

REPORT ON CORPORATE GOVERNANCE

Corporate governance is about promoting fairness, transparency, accountability, commitment to values, ethical business conduct and about considering all stakeholders' interest while conducting business.

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (the 'SEBI Listing Regulations'), given below are the corporate governance policies and practices of Bajaj Finance Ltd. (the 'Company', 'Bajaj Finance' or 'BFL') for FY2022.

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the 'Act'), the SEBI Listing Regulations and the Regulations of RBI for Non-Banking Financial Companies (the 'NBFC Regulations'), as applicable to the Company. As will be seen, the Company's corporate governance practices and disclosures are well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws.

Philosophy

For us, corporate governance is a reflection of principles entrenched in our values and policies and also embedded in our day-to-day business practices, leading to value driven growth. The commitment of Bajaj group to the highest standards of corporate governance predates the provisions of the SEBI Listing Regulations and clause 49 of erstwhile Listing Agreement. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust of the working of the Bajaj group. The Company maintains the same tradition and commitment.

Key elements of Bajaj Finance's Corporate Governance

- Compliance with applicable law.
- Number of Board and Committee meetings more than the statutory requirement, including meetings dedicated for discussing strategy, operating plans and risks.
- Board comprises of directors from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management as required.
- Panel of independent directors with outstanding track record and reputation.
- Pre-Audit Committee meetings of the Committee's Chair with statutory auditors, internal auditor and members of executive management who are the process owners.
- Separate meeting of independent directors without presence of non-independent directors or executive management.
- Confidential Board evaluation process where each Board member evaluates the performance of every director, Committees of the Board, the Chairman of the Board and the Board as a whole.
- Presentations by key senior management team ('SMT') members of the Company and its subsidiaries to familiarise the directors with key elements of each of the businesses.
- Complete and detailed information provided to Board members in advance to enable them to evaluate matters carefully for meaningful discussions.
- Representation of the Company via non-executive and independent directors on the Board of its material subsidiary which ensures an institutionalised structure of control over subsidiary.
- Half-yearly communication from the Chairman to all shareholders of the Company giving an update on the Company's performance.

- Adoption of key governance policies and codes by the Board in line with best practices, which are made available to stakeholders for downloading/viewing from the Company's website. These include:
 - Whistle Blower Policy/Vigil Mechanism;
 - Policy of Materiality of Related Party Transaction specifying thresholds;
 - Code of Conduct for Direct Selling Agent and Direct Marketing Agent;
 - Dividend Distribution Policy;
 - Policy on Prevention of Sexual Harassment at Workplace;
 - Fair Practices Code in English and all vernacular languages;
 - Employee Charter on Human rights;
 - Equal Employment Opportunity & Non-Discrimination Policy.
- The weblinks of key policies are given as an annexure to this report.

Board of Directors

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

The responsibilities of the Board, *inter alia*, include formulation of overall strategy for the Company, reviewing major plan of actions, setting performance objectives, laying down the Code of Conduct for all members of the Board and SMT, formulating policies, performance review, monitoring due compliance with applicable laws, reviewing and approving the financial results, enhancing corporate governance practices and ensuring the best interest of the shareholders, the community, environment and its various stakeholders.

Composition

In compliance with the provisions of the SEBI Listing Regulations, the Company has an optimum combination of executive and non-executive directors with a woman independent director. The Company has a non-executive Chairman. According to provisions of the SEBI Listing Regulations, if the non-executive chairman is related to promoter, at least one half of the Board of the Company should consist of independent directors.

As on 31 March 2022, the Board of the Company consisted of eleven directors, of whom one was executive (Managing Director), seven were non-executive independent (including one-woman independent director) and three were non-executive non-independent. The Board does not have any institutional nominee director.

As Table 1 shows, the Company is in compliance with the SEBI Listing Regulations.

Number of meetings of the Board

The calendar for the Board and Committee meetings, in which the financial results would be considered in the ensuing year, as well as major items of the agenda are fixed in advance for the entire year. Besides the quarterly Board meetings, meetings are also scheduled in the month of March and September every year to facilitate the Board to devote additional time on long range planning and strategic issues. The Board and Committee meetings are scheduled for one full day to enable adequate time for deliberations.

During FY2022, the Board met six times, viz., 27 April 2021, 20 July 2021, 16 September 2021, 26 October 2021, 18 January 2022 and 14 March 2022. The gap between two consecutive meetings has been less than one hundred and twenty days.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for FY2022

Name and Category	Relationship with other directors	No. of Shares held in the Company	No. of Board Meetings		Whether attended the AGM	% of meetings attended in last 3 years
			Entitled to attend	Attended		
NON-EXECUTIVE CHAIRMAN						
Sanjiv Bajaj	Brother of Rajiv Bajaj	530,792	6	6	✓	100
MANAGING DIRECTOR						
Rajeev Jain	-	169,950	6	6	✓	100
NON- EXECUTIVE DIRECTORS						
Madhur Bajaj	-	2,000	6	6	✓	76.19
Rajiv Bajaj	Brother of Sanjiv Bajaj	1,000	6	5	✓	76.19
INDEPENDENT DIRECTORS						
Dipak Poddar*	-	-	6	6	✓	71.43
Ranjan Sanghi**	-	-	6	6	✓	95.24
D J Balaji Rao	-	-	6	6	✓	90.48
Dr. Gita Piramal**	-	-	6	5	✓	90.48
Dr. Naushad Forbes	-	-	6	6	✓	95.24
Anami N Roy	-	-	6	6	✓	90.48
Pramit Jhaveri***	-	-	4	4	NA	-

* Ceased to be a Director and ID w.e.f. 31 March 2022 (close of business hours).

