	32.48	-	-	32.48	32.48
Debt securities	7,632.36	-	7,626.63	-	7,626.63
Borrowings (other than debt securities)	7,603.77	-	-	7,603.77	7,603.77
Other financial liabilities	289.00	-	-	289.00	289.00
	15,573.68	-	7,626.63	7,941.32	15,567.95

* Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

Fair value of financial instruments not measured at fair value as at 31 March 2018

(₹ In Crore)

		Fair value measurement using			
Particulars	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial Assets					
Cash and cash equivalents	110.84	110.84	-	-	110.84
Other receivables	0.03	-	-	0.03	0.03
Loans at amortised cost*	508.03	-	-	508.03	508.03
Investments	-	-	-	-	-
Other financial assets	4.01	-	-	4.01	4.01
	622.91	110.84	-	512.07	622.91
Financial liabilities					
Trade payables	6.65	-	-	6.65	6.65
Other payables	29.02	-	-	29.02	29.02
Debt securities	2,042.09	-	2,047.01	-	2,047.01
Borrowings (other than debt securities)	885.80	-	-	885.80	885.80
Other financial liabilities	179.78	-	-	179.78	179.78
	3,143.34	-	2,047.01	1,101.25	3,148.26

* Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

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

43 Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets					
Cash and cash equivalents	0.29	0.29	–	–	0.29
Loans at amortised cost*	0.05	–	–	0.05	0.05
Investments	0.14	–	–	0.14	0.14
Other financial assets	–	–	–	–	–
	0.48	**0.29**	**–**	**0.19**	**0.48**
Financial liabilities					
Trade payables	0.26	–		0.26	0.26
Other payables	–	–		–	–
Debt securities	–	–	–	–	–
Borrowings (other than debt securities)	–	–		–	–
Other financial liabilities	–	–		–	–
	0.26	**–**	**–**	**0.26**	**0.26**

* Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

A summary of the major risks faced by the Group, its measurement, monitoring and management are described as under:

44 Risk management objectives and policies

Risk Management Framework

A summary of the major risks faced by the Group, its measurement, monitoring and management are described as under:

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises • when long term assets cannot be funded at the expected term resulting in cashflow mismatches; • Amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board appointed Asset Liability Committee (ALCO)	Liquidity and funding risk is: • measured by identifying gaps in the structural and dynamic liquidity statements. • monitored by – assessment of the gap between available liquidity and the near term liabilities given current market liquidity conditions and evolving regulatory directions for HFCs – a constant calibration of sources of funds in line with emerging market conditions in banking and money markets. – periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Group. • managed by the Group's treasury team under the guidance of ALCO.
Interest rate risk	Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Committee (ALCO)	Interest rate risk is: • measured using Valuation at Risk ('VaR'), and modified duration analysis and other measures, including the sensitivity of net interest income. • monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities. • managed by the Group's treasury team under the guidance of ALCO.
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Group	Board appointed Risk Management Committee	Credit risk is: • measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various metrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. • monitored by Risk Management Committee using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks. • managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed Risk Management Committee.

Liquidity and funding Risk

The Group's ALCO monitors asset liability mismatches to ensure there are no imbalances or excessive concentrations on either side of the balance sheet.

The Group continuously monitors liquidity in the market; and as a part of its ALCO strategy, it maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Group maintains a judicious mix of borrowings from banks and money markets. The Group continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Group maintain a healthy asset liability position. The Group continues to evaluate new sources of borrowing by way of new routes of funding like NHB refinance, External Commercial Borrowings (ECB), etc.

