PERFORMANCE OF THE BAJAJ FINSERVE LIMITED

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ABSTRACT
Bajaj Finance Limited is a Non Banking Finance Company and a subsidiary of Bajaj Finserv Limited. Bajaj Finance Ltd. is the most diversified fastest growing NBFC in the country from one of the most trusted and respected business houses in India & the largest financier of consumer durables in the country and one of the most profitable firms in the category. This Company is likely to face additional competition from entities that may be better capitalized, have longer operating histories, a greater retail and brand presence, and more experienced management.

INTRODUCTION

Bajaj Finance Limited is a Non Banking Finance Company and a subsidiary of Bajaj Finserv Limited. Bajaj Finserv Limited is the holding company for the financial services business of the Bajaj group, which has investments in Bajaj Finance Limited, an NBFC that extends consumer finance loans, business loans and mortgage loans, in the insurance joint venture companies Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz General Insurance Limited and in Bajaj Financial Solutions Limited, which is engaged in wealth management and advisory services. Bajaj Finserv Lending is one of the most diversified NBFCs in the market catering to more than 5 million customers across the country in 2012. Bajaj Finance always fulfils and often exceeds norms and standards laid down by the RBI relating to the recognition and provisioning of non-performing assets, capital adequacy, statutory liquidity ratio, etc. The capital adequacy ratio of the Company is 21.95%, which is well above the RBI norm of 15%in 2013. Capital adequacy as on 31 March 2014 was 19.14%, which is well above the RBI norms. Non-banking finance companies (NBFCs) continued to play a critical role in making financial services accessible to a wider set of India's population. Given their unique business models and, for many, their focus on operational excellence, NBFCs should continue to strengthen their position in the financial services space in India. Bajaj Finance Limited ('Bajaj Finance' or 'BFL') had a strong year aided by robust volume growth, prudent operating cost management and low NPAs. With assets under management of H 24,061 crore, BFL today, has emerged as one of the leading, diversified NBFCs in the country. The Company delivered strong results in FY2014

NEED FOR THE STUDY: The New generation banks are highly competitive, customer centric and Profit oriented. Therefore, these NBFCS are prone to more risks. The RBI has issued risk management guidelines for nbfcs for effective management of various risks such as credit risk, market risk, operational risk and integrated risk in 2014 with the view to enhance and strengthen their financial performace. Bajaj Finserve has achieved a steady growth within a short period of time. The nbfcs aims to build counter cyclical strategies and proactive risk management practices. The financial performance management framework at bajaj finserve is driven by well informed and knowledgeable board, largely comprised of independent directors and senior management. The board supervises the risk profile of the nbfcs, monitor the business and the existing control mechanisms, ensure expert management and maximize the interests of all the stakeholders. Thus, a study is done to understand the financial performance and risk management practices followed by Bajaj Finserve.

OBJECTIVES OF THE STUDY

1. To analyze the financial performance
2. To ascertain the financial risks
3. To evaluate the Asset Under Management
4. To identify the net owned funds and capital infusion

Fixed Deposit Highlights: Now avail best in class fixed deposits from Bajaj Finance Limited (AAA rated NBFC) at attractive rates.

- BFL offers a wide range of Fixed Deposit Schemes for various investors.
- Rated FAAA by CRISIL and MAAA Rating by ICRA,, which means highest safety of your money
- Attractive and assured rates of interest for your money to grow periodically
- 5 maturity buckets carrying different rates of interests to suit everyone's needs
- Flexibility of payment option through electronic (for deposits size more than Rs 50 lakhs) or physical modes
- Special rates for senior citizens, existing customers and group employees
- Bajaj Finance in house products available at attractive rates specially to the depositor

BFL focuses on five broad categories:
(i) Consumer Lending,
(ii) SME Lending,
(iii) Commercial Lending,
(iv) Rural Lending,
(v) Wealth Management and fee based product distribution.

The Company's product suites are given below.