** Ceased to be a Director and ID w.e.f. 30 April 2022 (close of business hours).

*** Appointed with effect from 1 August 2021. Hence % of attendance for last 3 years not given.

The Company has not issued any convertible instruments and none of the Directors hold any convertible instrument. Rajeev Jain, Managing Director is entitled to Employee Stock Options as per SEBI Regulations and Employee Stock Option Scheme, 2009.

Resignation of Independent Director

Dr. Omkar Goswami who was holding office for a second term till 31 March 2024, resigned with effect from 9 July 2021, on account of increasing personal commitments and additional professional work.

Further, Ranjan Sanghi who was holding office for a second term till 31 March 2024, has stepped down as director and independent director of the Company in view of his age and ill health with effect from close of business hours on 30 April 2022.

Dr. Gita Piramal has also tendered her resignation as director and independent director due to health reasons with effect from close of business hours on 30 April 2022. She was appointed as an Independent Director for a second term till 15 July 2024.

They have also confirmed that there are no material reasons for resignation other than those mentioned in respective resignation letters. The letters which have been furnished to stock exchanges can be accessed at <https://www.bajajfinserv.in/finance-stock-exchange-filings>

Board diversity

In compliance with the provisions of the SEBI Listing Regulations, the Board through Nomination and Remuneration Committee ('NRC') has devised a policy on Board Diversity. The Board comprises of adequate

number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The present composition broadly meets this objective. The directors are persons of eminence in areas such as profession, business, industry, finance, law, administration, research, banking, etc. and bring with them experience/skills which add value to the performance of the Board. The directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender or nationality.

Core skills/expertise/competencies

A brief profile of directors is available on the website of the Company at <https://www.bajajfinserv.in/finance-board-of-directors>

As stipulated under schedule V to the SEBI Listing Regulations, core skills/expertise/competencies as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors.

The chart/matrix of such core skills/expertise/competencies, along with the names of directors who possess such skills is given below:

Sr. No. Core skills/expertise/competencies

1.	Management & Governance
2.	Financial Services
3.	Consumer behaviour, sales, marketing and customer experience
4.	Technology and Innovation
5.	Understanding of accounting and financial statements
6.	Risk, Assurance and Internal Controls
7.	Regulatory, Public policy and economics
8.	Human Resource
9.	Business Transformation & Strategy

Sr. No. Name of the director Core skills/expertise/competencies

1.	Sanjiv Bajaj	Management & Governance, Financial Services, Technology and Innovation, Consumer behaviour, sales, marketing and customer experience, Understanding of accounting and financial statements, Risk, Assurance and Internal Controls, Regulatory, Public policy and economics, Human Resources and Business Transformation & Strategy.
2.	Rajeev Jain	Management & Governance, Financial Services, Consumer behaviour, sales, marketing and customer experience, Understanding of accounting and financial statements, Risk, Assurance and Internal Controls, Regulatory, Public policy and economics and Business Transformation & Strategy.
3.	Madhur Bajaj	Management & Governance, Financial Services, Consumer behaviour, sales, marketing and customer experience, Regulatory, Public policy and economics, Human Resources and Business Transformation & Strategy.
4.	Rajiv Bajaj	Management & Governance, Consumer behaviour, sales, marketing and customer experience, Technology and Innovation, Understanding of accounting and financial statements, Risk, Assurance and Internal Controls, Human Resources and Business Transformation & Strategy.
5.	Dipak Poddar	Management & Governance, Financial Services, Consumer behaviour, sales, marketing and customer experience, Understanding of accounting and financial statements and Human Resource.

Sr. No.	Name of the director	Core skills/expertise/competencies
6.	Ranjan Sanghi	Management & Governance, Financial Services, Consumer behaviour, sales, marketing and customer experience, Understanding of accounting and financial statements and Human Resource.
7.	D J Balaji Rao	Management & Governance, Financial Services, Consumer behaviour, sales, marketing and customer experience, Understanding of accounting and financial statements, Risk, Assurance and Internal Controls and Business Transformation & Strategy.
8.	Dr. Gita Piramal	Management & Governance, Financial Services, Understanding of accounting and financial statements, Human Resources and Business Transformation & Strategy.
9.	Dr. Naushad Forbes	Management & Governance, Consumer behaviour, sales, marketing and customer experience, Technology and Innovation, Understanding of accounting and financial statements, Risk, Assurance and Internal Controls, Regulatory, Public policy and economics, Human Resources and Business Transformation & Strategy.
10.	Anami N Roy	Management & Governance, Financial Services, Risk, Assurance and Internal Controls, Understanding of accounting and financial statements, Regulatory, Public policy and economics and Human Resources.
11.	Pramit Jhaveri	Management & Governance, Financial Services, Consumer behaviour, sales, marketing and customer experience, Technology and Innovation, Understanding of accounting and financial statements, Risk, Assurance and Internal Controls, Regulatory, Public policy and economics, Human Resources and Business Transformation & Strategy.

Opinion of the Board

The Board hereby confirms that, in its opinion, the independent directors fulfil the conditions specified under the SEBI Listing Regulations and the Act and are independent of the management of the Company.