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

44 Risk management objectives and policies (Contd.)

The table below summarises the maturity profile of the undiscounted cashflow of the Group 's financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	3,398.26	4,387.76	7,786.02	13.67	2,593.38	2,607.05	-	-	-
Borrowings (other than debt securities)	1,494.23	8,116.52	9,610.75	247.30	838.21	1,085.51	-	-	-
Trade payables	16.07	-	16.07	6.65	-	6.65	0.26	-	0.26
Other payables	32.48	-	32.48	29.02	-	29.02	-	-	-
Other financial liabilities	288.92	0.08	289.00	179.70	0.08	179.78	-	-	-
	5,229.96	12,504.36	17,734.32	476.34	3,431.67	3,908.01	0.26	-	0.26

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

(₹ In Crore)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	106.98	-	106.98	110.84	-	110.84	0.29	-	0.29
Other receivables	5.59	-	5.59	0.03	-	0.03	-	-	-
Loans	702.78	16,628.78	17,331.56	125.66	3,443.96	3,569.62	-	0.05	0.05
Investments	1,756.17	-	1,756.17	1,013.97	-	1,013.97	349.40	-	349.40
Other financial assets	1.91	4.20	6.11	2.62	1.39	4.01	-	-	-
Non-financial assets									
Current tax assets (net)	-	2.00	2.00	-	0.35	0.35	-	0.02	0.02
Deferred tax assets (net)	-	8.20	8.20	-	4.47	4.47	-	-	-
Property, plant and equipment	-	31.36	31.36	-	3.01	3.01	-	2.38	2.38
Other intangible assets	-	6.57	6.57	-	0.04	0.04	-	-	-
Other non-financial assets	3.06	-	3.06	2.38	-	2.38	0.03	-	0.03
	2,576.49	16,681.11	19,257.60	1,255.50	3,453.22	4,708.72	349.72	2.45	352.17
LIABILITIES									
Financial liabilities									
Trade payables	16.07	-	16.07	6.65	-	6.65	0.26	-	0.26
Other payables	32.48	-	32.48	29.02	-	29.02	-	-	-
Debt securities	3,354.24	4,278.12	7,632.36	13.67	2,028.42	2,042.09	-	-	-
Borrowings (other than debt securities)	875.20	6,728.57	7,603.77	185.80	700.00	885.80	-	-	-
Other financial liabilities	288.92	0.08	289.00	179.70	0.08	179.78	-	-	-
Non-financial liabilities									
Current tax liabilities (net)	-	-	-	1.74	-	1.74	-	-	-
Provisions	2.19	2.82	5.01	0.29	0.20	0.49	-	-	-
Deferred tax liabilities (net)	-	-	-	-	-	-	-	7.60	7.60
Other non-financial liabilities	20.56	-	20.56	7.06	-	7.06	0.03	-	0.03
	4,589.66	11,009.59	15,599.25	423.93	2,728.70	3,152.63	0.29	7.60	7.89

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

44 Risk management objectives and policies (Contd.)

Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Group do not have any exposure to foreign exchange rate and equity price risk.

Interest rate risk

On Investment

During financial year ended 31 March 2019, the Group recalibrated its investment portfolio to holding shorter duration investments which resulted in minimal fair value change impact on its Investment portfolio.

The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR and the parameters for monitoring the same are defined in its investment policy.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

			Sensitivity to fair value	
Particulars	**Carrying value**	**Fair value**	**1 % increase**	**1 % decrease**
Investment at FVTPL	1,756.17	1,756.17	(2.49)	2.49

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

			Sensitivity to fair value	
Particulars	**Carrying value**	**Fair value**	**1 % increase**	**1 % decrease**
Investment at FVTPL	1,013.97	1,013.97	(4.37)	4.37

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

			Sensitivity to fair value	
Particulars	**Carrying value**	**Fair value**	**1 % increase**	**1 % decrease**
Investment at FVTPL	349.26	349.26	(4.04)	4.04

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same are computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by ALCO.