Consumer Lending

- 2 Wheeler and 3 Wheeler
- Consumer Durables
- Lifestyle Products
- Personal Loan Cross Sell
- Salaried Personal Loans
- Co-branded Credit Card
- Home Loans

SME Lending

- Loan Against Property
- Lease Rental Discounting Against Property
- Working Capital Loans
- Loan Against Securities

Commercial Lending

- Construction Equipment Finance
- Infrastructure Finance
- Auto Component Manufacturer Financing

Rural Lending

- Gold Loans
- Refinance Loan

Wealth Management and Feebased Products

- Fixed Deposits
- Life Insurance Distribution
- General Insurance Distribution
- Credit Rating Distribution

BFL's deployments grew by 34% due to its diversified product portfolio. Consumer Lending grew by 36% and SME Lending by 52%. However, Commercial Lending declined by 11% due to the Company's cautious stance on the infrastructure sector. Prudent asset liability management (ALM) helped BFL withstand policy rate increases of 75 bps and tight liquidity conditions with only a marginal increase in the cost of borrowings for FY2014. It continued its constant vigil on the asset-liability framework and raised longer tenor borrowings whenever necessary. Operating cost of the Company grew by 35% due to its strong focus on creating new capabilities to manage and improve scale. BFL's loan book continued to remain strong due to its cautious stance on growth and robust risk management with net non-performing assets (NPAs) remaining at 0.28%. This was despite witnessing portfolio quality pressures on account of broader issues in two of its products, viz. Construction Equipment Finance and Infrastructure Finance, both of which have faced difficulties on account of the sharp slowdown in the growth of infrastructure activities. The Construction Equipment and Infrastructure Finance portfolio collectively declined by 17% from H 1,150 crore in FY2013 to H 949 crore in FY2014. By remaining focused on customer segments that it understands well, BFL expects to maintain its credit quality in the coming years. As on 31 March 2014, the Company's total borrowings stood at H 19,750 crore. Its capital adequacy remains at a healthy 19.14% as on 31 March 2014; and it remains well capitalized to fuel growth for the next few years.

Consumer lending: BFL was the largest financier of Bajaj motorcycles in FY2014 and acquired over 650,000 customers. The Company operates at 523 Bajaj dealers and at over 2,400 of its sub-dealers across the country. It continued to leverage its Direct Cash Collection model in rural and semi-urban markets where the customers with no banking habits can repay the EMIs by cash. A pilot is currently underway to roll out a similar model in some urban markets of the country as well. In FY2014, Bajaj Finance was the largest financier for Bajaj three-wheelers and acquired over 38,500 customers. It was also the second largest three-wheeler financier in the country. Here too, the Company adopted the Direct Cash Collection model at 138 dealer and 78 subdealer locations across the country. Present in the top 117 cities of the country, BFL continued to be the largest consumer durables lender in India. It helped finance 15% of all consumer electronics sold in the year. Consumer durable financing deployments grew by 50% in FY2014 as competitive activity remained benign due to high up-front investments required in distribution, technology and processes that are vital to compete in this relatively low ticket size, high volume business. The Company acquired over 2.4 million new customers, and is currently present in over 5,000 points of sale across the country. BFL continued to focus on relatively affluent customers and major dealerships to drive lower operating costs and improve risk performance. It is currently financing one out of every four LCD and plasma televisions sold in the country, and works with all leading consumer durable manufacturers. In FY2014, BFL started to focus on one of the largest and the fastest growing consumer durable products, namely digital products financing. This category extension has yielded solid growth in the year. The Company has tied up with leading digital product manufacturers like Samsung, Apple, Dell, and others for this initiative. Lifestyle product financing (i.e. financing for lifestyle products like furniture, home furnishings, fitness equipment, luxury watches, etc.), a two year old initiative, has begun to yield substantial benefits to strengthen its dominance in the consumer lending space. BFL now offers lifestyle product financing in top 30 cities and has presence at over 3,500 points of sale. Lifestyle financing products disbursement grew by 184% to 108,000 customers in FY2014. BFL has a unique and innovative product offering called the EMI (Existing Member Identification) card for its existing consumer durable customers. The card entitles a customer to obtain a loan for incremental consumer durables with the facility to ‘Swipe, Sign and Go’, so long as the earlier loans and payment performance have remained good. This product has been very successful. At present, the number of EMI cards in force exceeds 1.8 million versus 1 million in FY2013. Bajaj Finance believes in continued customer association and hence targets customers with good repayment history of their two-wheeler and/or consumer durables loans to cross-sell personal loans. Present in the top 117 cities, the Company financed over 121,000 new customers during FY2014. It continued to grow its personal loan offering to salaried employees in a robust manner. The Company’s online personal loan capability continued to generate strong volumes in FY2014.