Non-executive directors' compensation

During FY2022, sitting fee of ₹ 100,000 per meeting was paid to non-executive directors (independent and non-independent) for every meeting of the Board and/or Committee of the Board (of which they are members) attended by them.

The members of the Company vide an ordinary resolution passed at the annual general meeting ('AGM') of the Company held on 19 July 2017 have, approved the payment of commission up to a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of sections 197 and 198 of the Act, to one or more or to all the non-executive directors as may be decided by the Board of Directors at its discretion from time to time during the five years commencing from 1 April 2017 till 31 March 2022.

Further, approval of the members is being sought, at the upcoming AGM for payment of similar commission not exceeding one percent of the net profits of the Company for a further period of five years commencing from 1 April 2022. The resolution in respect of the same and related details form a part of the Notice convening the 35th AGM.

Presently, the non-executive directors of the Company are being paid commission at the rate of ₹ 250,000 per meeting of the Board and/or its Committees attended by them.

The Company believes that non-executive directors (including independent directors) compensation must reflect the time, effort, attendance and participation in Board and Committee meetings. The payment which is proportionate to attendance ensures directors' remuneration is commensurate with their time, effort, attendance and participation.

The Company does not have a stock option programme for any of its directors other than the Managing Director.

Information placed before the Board

The Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by key members of the senior management on important matters from time to time. Directors have separate and independent access to the officers of the Company. In addition to items required to be placed before the Board for its noting and/or approval, information is provided on various significant items.

In terms of quality and importance, the information supplied by Management to the Board is far ahead of the mandate under the SEBI Listing Regulations. The independent directors of the Company met on 14 March 2022 and expressed their satisfaction on the quality, quantity and timeliness of flow of information between the Company's Management and the Board.

Pursuant to the various regulatory requirements and considering business needs, the Board is apprised on various matters, *inter alia*, covering the following:

- Business plans, forecast and strategic initiatives
- Capital expenditure and updates
- Internal financial controls
- Succession planning and organisation structure
- Details of incidence of frauds, and corrective action taken thereon
- Supervisory and observation letters issued by RBI
- Performance of subsidiaries
- Status of compliance with Act, SEBI regulations, RBI Regulations and shareholder related matters
- Various policies framed by Company from time to time covering, amongst others, Code of Conduct for direct selling agent and recovery agent, outsourcing, IT security and management, investment and market risks, and legal and compliance risk
- Risk management system, Risk Management Policy and strategy followed
- Compliance with corporate governance standards
- Minutes of meetings of various Committees including Risk Management, Asset-Liability and IT Strategy Committee
- Compliance with fair practices code
- Functioning of customer grievance redressal mechanism
- Changes in regulatory landscape

Directors and Officers liability insurance ('D&O policy')

The Company has in place a D&O policy which is renewed every year. It covers directors (including independent directors) of the Company and its subsidiaries. The Board is of the opinion that quantum and risk presently covered is adequate.

Orderly succession to Board and Senior Management

One of the key functions of the Board of Directors is selecting, compensating, monitoring, and when necessary, replacing key managerial personnel and overseeing succession planning.

Pursuant to regulation 17(4) of the SEBI Listing Regulations, the framework of succession planning for appointment of director/Management is placed before the Board for its review.

Succession planning is a critical element of the human resources strategy at the Company. In selecting between a 'build versus buy' talent model, the Company places a larger emphasis on building talent. This strategy is enabled by hiring most of our employees near the entry level and grooming them using a 'grow from within' career management framework.

Directorships and memberships of Board Committees

Table 2: Number of directorship/committee positions of directors as on 31 March 2022 (including the Company)

Name of Director	Directorships			Committee positions in listed and unlisted public companies	
	In equity listed companies	In unlisted public companies	In private limited companies	As member (including as chairperson)	As chairperson
Sanjiv Bajaj	5	5	7	8	0
Rajeev Jain	1	1*	0	1	0
Madhur Bajaj	5	0	3	0	0
Rajiv Bajaj	5	2	3	0	0
Dipak Poddar	2	0	6	2	0
Ranjan Sanghi	1	1	3	1	0
D J Balaji Rao	4	0	0	3	1
Dr. Gita Piramal	4	0	2	7	3
Dr. Naushad Forbes	5	0	8	6	1
Anami N Roy	6	3	1	8	4
Pramit Jhaveri	1	0	1	1	0

* Managing Director of Bajaj Housing Finance Ltd. ('BHFL'), a high value debt listed and wholly owned subsidiary of the Company. He does not draw any remuneration from BHFL. He has relinquished his position as Managing Director of BHFL w.e.f. close of business hours on 30 April 2022.

Note: For the purpose of considering the limit of committees in which a director can serve, all public limited companies, whether listed or not, have been included; whereas all other companies including private limited companies, foreign companies and companies under section 8 of the Act/section 25 of the Companies Act, 1956 have been excluded. Only the Audit Committee and the Stakeholders Relationship Committee are considered for the purpose of reckoning committee positions.

None of the directors hold office as a director, including as an alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary companies of a public company are included; while directorships in dormant companies and section 8 of the Act/section 25 of the Companies Act, 1956 are excluded. For the purpose of reckoning the directorships in listed companies, only equity listed companies have been considered.

As per declarations received, no director serves as an independent director in more than seven equity listed companies or in more than three equity listed companies if he/she is a whole-time director/managing director in any listed company. The independent directors also confirmed that they are not on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC-Upper Layer) at the same time in line with RBI Scale Based Regulations.