Sensitivity analysis as at 31 March 2019

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	17,331.56	17,331.56	-	-
Debt securities	7,632.36	7,626.63	(88.16)	90.93
Borrowings (other than debt securities)	7,603.77	7,603.77	-	-

Sensitivity analysis as at 31 March 2018

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	3,569.62	3,569.62	-	-
Debt securities	2,042.09	2,047.01	(56.13)	58.27
Borrowings (other than debt securities)	885.80	885.80	-	-

Sensitivity analysis as at 1 April 2017

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1% increase	1% decrease
Loans	0.05	0.05	-	-

Credit Risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Group. The Group has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property (iii) lease rental discounting, (iv) developer loans, (v) rural mortgage loans and (vi) unsecured loans.
The Group assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Group classifies its financial assets in three stages having the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
- Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

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

44 Risk management objectives and policies (Contd.)

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12-month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Group has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) alongwith an adjustment considering forward macro economic conditions (for a detailed note for methodology of computation of ECL please refer to significant accounting policies note no 4.4(i) to the financial statements).

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial instruments' and accordingly were not subject to sensitivity of future economic conditions.

The table below summarises the approach adopted by the Group for various components of ECL viz. PD, EAD and LGD across product lines using emperical data where relevant

<table>
<tr><th>Lending verticals</th><th colspan="3">PD</th><th>EAD</th><th>LGD</th></tr>
<tr><th></th><th>Stage 1</th><th>Stage 2</th><th>Stage 3</th><th></th><th></th></tr>
<tr><td>Home loans</td><td colspan="2" rowspan="3">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td><td rowspan="6">100%</td><td rowspan="3">EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date</td><td rowspan="6">Past trends of recoveries for each set of portfolios are discounted at reasonable approximation of the original effective rates of interest.</td></tr>
<tr><td>Loan against property</td></tr>
<tr><td>Rural mortgage loans</td></tr>
<tr><td>Lease rental discounting</td><td colspan="2" rowspan="2">External ratings or internal evaluation with a management overlay for each customer or customer industry segment.</td><td rowspan="2">EAD is computed given the time to default based on historic trends across rating profile</td></tr>
<tr><td>Developer loans</td></tr>
<tr><td>Other loans</td><td colspan="2">Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.</td><td>EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date</td></tr>
</table>

The table below summarises the gross carrying values and the associated allowance for expected credit loss (ECL) stage wise for loan portfolio:

As at 31 March 2019

(₹ In Crore)

	Secured			Unsecured		
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying value	16,760.16	58.46	9.28	531.48	1.17	0.22
Allowance for ECL	21.44	3.19	3.27	1.11	0.11	0.09
ECL coverage ratio	0.13%	5.46%	35.24%	0.21%	9.40%	40.91%

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

44 Risk management objectives and policies (Contd.)

As at 31 March 2018

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	3,448.48	0.57	–	125.04	–	–
Allowance for ECL	4.03	0.08	–	0.36	–	–
ECL coverage ratio	0.12%	14.04%	–	0.29%	–	–

As at 1 April 2017

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	0.05	–	–	–	–	–
Allowance for ECL	–	–	–	–	–	–
ECL coverage ratio	0.00%	–	–	–	–	–

Collateral valuation

The nature of products across these broad categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Group's practice is to lend on the basis of its assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Group's assessment of the customer credit risk a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Group's credit risk.

The main types of collateral across various products obtained are as follows:

Product Group	Nature of securities
Home loans	Equitable mortgage of residential properties.
Loan against property	Equitable mortgage of residential and commercial properties.
Rural mortgage loans	
Lease rental discounting	
Developer loans	

The Group periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics. The Group exercises its right to repossess properties mortgaged to it for delinquent customers. The repossessed assets are either sold or released to delinquent customers in case they come forward to settle their dues. The Group does not record repossessed assets on its balance sheet as non–current assets held for sale.

Analysis of Concentration Risk

The Group continues to grow its product offerings by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

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

44 Risk management objectives and policies (Contd.)

Measurement uncertainty and sensitivity analysis of ECL estimates

Expected credit loss impairment allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward-looking economic forecasts and its impact as an integral part of ECL model.

Methodology

The Group has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. The Group has assigned a 10% probability to the two outer scenarios, while the central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and management estimates which ensure that the scenarios are unbiased.