Launch of rural lending: Given the large opportunity that rural markets represent, BFL launched its Rural Lending business in FY2014. The strategy is to focus on affluent rural customers by meeting their lending and wealth needs. At present, it offers consumer durable loans, gold loans, refinance loans and fixed deposits in 68 towns and villages in FY2014. The Company disbursed H 77 crore to 22,000 customers in FY2014.

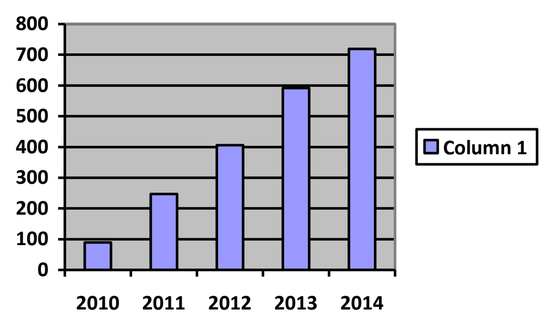
SME lending: SME Lending offers secured and unsecured loans to its customers. Secured lending is done through four product offerings: Loan against Property, Lease Rental Discounting, and Home Loans to SME customers and Loan against securities. These secured SME products are offered in the top 80 cities in India. A new product offering called Flexi saver, introduced in the last fiscal year, has been well accepted. This gives credit-worthy customers the flexibility to ‘draw when they want’ and ‘pay when they want’. The Company also offers unsecured working capital loans to affluent small business customers, doctors and other professionals. It launched India’s first online working capital loan facility in the current year. Bajaj Finance continues to remain customer centric and does not levy any pre-payment or part pre- payment charges for its SME customers.

Commercial lending: BFL caters to the infrastructure sector by lending under Construction Equipment Finance and Infrastructure Finance. Present in the top 20 cities in India, the Construction Equipment business focuses on financing small, mid-sized and large contractors for their construction equipment needs. It is an asset backed financing business collateralized by construction equipment assets. Given the difficult state of this sector in India, BFL has systematically reduced its exposure in the Construction Equipment vertical from a peak of H 1,056 crore to H 448 crore as on 31 March 2014. Given the problems plaguing the infrastructure sector, Bajaj Finance has been very selective in its lending. During the year, it approved no new loans. Moreover, it has decided to continue reviewing this area very carefully and remain focused on maintaining the quality of its portfolio. In FY2014, the infrastructure loan book stood at H 525 crore. BFL also extends short and medium term loans to vendors of large auto manufacturers. This has grown steadily, with the Company having deployed H 2,383 crore under this business in FY2014.

Wealth management and Fee based product distribution: BFL launched its fixed deposit programme as an anchor wealth management product in FY2014, to help build a strong foundation for a wealth management business as well as diversify its liability mix. The fixed deposit scheme has been rated FAAA/Stable by CRISIL and MAAA/Stable by ICRA. The response has been strong with the Company raising over H 200 crore from over 7,300 customers in less than 90 days of its launch. The strategy is to start offering broader wealth management services to these customers in the forthcoming years. The Company partnered with Bajaj Allianz General Insurance Company Limited (BAGIC) to launch health insurance distribution for its existing customers in FY2014. Today, it is among the largest health insurance distributors for BAGIC in India. Similarly, it continued to grow its life insurance distribution, partnering with Bajaj Allianz Life Insurance Company Limited (BALIC) as a corporate agent and is a significant life insurance distributor for BALIC. As an innovation, BFL launched a SME rating product for its existing SME customers in partnership with CRISIL in FY2014. In the process, it has helped over 1,000 SMEs to get rated in FY2014. BFL continues to focus on enhancing its cross-sell capabilities and on increasing “Products per Customer”