None of the directors was a member in more than ten committees, nor a chairperson in more than five committees across all public companies in which he/she was a director.

Notwithstanding the number of directorships, as highlighted herein, the outstanding attendance record and participation of the directors in Board/Committee meetings indicates their commitment and ability to devote adequate time to their responsibilities as Board/Committee members.

Directorship in listed companies (including debt listed companies)

Table 3: Name of listed entities where directors of the Company held directorships as on 31 March 2022 (including the Company)

Name of director	Name of listed entity	Category
Sanjiv Bajaj	Bajaj Auto Ltd.	Non-executive, non-independent
	Bajaj Finance Ltd.	Chairman, non-executive, non-independent
	Bajaj Finserv Ltd.	Chairman and Managing Director, executive
	Bajaj Holdings & Investment Ltd.	Managing Director and CEO, executive
	Bajaj Housing Finance Ltd. (high value debt listed)	Chairman, non-executive, non-independent
	Maharashtra Scooters Ltd.	Chairman, non-executive, non-independent
Rajeev Jain	Bajaj Finance Ltd.	Managing Director, executive
	Bajaj Housing Finance Ltd. (high value debt listed)	Managing Director, executive
Madhur Bajaj	Bajaj Auto Ltd.	Vice-Chairman, non-executive, non-independent
	Bajaj Electricals Ltd.	Non-executive, non-independent
	Bajaj Finance Ltd.	Non-executive, non-independent
	Bajaj Finserv Ltd.	Non-executive, non-independent
	Bajaj Holdings & Investment Ltd.	Non-executive, non-independent
Rajiv Bajaj	Bajaj Auto Ltd.	Managing Director and CEO, executive
	Bajaj Electricals Ltd.	Non-executive, non-independent
	Bajaj Finance Ltd.	Non-executive, non-independent
	Bajaj Finserv Ltd.	Non-executive, non-independent
	Bajaj Holdings & Investment Ltd.	Non-executive, non-independent
Dipak Poddar	Bajaj Finance Ltd.	Non-executive, independent
	Poddar Housing and Development Ltd.	Chairman, executive
Ranjan Sanghi	Bajaj Finance Ltd.	Non-executive, independent
D J Balaji Rao	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	Non-executive, independent
	Bajaj Finserv Ltd.	Non-executive, independent
	Bajaj Holdings & Investment Ltd.	Non-executive, independent
Dr. Gita Piramal	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	Non-executive, independent
	Bajaj Finserv Ltd.	Non-executive, independent
	Bajaj Holdings & Investment Ltd.	Non-executive, independent

Table 3: Name of listed entities where directors of the Company held directorships as on 31 March 2022 (including the Company)

Name of director	Name of listed entity	Category
Dr. Naushad Forbes	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	Non-executive, independent
	Bajaj Finserv Ltd.	Non-executive, independent
	Bajaj Holdings & Investment Ltd.	Non-executive, independent
	Zodiac Clothing Co. Ltd.	Non-executive, independent
Anami N Roy	Bajaj Auto Ltd.	Non-executive, independent
	Bajaj Finance Ltd.	Non-executive, independent
	Bajaj Finserv Ltd.	Non-executive, independent
	Bajaj Holdings & Investment Ltd.	Non-executive, independent
	Bajaj Housing Finance Ltd. (high value debt listed)	Non-executive, independent
	Finolex Industries Ltd.	Non-executive, independent
	Glaxosmithkline Pharmaceuticals Ltd.	Non-executive, independent
Pramit Jhaveri	Bajaj Finance Ltd.	Non-executive, independent

Certificate from practicing company secretary

The Company has received a certificate from Shyamprasad D. Limaye, practising company secretary, to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by SEBI/Ministry of Corporate Affairs ('MCA') or such other statutory authority. The said certificate forms a part of this Annual Report.

Review of legal compliance reports

The Board periodically reviews compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

Code of Conduct

The SEBI Listing Regulations requires listed companies to lay down a Code of Conduct for its directors and senior management, incorporating duties of directors prescribed in the Act.

Accordingly, the Company has a Board approved Code of Conduct for Board members and senior management of the Company. This Code has been placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-conductpdf?scl=1&fmt=pdf>

All the Board members and senior management personnel have affirmed compliance with the Code for the year ended 31 March 2022. A declaration to this effect signed by the Managing Director forms a part of this Annual Report.

Maximum tenure of independent directors

In terms of the Act, independent directors shall hold office for a term of up to five consecutive years on the Board of a company, but shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. The tenure of the independent directors is in accordance with the provisions of the Act.

Formal letter of appointment to independent directors

The Company issued a formal letter of appointment/re-appointment to independent directors in the manner provided in the Act. As per regulation 46(2) of the SEBI Listing Regulations, the terms and conditions of appointment/re-appointment of independent directors are placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/appointment-letter-independent-director-v1?scl=1&fmt=pdf>

Familiarisation programme

On an ongoing basis, the Company endeavors to keep the Board including independent directors abreast with matters relating to the industry in which Company operates, its business model, risk metrics, mitigation and management, governing regulations, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company and group, etc.

During FY2022, the directors were updated extensively on the following through presentations at Board meetings:

- Risk Management Framework including technological risk, operational risk, financial risk, market risk, compliance risk, etc.;
- Regulatory changes having a bearing on industry and Company's business model; and
- Information Technology Management including cyber security.