The Group has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors having acceptable correlation with past loss trends which were in line with management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in future economic conditions.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under future economic conditions

(₹ In Crore)

	As at		
Particulars	**31 March 2019**	**31 March 2018**	**1 April 2017**
Gross carrying amount	17,360.77	3,574.09	0.05
Reported ECL	29.21	4.47	-
Reported ECL coverage	0.17%	0.13%	0.00%
ECL amounts for alternate scenario			
Central Scenario (80%)	29.21	4.47	-
Downside Scenario (10%)	54.35	4.47	-
Upside scenario (10%)	24.97	4.47	-
ECL Coverage ratios by scenario			
Central Scenario (80%)	0.17%	0.13%	0.00%
Downside Scenario (10%)	0.31%	0.13%	0.00%
Upside scenario (10%)	0.14%	0.13%	0.00%

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

45 First-time adoption of Ind AS

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

The Group has prepared its Ind AS compliant financial statements for the year ended 31 March 2019, the comparative period ended on 31 March 2018 and an opening Ind AS balance sheet as at 1 April 2017 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Group in restating its previous GAAP consolidated financial statements, including the balance sheet as at 1 April 2017 and the consolidated financial statements as at and for the year ended 31 March 2018.

For periods ended upto the year ended 31 March 2018, the Group had prepared its consolidated financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (previous GAAP).

(A) Mandatory exceptions and optional exemptions availed

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

Mandatory exceptions

The Group has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below.

(i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.
The Group's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Group has applied the derecognition requirements of Ind AS 109 prospectively for transactions occuring on or after the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

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

(iv) Impairment on financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Group has assesed Impairment on financial assets in conformity with Ind AS 109.

Optional exemptions availed

(i) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.

The Company has elected to apply this exemption for such contracts/arrangements.

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

45 First-time adoption of Ind AS (Contd.)

(B) Reconciliations between Ind AS and previous GAAP are given below

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

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

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018			As at 1 April 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents		110.73	0.11	110.84	0.29	-	0.29
Other receivables		0.03	-	0.03	-	-	-
Loans	2	3,588.85	(19.23)	3,569.62	0.05	-	0.05
Investments	1	1,013.53	0.44	1,013.97	322.94	26.46	349.40
Other financial assets		4.12	(0.11)	4.01	0.03	(0.03)	-
		4,717.26	(18.79)	4,698.47	323.31	26.43	349.74
Non-financial assets							
Current tax assets (net)		0.35	-	0.35	0.02	-	0.02
Deferred tax assets (net)		-	4.47	4.47	-	-	-
Property, plant and equipment		3.01	-	3.01	2.38	-	2.38
Intangible assets		0.04	-	0.04	-	-	-
Other non-financial assets		2.38	-	2.38	0.03	-	0.03
		5.78	4.47	10.25	2.43	-	2.43
Total assets		4,723.04	(14.32)	4,708.72	325.74	26.43	352.17

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

45 First-time adoption of Ind AS (Contd.)

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018			As at 1 April 2017		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
LIABILITIES AND EQUITY							
Liabilities							
Financial liabilities							
Trade payables		6.65	-	6.65	0.26	-	0.26
Other payables		29.02	-	29.02	-	-	-
Debt securities	2	2,028.42	13.67	2,042.09	-	-	-
Borrowings (other than debt securities)		885.80	-	885.80	-	-	-
Other financial liabilities	2	196.04	(16.26)	179.78	-	-	-
		3,145.93	(2.59)	3,143.34	0.26	-	0.26
Non-financial liabilities							
Current tax liabilities (net)		1.74	-	1.74	-	-	-
Provisions	3	15.49	(15.00)	0.49	-	-	-
Deferred tax liabilities (net)		-	-	-	-	7.60	7.60
Other non-financial liabilities		7.06	-	7.06	0.03	-	0.03
		24.29	(15.00)	9.29	0.03	7.60	7.63
Equity							
Equity share capital		1,550.00	-	1,550.00	350.00	-	350.00
Other equity		2.82	3.27	6.09	(24.55)	18.83	(5.72)
		1,552.82	3.27	1,556.09	325.45	18.83	344.28
Total liabilities and equity		**4,723.04**	**(14.32)**	**4,708.72**	**325.74**	**26.43**	**352.17**