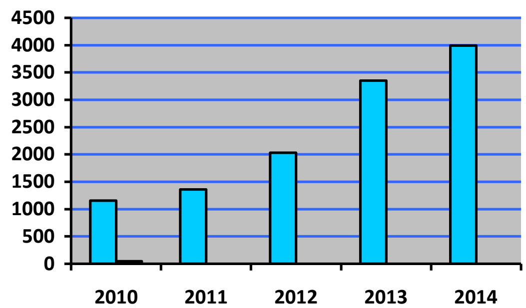
Financial Performance: Chart B plots profits after tax over the last five years, while Chart C plots the movement of net owned funds.

Chart B BFL’s profit after tax (Rs. In crore) CAGR-69%



(2010-89, 2011- 247, 2012-406, 2013-591, 2014-719)

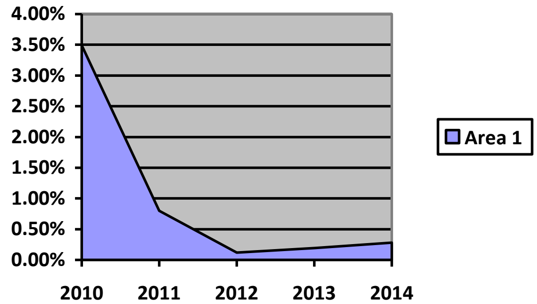
Chart C BFL's Net Owned Funds and Capital Infusion (Rs. In Crores) CAGR (37%)



(2010-1,153, 2011-1,358, 2012-2,034, 2013-3,352, 2014-3,991)

MANAGEMENT OF RISKS: As an NBFC, Bajaj Finance is exposed to credit risk, liquidity risk and interest rate risk. The company has invested in people, processes and technology to mitigate risks posed by external environment and by its borrowers. It has in place a strong risk management team and an effective credit operations structure. Its risk management policies continue to segregate the functions of a Chief Risk Officer and a Chief Credit Officer to focus on portfolio management and underwriting respectively. Sustained efforts to strengthen the risk framework and portfolio quality have yielded significant results over the last few years. The Company continues to invest in enhancing its risk management capabilities. In FY2014, Bajaj Finance established a Centre of Excellence for Analytics in partnership with a leading analytics company. Through this Centre and otherwise, BFL expects to substantially raise its risk management capabilities especially in the area of consumer lending risk management. BFL's conservative approach to portfolio management and its rigorous portfolio review mechanism has enabled it to get early stress signals in the infrastructure sector and take corrective action in its infrastructure and construction equipment business. Bajaj Finance ended the year with a net NPA of 0.28%, which is among the lowest in the industry.

BFL's net NPA over the last 5 years



Asset Liability Management (ALM): BFL had a total borrowing of H 19,750 crore as on 31 March 2014. The Company's Asset-Liability Committee (ALCO), set-up in line with the guidelines issued by the RBI, monitors asset-liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. BFL continued to raise longer tenor borrowings in FY2014 as well. Another strategy adopted to keep a balanced ALM was to enter into strategic partnership with banks who are keen on good quality assets and assign long tenor receivables to them at mutually beneficial terms The Company has till date assigned H 2,159 crore of its receivables including H 775 crore assigned in FY2014. The net receivables due as on 31 March 2014 amounted to H 1,090 crore. This takes the assets under management to H 24,061 crore. Delinquency levels on the pools assigned till date are below 1%. The quality of assets so assigned has put the Company in an advantageous position to assign more receivables in future, which would help to maintain a strong ALM. Given the growing scale of Bajaj Finance borrowings, the Company took a strategic step to set up a liquidity management desk to reduce its liquidity risk. This initiative should help mitigate volatile liquidity conditions in the coming years.