Details of familiarisation programmes are placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfi-familiarisation-programmepdf?scl=1&fmt=pdf>

Whistle Blower Policy/Vigil Mechanism

The Company has a Whistle Blower Policy encompassing Vigil Mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the SEBI Listing Regulations and meeting the requirements under applicable RBI regulations.

The Whistle Blower Policy/vigil mechanism enables directors, employees and value chain partners to report confidentially to the Management, without fear of victimisation, any unacceptable and/or unethical behaviour, suspected or actual fraud, violation of the Company's Code of Conduct or ethics policy and instances of leak or suspected leak of unpublished price sensitive information which are detrimental to the organisation's interest. It provides safeguards against victimisation of directors/employees/value chain partners who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. It also allows them to share their inputs or raise their concerns anonymously at the dedicated link provided for it.

The policy has been appropriately communicated to the employees within the organisation and has also been hosted on the Company's website which can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-v2pdf?scl=1&fmt=pdf>

Employees of the Company are required to undergo mandatory online learning module on Code of Conduct including Whistle Blower Policy and affirm that they have understood and are aware of vital aspects of the policy.

During FY2022, no employee was denied access to the Chairman of Audit Committee under this policy. During FY2022, 80 complaints were received by Company out of which 4 are pending for resolution as on 31 March 2022.

Subsidiary companies

The Company has two wholly owned subsidiaries viz., Bajaj Housing Finance Ltd. ('BHFL') and Bajaj Financial Securities Ltd. ('BFinsec'). Details of the subsidiaries, including their performance, businesses, are given in the [Directors' Report](#).

Provision of regulation 24 of the SEBI Listing Regulations relating to subsidiary companies, to the extent applicable, have been duly complied with.

BHFL is a material subsidiary within the meaning of the SEBI Listing Regulations. The policy on 'material subsidiaries', as approved by the Board, is available on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subsidiariespdf?scl=1&fmt=pdf>

The Board of BHFL presently, comprises of four directors out which two are independent directors viz., Lila Poonawalla and Anami N Roy. Dr. Arindam Bhattacharya has been inducted as an additional independent director with effect from 1 May 2022. It is a professional Board comprising of highly qualified and eminent persons. The profile of the directors can be accessed at <https://www.bajajhousingfinance.in/directors-board>

Share Capital

As at 31 March 2022, the paid-up capital of the Company was ₹ 121.09 crore consisting of 605,429,233 equity shares of face value of ₹ 2 fully paid up. For details of shares issued during FY2022 please refer the [Directors' Report](#).

The Company has not issued any convertible securities and there are no outstanding convertible securities as on 31 March 2022.

Utilisation of funds raised through preferential allotment/qualified institutions placement

The Company has not raised funds by issue of equity shares either on preferential basis or through qualified institutions placement during FY2022. Therefore, there are no details to be disclosed as per regulation 32(7A) of SEBI Listing Regulations.

Related party transactions

All related party transactions entered during FY2022 were on an arm's length basis and were not material under the SEBI Listing Regulations.

Approval of the Audit Committee was obtained for all related party transactions entered during FY2022. Details of such transactions were placed before the Audit Committee for its noting/review on a quarterly basis.

A statement containing disclosure of transactions with related parties as required under Indian Accounting Standard 24 (Ind AS 24) including transaction with promoter/promoter group holding 10% or more in the Company is set out separately in this Annual Report. Disclosures relating to related party transactions are filed with the stock exchanges on a half-yearly basis.

During FY2022, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The policy is given below as required pursuant to Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended. It is also hosted on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-of-materiality-and-dealing-with-related-party-transactionpdf?scl=1&fmt=pdf>

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

Quote

1. Background:

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board of Directors of Bajaj Finance Ltd (the Company) at its

meeting held on 15 October 2014 had approved a Policy on Materiality of and dealing with related party transactions. Pursuant to SEBI circular dated 9 May 2018, which notified certain amendments effective from 1 April 2019, the Policy was revised by the Board at its meeting held on 12 March 2019.

SEBI, vide circular dated 9 November 2021, has notified further amendments necessitating changes to be made in the policy, which will be effective from 1 April 2022, unless stated otherwise.

2. Policy:

In supersession of the existing Policy, the Policy on Materiality of and dealing with Related Party Transactions, which is to be read together with Regulation 23 of the said Regulations and relevant provisions of the Companies Act, 2013 is accordingly being revised as under:

1. The terms 'Related Party', 'Related Party Transactions', 'Relative', 'Material RPTs', 'Arms' length transaction', 'Omnibus Approval' and such other terms will carry the meaning as stated under the Companies Act, 2013 or SEBI Listing Regulations as amended from time to time.
2. Related Party Transactions (RPTs), including subsequent material modifications thereof of the Company covered under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations will be approved by the Audit Committee of the Board from time to time, subject to such exceptions as are provided therein.