Reconciliation of equity as at 1 April 2017 and as at 31 March 2018 summarised in below table

(₹ In Crore)

Particulars	Notes to first time adoption	As at 31 March 2018	As at 1 April 2017
Equity as reported under previous GAAP		1,552.82	325.45
Adjustments:			
Fair valuation of investment classified under FVTPL	1	0.44	26.43
Impact of EIR based amortisation of loan receivables, net	2	(14.76)	-
Amortisation of finance costs	2	2.60	-
Impairment on financial assets	3	10.53	-
Remeasurement of defined benfit plan	4	(0.01)	-
		(1.20)	26.43
Less: Deferred tax adjustment		4.47	(7.60)
Equity as per Ind AS		**1,556.09**	**344.28**

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

45 First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018

(₹ In Crore)

Particulars	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Revenue from operations				
Interest income	2	73.02	1.11	74.13
Fees and commission income	2	24.06	(22.36)	1.70
Net gain on fair value changes	1	57.20	(25.99)	31.21
Total revenue from operations		154.28	(47.24)	107.04
Other income	1	0.33	–	0.33
Total income		154.61	(47.24)	107.37
Expenses				
Finance costs	2	49.56	(2.60)	46.96
Fees and commission expense		0.01	–	0.01
Impairment on financial instruments	3	15.00	(10.53)	4.47
Employee benefits expenses		18.14	–	18.14
Depreciation and amortisation expenses		0.15	–	0.15
Other expenses	2	31.95	(6.49)	25.46
Total expenses		114.81	(19.62)	95.19
Profit before tax		39.80	(27.62)	12.18
Tax expense				
Current tax		12.43	–	12.43
Deferred tax (credit)/charge		–	(12.07)	(12.07)
Total tax expense		12.43	(12.07)	0.36
Profit after tax		**27.37**	**(15.55)**	**11.82**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement gains/(losses) on defined benefit plans	5	–	(0.01)	(0.01)
Tax impact on above		–	–	–
Items that will be reclassified to profit or loss in subsequent periods		–	–	
Changes in fair value of FVOCI debt securities		–	–	–
Tax impact on above		–	–	–
Other comprehensive income for the year (net of tax)		–	(0.01)	(0.01)
Total comprehensive income for the year		**27.37**	**(15.56)**	**11.81**

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

45 First-time adoption of Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018 summarised in below table

Particulars	Notes to first time adoption	Amount ₹ In Crore
Profit after tax as reported under previous GAAP		27.37
Adjustments:		
Fair valuation of investment classified under FVTPL	1	(25.99)
Impact of EIR based amortisation of loan receivables, net	2	(14.76)
Amortisation of finance costs	2	2.60
Impairment on financial assets	3	10.53
		(27.62)
Less: Deferred tax adjustment		12.07
Total adjustment (net of tax)		(15.55)
Profit after tax as per Ind AS for the year		11.82
Other comprehensive income	5	(0.01)
Total comprehensive income as per Ind AS		**11.81**

Notes to first time adoption of Ind AS

(1) Fair valuation of investments subsequently measured under FVTPL

Under the previous GAAP, investments in mutual funds were classified as current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2018.

(2) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings.

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2018.

(3) Impairment on financial assets

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

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

45 First-time adoption of Ind AS (Contd.)

(4) Remeasurement of defined benefit plan obligations

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

(5) Components of other comprehensive income (OCI)

Under Ind AS, following item has been recognised in other comprehensive income in the statement of profit and loss of the Company:

- Remeasurement gains/(losses) on defined benefit plans

Adjustment for remeasurement gains/(losses) on defined benefit plans as set out in note (4) above, is recognised in retained earnings (net of related deferred taxes).