Human resources: The Company continues to lay emphasis on people, its most valuable resource. In an increasingly competitive market for human resources, it seriously focuses on attracting and retaining the right talent. It provides equal opportunity to employees to deliver results. During FY2014, Bajaj Finance added 1,321 permanent employees, taking the total employee strength to 3,975. In FY2014, BFL was recognized as among the top two employers in the Banking and Financial Services Industries (BFSI) space by Great Places to Work With (GPTW). It was also recognized as the only BFSI company by AON Hewitt in its ranking of the top 17 best employers in India in FY2014.

Awards and Accreditation

- First prize for QIMPRO quality award for its 'Mortgage Easy Dox Project'.
- CMMI Level 3 certification for its back office processes by CMMI Institute.
- Recognized as top employer in India by Aon Hewitt and GPTW.

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

Fulfillment of RBI's norms and standards: Bajaj Finance fulfils and often exceeds norms and standards laid down by the RBI relating to the recognition and provisioning of non-performing assets, capital adequacy, statutory liquidity ratio, etc. The capital adequacy ratio of the Company is 19.14%, which is well above the RBI norm of 15%.

Business performance

The gross deployments of the Company for FY2014 were H 26,024 crore as against H 19,367 crore for FY2013.

Financial results

Particulars	**FY 2014**	**FY 2013**
Income from operations	4031.42	3092.21
Other income	41.91	17.65
Total income	4073.33	3109.66
Expenses	1121.93	831.07
Loan Losses and provisions	257.81	181.75
Finance costs	1573.24	1205.68
Depreciation	29.19	19.56
Total expenditure	2982.17	2238.06
Profit before taxation	1091.16	871.60
Tax expenses	372.15	280.29
Profit for the year after taxation	719.01	591.31
Balance b/f gfrom previous year	764.36	441.31
Profit available for appropriation	1483.37	1032.62
Appropriations:		
Transfer to reserve fund	(144.00)	(119.00)
Transfer to general reserve	(72.00)	(60.00)
Transfer to infrastructure reserve	(1.60)	(1.90)
Provison for proposed dividend	(80.23)	(74.67)
Provision for dividend tax	(13.63)	(12.69)
Balance carried to balancesheet	1171.91	764.36

Dividend: The directors recommend for the consideration of the members at the ensuing annual general meeting, payment of dividend of H 16 per share of the face value of H 10 (160%) for FY2014. The amount of dividend and tax thereon aggregate to H 93.86 crore. Dividend paid for FY2013 was H 15 per share (150%). The amount of dividend and tax thereon aggregated to H 87.36 crore.

Increase in borrowing powers: During FY2014, pursuant to section 180(1)(c) of the Companies Act, 2013 and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the Company increased the limit on the borrowing powers of the Board of Directors from H 20,000 crore to H 30,000 crore, to meet its growing business needs.

Working results: The Company, during FY2014, deployed an amount of H 26,024 crore. As against this, during FY2013, the total amount deployed was H 19,367 crore. The receivables under financing activity as on 31 March 2014 were H 22,971 crore as compared to H 16,744 crore as on 31 March 2013, an increase of 37% over the previous year. Total income during FY2014 increased to H 4,073 crore from H 3,110 crore during FY2013, an increase of 31% over the previous year. The profit before tax for FY2014 was H 1,091 crore, as against H 872 crore in FY2013, an increase of 25% over the previous year. The profit after tax for the year was H 719 crore as compared to H 591 crore in FY2013, an increase of 22% over the previous year. This has been due to the Company's healthy net interest margins, operating efficiencies and prudent risk management. The Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen it provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on the past experience and emerging trends. Consequently, the additional provision over RBI norms and existing provisioning policies aggregates H 38.4 crore for FY2014. The Company had an excellent year aided by strong volume growth in consumer lending and SME lending. Commercial lending declined due to the Company's cautious stance on the infrastructure sector. During FY2014, the Company launched various new products and variants to strengthen its business model and continue its strong growth momentum. The Company's loan loss and provisions increased from H 182 crore in FY2013 to H 258 crore in FY2014 taking into account the increased business. The current year loan loss provisions also included an accelerated provisioning of H 38.4 crore to strengthen its provisioning standards. The Company ended FY2014 with a net NPA of 0.28%.