For the above purpose, 'material modifications' as defined by the Audit Committee would refer to the following:

Material modification will mean and include any modification to an existing RPT having variance of 20% of the existing limit or ₹ 1 crore whichever is higher, as sanctioned by the Audit Committee/ Shareholders, as the case may be. Provided further that:

- A related party transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
 - With effect from 1 April 2023, a related party transaction to which the subsidiary of a listed entity is a party, but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
3. Prior Consent of the Board and the Shareholders would be taken in respect of all RPTs, including material modifications thereof, except in the following cases:
 - i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules thereunder or the SEBI Listing Regulations, as may be applicable;
 - ii. Where the transactions are entered into by the Company in its ordinary course of business and are on arms' length basis;
 - iii. Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the Company;
 - iv. Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed ₹ 1,000 crore or ten percent of the annual

consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;

- v. Transactions entered into between the Company and any of its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
 - vi. transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
4. Notwithstanding the above, approval of the Board and shareholders would be necessary, where the RPTs exceed the following threshold limits:

Sr. No.	Description	Threshold limits (₹ in crore)
1.	Sale, purchase or supply of any goods or materials or securities	
2.	Borrowing including by way of deposits	
3.	Selling or otherwise disposing off or buying of any property including by way of leave and license arrangement	1,000
4.	Availing or rendering of any services including lending	

The Chairman of Board and of Audit Committee are jointly authorised to make changes to this Policy as they may deem fit and expedient, taking into account the law for the time being in force.

The above policy is subject to review from time to time and at least once in every three years.

Unquote

Audit Committee

Pursuant to the Act, SEBI Listing Regulations and NBFC Regulations, the Company has an Audit Committee, meeting the composition prescribed thereunder with a minimum of two-third of its members (including Chairman) being independent directors. All members are non-executive directors, are financially literate and have accounting or related financial management expertise.

The Board reviews the working of the Committee from time to time to bring about greater effectiveness and to ensure compliance with the various requirements under the Act, SEBI Listing Regulations and NBFC Regulations.

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and NBFC Regulations. These broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions with related parties, review compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. The detailed terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-audit-committeepdf-1?scl=1&fmt=pdf>

Meetings and attendance

During FY2022, the Committee met six times viz., on 27 April 2021, 20 July 2021, 16 September 2021, 26 October 2021, 18 January 2022 and 14 March 2022. The meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between any two consecutive meetings.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, internal auditor, representative of statutory auditors and other senior executives who were considered necessary for providing inputs to the Committee.

The Company Secretary acted as the secretary to the Audit Committee.

Consequent to the resignation of Dr. Omkar Goswami on 9 July 2021, the Board of Directors appointed Anami N Roy as member and Chairman of the Committee with effect from 10 July 2021. He was present at the AGM which was held through video conferencing ('VC') on 20 July 2021 to answer members' queries.

Ranjan Sanghi stepped down as member of the Committee effective 31 July 2021.

Further, the Board of Directors inducted Pramit Jhaveri as member of the Committee effective 1 August 2021.

Table 4: Composition of the Audit Committee and attendance record of the members for FY2022

Name of director	Category	No. of Meetings held during FY2022 (6)	
		Entitled to attend	Attended
Dr. Omkar Goswami	Chairman, non-executive, independent (up to 9 July 2021)	1	1
Anami N Roy	Chairman, non-executive, independent (effective 10 July 2021)	5	5
Sanjiv Bajaj	Non-executive, non-independent	6	6
Dr. Naushad Forbes	Non-executive, independent	6	6
Ranjan Sanghi	Non-executive, independent (up to 31 July 2021)	2	2
Pramit Jhaveri	Non-executive, independent (effective 1 August 2021)	4	4

During FY2022, the Board had accepted all recommendations of the Committee.

Nomination and Remuneration Committee

Pursuant to the Act, SEBI Listing Regulations and NBFC Regulations, the Company has constituted a Nomination and Remuneration Committee ('NRC').

The terms of reference of the Committee, *inter alia*, includes formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and senior management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of Remuneration Policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of performance of independent directors and the Board, devising a policy on Board diversity and such other matters as may be prescribed by Companies Act, Listing Regulations and NBFC Regulations.

SEBI vide notification dated 3 August 2021 amended the SEBI Listing Regulations. Vide the said amendment, it has introduced following additional term of reference of NRC with effect from 1 January 2022:

For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

In view of the above amendment, the terms of reference of NRC were suitably amended to incorporate the above. The detailed terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-nomination-and-remuneration-committeepdf?scl=1&fmt=pdf>

The Committee acts as the Compensation Committee for administration of the Company's Employee Stock Option Scheme, 2009.

Meetings and attendance

During FY2022, the Committee met four times viz., on 27 April 2021, 20 July 2021, 17 December 2021 and 14 March 2022.

Anami N Roy, Chairman of the Committee, was present at the AGM held through VC on 20 July 2021 to answer members' queries.

Table 5: Composition of the NRC and attendance record of the members for FY2022

Name of director	Category	No. of Meetings held during FY2022 (4)	
		Entitled to attend	Attended
Anami N Roy	Chairman, non-executive, independent	4	4
Late Rahul Bajaj	Non-Executive, non-independent (up to 30 April 2021)	1	0
Sanjiv Bajaj	Non-Executive, non-independent	4	4
Dr. Omkar Goswami	Non-Executive, independent (up to 9 July 2021)	1	1
Ranjan Sanghi	Non-Executive, independent	4	4

Ranjan Sanghi consequent to his resignation ceases to be a member of NRC with effect from close of business hours on 30 April 2022. Radhika Haribhakti was inducted as member of the Committee in his place from 1 May 2022.

During FY2022, the Board had accepted all recommendations of the Committee.

The Company has in place performance evaluation criteria for Board, Committees, Chairperson and Directors. The criteria for evaluation of independent directors, *inter alia*, includes attendance and participation, acting in good faith, openness to ideas, pro-active and positive approach with regard to Board and senior management particularly the arrangements for management of risk and the steps needed to meet challenges from the competition, independence and independent views and judgment, etc.