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2018

There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2018.

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

As per our report of even date

On behalf of the Board of Directors

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

Atul Jain
Chief Executive Officer

Nanoo Pamnani
Chairman

per Arvind Sethi
Partner
Membership number: 089802

Gaurav Kalani
Chief Financial Officer

Pune: 6 May 2019

R Vijay
Company Secretary

Rajeev Jain
Managing Director


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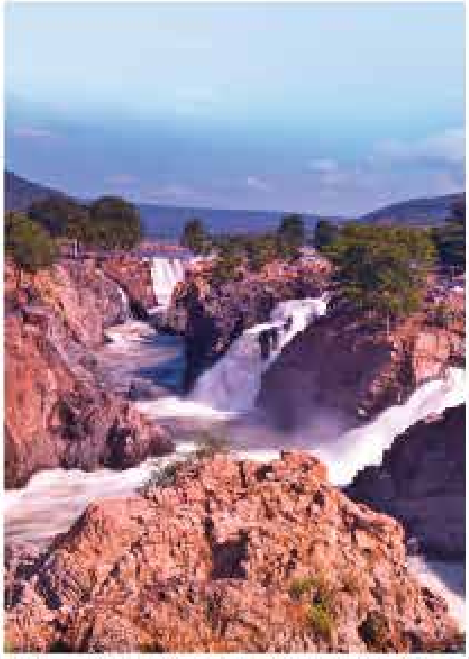
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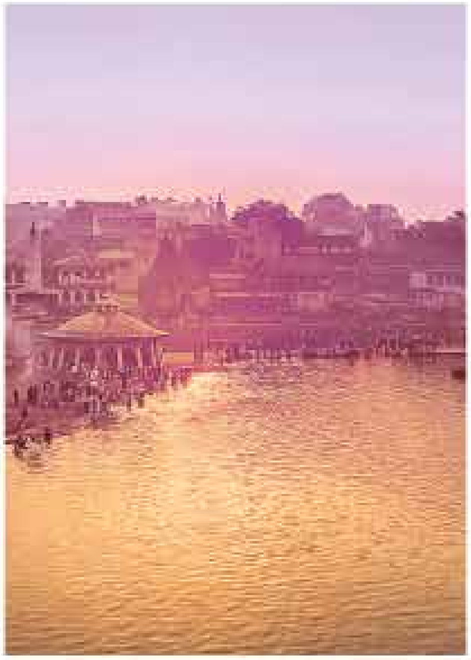
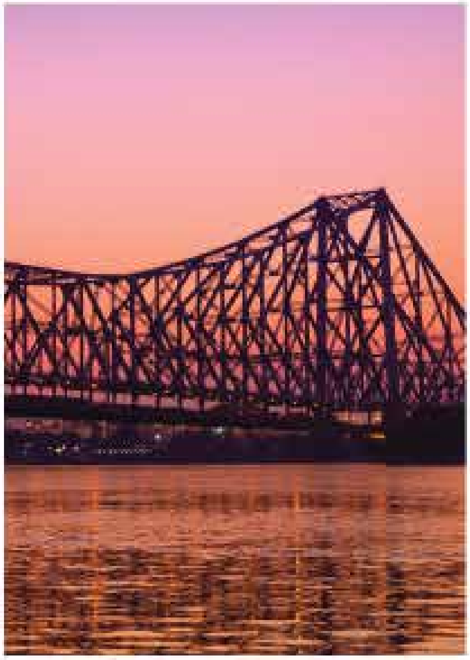
Ganga, Varanasi


Yamuna, Agra


Indus, Ladakh


Godavari, Nashik


Hooghly, Kolkata

Just as rivers and their network of tributaries keep our habitat alive and dynamic,
our companies and their products reach far and wide, providing smart financial solutions for India.

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