Share capital: During FY2014, the Company allotted 364,000 equity shares to the trustees of BFL Employee Welfare Trust under Employee Stock Option Scheme, 2009. As on 31 March 2014, the paid–up share capital of the Company stood at H501,423,340 Consisting of 50,142,334 equity shares of face value of H 10 each fully paid–up.

Operations: The operations of the Company are elaborated in the annexed 'Management Discussion and Analysis Report'.

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

Foreign currency: Foreign currency expenditure amounting to H 4.41 crore (FY2013 H 2.77 crore) was incurred during FY2014. The Company did not have any foreign exchange earnings.

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

Fixed deposits: During FY2014, the Company launched a new fixed deposit programme at competitive rates of interest and has received H 210.71 crore as of 31 March 2014. There were no deposits which had matured but remained unclaimed.

Credit rating: Despite a tough economic environment, the Company retained all its credit ratings owing to high capital adequacy, strong promoter support, tightened credit acceptance criteria and robust asset–liability management. CRISIL has re-affirmed the highest rating of “FAAA/Stable” for the fixed deposit programme of the Company. An ICRA rating has also assigned “MAAA/Stable” rating to the fixed deposit programme of the Company. These ratings indicate highest degree of safety with regard to timely payment of interest and principal. The Company is one of the very few NBFCs which enjoy the highest rating for its Fixed Deposit programme. The Company also enjoys the highest rating of “CRISIL A1+” from CRISIL and “(ICRA) A1+” from ICRA for its short term debt programme for H 3,500 crore and H 2,000 crore respectively. The long term non–convertible debentures have been assigned “CRISIL AA+/Stable” rating by CRISIL and “[ICRA] AA+(Stable)” by ICRA indicating high degree of safety with regard to timely payment of interest and principal for an amount of H 3,350 crore and H 3,000 crore respectively. The Company has also been assigned “CRISIL AA+/Stable” rating by CRISIL and “[ICRA] AA+(Stable)” by ICRA for H 700 crore lower tier–II bond programme. As regards the bank loan ratings for the bank facilities stipulated by RBI, as a part of BASEL II guidelines, CRISIL has assigned “CRISIL AA+/Stable” rating for the Company’s cash credit/working
capital demand loan amounting to H 2,050 crore and long term bank facilities amounting to
H 12,425 crore and “CRISIL A1+” rating for the short term bank facilities amounting to H 1,525 crore.

RBI guidelines: The Company continues to fulfill all the norms and standards laid down by the Reserve Bank of India (RBI) pertaining to non–performing assets, capital adequacy, statutory liquidity ratio etc. As against the RBI norm of 15%, the capital adequacy ratio of the Company was 19.14% as on 31 March 2014. In line with the RBI guidelines for asset–liability management (ALM) system for NBFCs, the Company has an asset–liability committee which meets monthly to review its ALM risks and opportunities.