The said criteria is hosted on the website of the Company and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directorspdf?scl=1&fmt=pdf>

Risk Management Committee

Pursuant to the NBFC Regulations and SEBI Listing Regulations, the Company has constituted a Risk Management Committee ('RMC').

SEBI, vide its notification dated 5 May 2021, has introduced roles and responsibilities of RMC. In addition to the existing terms of reference which, *inter alia*, include managing the integrated risk, laying down procedures to inform the Board about risk assessment and minimisation procedures in the Company, and framing, implementing, monitoring the risk management plan for the Company including cyber security, the Board at its meeting held on 20 July 2021 has amended the terms of reference of the Committee to include the following:

1. *To formulate a detailed Risk Management Policy which shall include:*
 - a) *A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;*
 - b) *Measures for risk mitigation including systems and processes for internal control of identified risks;*
 - c) *Business continuity plan.*
2. *To review and guide the Management on reputational and market (investment) risk;*
3. *To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;*
4. *To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;*
5. *To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;*
6. *To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;*
7. *The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.*

The terms of reference of the Committee can also be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-risk-management-committeepdf-1?scl=1&fmt=pdf>

The Company has a risk management framework duly approved by its Board. The details of the same are furnished in [Directors' Report](#).

RBI through its circular dated 16 May 2019 mandated NBFCs with asset size of more than ₹ 5,000 crore to appoint a Chief Risk Officer ('CRO'). Pursuant to the same, Fakhari Sarjan has been appointed as CRO to hold office up to 30 June 2022. The Board at its meeting held on 26 April 2022 has re-appointed Fakhari Sarjan as CRO for a further period of 3 years till 30 June 2025.

Meetings and attendance

During FY2022, the Committee met six times viz., on 27 April 2021, 20 July 2021, 16 September 2021, 26 October 2021, 18 January 2022 and 14 March 2022.

Consequent to the resignation of Dr. Omkar Goswami on 9 July 2021, the Board of Directors appointed Anami N Roy as member and Chairman of the Committee with effect from 10 July 2021.

Further, the Board of Directors inducted Prमित Jhaveri as member of the Committee effective 1 April 2022 in place of Dipak Poddar.

Table 6: Composition of the RMC and attendance record of the members for FY2022

Name of director/ senior executive	Category	No. of Meetings held during FY2022 (6)	
		Entitled to attend	Attended
Dr. Omkar Goswami	Chairman, non-executive, independent (up to 9 July 2021)	1	1
Anami N Roy	Chairman, non-executive, independent (from 10 July 2021)	5	5
Sanjiv Bajaj	Non-executive, non-independent	6	6
Rajeev Jain	Managing Director, executive	6	6
Dipak Poddar	Non-executive, independent (up to 31 March 2022)	6	6
Sandeep Jain	Chief Financial Officer	6	6
Fakhari Sarjan	Chief Risk Officer	6	6
Deepak Bagati	President - Debt Management Services	6	5

During FY2022, the Board had accepted all recommendations of the Committee.

Stakeholders' Relationship Committee ('SRC')

Pursuant to the Act and SEBI Listing Regulations, the Company has constituted a SRC. This Committee specifically looks into the grievances of debenture holders and fixed deposit holders, in addition to the equity shareholders of the Company.

The terms of reference of the Committee, *inter alia*, includes review of measures taken for effective exercise of voting rights by shareholders and review of adherence to the service standards in respect of various services rendered by the Registrar and Share Transfer Agent ('RTA'). The terms of reference of the Committee can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-stakeholders-relationship-committeepdf-1?scl=1&fmt=pdf>

More details on this subject and on shareholders' related matters including unclaimed suspense account have been furnished in [General Shareholder Information](#).

Meetings and attendance

During FY2022, the Committee met once on 18 January 2022 to review the status of investors' services rendered. The secretarial auditor as well as the Company Secretary were present at the said meeting.

The Committee was apprised of the major developments on matters relating to investors. In addition, the Committee also considered matters that can facilitate better investor services and relations.

During FY2022, meeting of senior executives of RTA viz., KFin Technologies Ltd., ('KFin') with few Committee members was organised to discuss on service standards and operations at KFin.

Table 7: Composition of the SRC and attendance record of the members for FY2022

Name of director	Category	No. of Meeting held during FY2022 (1)	
		Entitled to attend	Attended
Dr. Gita Piramal	Chairperson, non-executive, independent	1	1
Sanjiv Bajaj	Non-executive, non-independent	1	1
Ranjan Sanghi	Non-executive, independent	1	1

Dr. Gita Piramal consequent to her resignation ceases to be Chairperson and member of SRC with effect from close of business hours on 30 April 2022. D J Balaji Rao was inducted as Chairman of the Committee from 1 May 2022.

Ranjan Sanghi consequent to his resignation ceases to be a member of SRC with effect from close of business hours on 30 April 2022. Radhika Haribhakti was inducted as a member of the Committee from 1 May 2022.

Table 8: Details of the investor complaints received during FY2022

No. of complaints outstanding at the beginning of the year	No. of complaints received	No. of complaints not solved to the satisfaction of the shareholders	No. of complaints solved	No. of pending complaints at the end of the year
0	15	0	14	1

R Vijay, Company Secretary acts as the Compliance Officer.