Economic development: NABARD Aamrai: In order to promote sustainable rural and agricultural practices, JBGVS, in partnership with National Bank for Agriculture and Rural Development (NABARD), has been implementing a Tribal Development Project for 1,000 tribal families in Pune district. Nine hundred families have developed orchards (mango and aonla) on one acre of wasteland, each. The first lot of mango trees on 340 acres has started yielding fruits. The remaining 100 landless families have been given goats, cows and buffaloes to enhance their family income. Natural farming – Saving Mother Earth: Natural farming, which can also be described as ecological farming, is an important initiative of JBGVS executed in partnership with Magan Sangrahalaya Samittee, Wardha, it aims at saving Mother Earth from the uncontrolled use of chemical fertilisers and pesticides. As many as 2,100 farmers in 15 villages in Wardha have taken to natural farming. This project has created a positive impact on the health of the farmland as well as on the economic status of the farmers. Non–farm agro based activities: Erratic rainfall and drought push farmers to non–farm agro based activities, which often turn out to be a supplementary source of income. JBGVS promoted modern agricultural and horticultural practices, small irrigation systems, new types of seed and fertilizers, organic agriculture, dairy, goatery, etc. A total of 5,000 people have been benefitted. JBGVS has given 97 goats to very poor families and under the Kamdhenu project 11 high yielding cows were given to 11 farmers. 45 persons have been given seed money to start their own business. Vocational skill development training: Vocational skill development training is an important instrument for improving productivity, working conditions and can provide better employment and self–employment opportunities. JBGVS organised 36 vocational training programmes in many areas, particularly in dairy, poultry, goatery and non–farm areas like tailoring, fashion designing, etc. A total of 520 youth participated in these training programmes.

Social development: A receptive and participative community becomes fertile ground for implementation of development programmes. JBGVS conducted 75 training programmes in leadership training of the youth, panchayat members, members of daily co–operatives, school committees and members of self help groups. Mahila melavas (get–togethers of women) were organised to raise social issues and make them aware of the possible side effects of those issues. Twenty-three new self help groups consisting of 280 women were formed. As one of the income generation activities, 40 women in Sikar district of Rajasthan took loans from the Self Help Group Revolving Fund created by JBGVS.

Urban development: Established in 1975, Samaj Seva Kendra (SSK) in Akurdi, Pune is a part of JBGVS. It continued to conduct various self–development programmes for women and children in particular, in Pimpri-Chinchwad, Nigdi and adjoining areas (all in Pune district). With a total membership of 1,140 families, SSK programmes cover education and training, social awareness and programmes for senior citizens. Education and training programmes: Education and training are lifetime investments. Realising this, JBGVS conducted scores of programmes such as literacy classes, nursery classes and balbhavan; and courses in tailoring, yoga, karate, tabla and harmonium, classical as well as western dance, beauty parlour, etc. The summer camp was attended by over 200 children. JBGVS also started a well–equipped library for children, youth and women. Social awareness programmes: Social awareness generates empathy, care and concern for others and develops better group dynamics. To encourage this, JBGVS conducted various programmes covering areas like women empowerment and their rights, environment, family health, some local cultural activities, medical check–up camps for children and senior citizens, annual day (of Samaj Seva Kendra) cultural programmes, processions and street plays by women and school children and celebrations for International Women's Day, and Environment Day.

CONCLUSION: Bajaj Finserve faces increasing competition from public and private sector Indian commercial banks, and from other financial institutions that provide financial products or services. Some of BFL's competitors have greater resources than our Company does. The company faces from banks is increasing as more banks are targeting products and services similar to ours. Competition in our industry depends on, among other things, the ongoing evolution of government policies relating to the industry, the entry of new participants in the industry and the extent to which there is consolidation among banks and financial institutions in India. Company's ability to compete effectively is primarily dependent on its ability to maintain a competitive cost of funds. The Company believes its borrowing costs have been competitive in the past due to its strong credit rating, credit history, strong capital adequacy ratios and strong parentage. With the growth of its business, our Company is increasingly dependent on funding from a combination of sources including equity funding, secured and unsecured loan funds from banks and financial institutions, the issuance of redeemable non-convertible debentures and commercial papers. The market for such funds is competitive and the Company's ability to obtain funds on favorable terms and in a timely manner will depend on various factors including its ability to maintain its credit ratings. If the Company is unable to access funds at an effective cost that is comparable to or lower than that of its competitors, the Company may not be able to offer competitive interest rates for its loans. As a Company enters new markets in the financial services industry, This Company is likely to face additional competition from entities who may be better capitalized, have longer operating histories, a greater retail and brand presence, and more experienced management. If the Company is unable to compete with these entities effectively in these new markets, its operations and/or profitability may be adversely affected.

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