Dr. Gita Piramal, Chairperson of the Committee, was present at the AGM of the Company held through VC on 20 July 2021, to answer shareholders' queries.

Duplicate Share Certificate Issuance Committee

To meet the requirement of the Act and SEBI Listing Regulations, the Company has constituted a Duplicate Share Certificate Issuance Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate lost or misplaced.

As a measure to enhance ease of dealing in securities market by the investors, SEBI through its circular dated 25 January 2022 has mandated listed entities to issue of securities in dematerialised form only while processing any service request including issue of duplicate share certificate.

Meeting and Attendance

During FY2022, the Committee met once on 14 March 2022.

Table 9: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of the members for FY2022

Name of director	Category	No. of Meeting held during FY2022 (1)	
		Entitled to attend	Attended
Sanjiv Bajaj	Chairman, non-executive, non-independent	1	1
Rajeev Jain	Managing Director, executive	1	1
Dr. Naushad Forbes	Non-executive, independent	1	0

Information Technology (IT) Strategy Committee

Pursuant to Master Direction – Information Technology Framework issued by RBI for NBFC Sector, the Company has constituted an IT Strategy Committee. The Committee comprises of Dr. Naushad Forbes, independent director as its Chairman, and other members being Sanjiv Bajaj (non-executive, non-independent director), Rajeev Jain (Managing Director), Rakesh Bhatt (Deputy CEO), Anurag Chottani (Chief Technology Officer) and Rajendra Bisht (Vice President – Technology & Digital).

The Committee met twice during FY2022 as required under the above Master Direction.

The terms of reference of the Committee, *inter alia*, includes the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; and
- Ensuring proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls.

The terms of reference of the Committee can also be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/terms-of-reference-for-it-strategy-committeepdf?scl=1&fmt=pdf>

During FY2022, the Committee was apprised, *inter alia*, on IT Infrastructure Projects, Information Security Projects, new business applications, data analytics, further strengthening of data control, data recovery drills, application security framework, security incident monitoring overview, threat functioning and forensics, and information system audit.

Customer Service Committee

To strengthen the customer engagement and monitoring process, the Board of Directors at its meeting held on 14 March 2022 have voluntarily constituted a Customer Service Committee, in line with the requirements applicable to Banks. It is headed by an independent director.

Table 10: Composition of the Customer Service Committee is as under:

Name of director	Category
Pramit Jhaveri	Chairman, non-executive, independent
Sanjiv Bajaj	Non-executive, non-independent
Dr. Naushad Forbes	Non-executive, independent
Rajeev Jain	Managing Director, executive

The terms of reference of the Committee, *inter alia*, includes adherence to Fair Practices Code, review of awards under Ombudsman scheme and implementation of internal ombudsman policy, etc.

Review Committee for Wilful Defaulter's Identification ('Review Committee')

In line with RBI Guidelines, the Company is required to constitute a Committee for identifying a non-cooperative borrower as specified in the guidelines. To review the decision of this Committee, a Review Committee of the Board has been constituted. The order shall become final only after it is confirmed by the said Review Committee.

During FY2022, there have been no instances of declaration of any borrower as non-cooperative.

Asset Liability Management Committee

Pursuant to the RBI Guidelines, the Company has in place an Asset Liability Management Committee. The Committee comprises of senior executives of the Company. The Managing Director chairs the meetings of the Committee.

The role of the Committee is to oversee the implementation of the Asset Liability Management system and review its functionality periodically covering liquidity risk management, management of market risks, funding and capital planning, profit planning etc.

The said Committee meets on a monthly basis. The decisions of the Committee are placed before the Board for their noting and review.

Investment Committee

Pursuant to the RBI Guidelines, the Company has in place an Investment Committee. The Committee comprises of senior executives of the Company. The Managing Director chairs the meetings of the Committee.

The role of the Committee is to review the investment strategy, asset allocation, investment decision and other operating guidelines, monitor the changing environment in the money market/capital market and accordingly, recommend any changes to the investment strategy for execution and also review the audit reports on Treasury operations and provide directions for corrective actions, as applicable.

The said Committee meets on a monthly basis. The decisions of the Committee are placed before the Board for their noting and review.

Remuneration of Directors

Pecuniary relationship/transaction with non-executive directors

During FY2022, there were no pecuniary relationship/transactions of any non-executive directors with the Company, apart from remuneration as directors and transactions in the ordinary course of business and on arm's length basis at par with any member of general public. During FY2022, the Company did not advance any loans to any of its directors.

Criteria of making payments to non-executive directors

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

The criteria of making payments to non-executive directors are placed on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/criteria-for-payments-of-remuneration-to-non-executive-directorspdf?scl=1&fmt=pdf>

Details of Remuneration of directors

All non-executive directors are paid sitting fees and commission as per the details provided in the Form MGT-7 ('annual return') which is hosted on the website of the Company and can be accessed at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>

Managing Director

During FY2022, the Company paid remuneration to Rajeep Jain, Managing Director ('MD') of the Company as provided in annual return. The tenure of the MD is of five years up to 31 March 2025 with a notice period of six months or salary in lieu thereof. The performance pay/bonus of the MD is based on the performance of the Company and his contribution towards the same. During FY2022, 113,914 stock options were granted to the MD at a grant price of ₹ 4,736.55, being the closing market price on the NSE on the day preceding the day of grant. These grants will vest over a period of four years (25% every year) after a period of one year from the date of grant. The vested options will be exercisable over a period of five years from the date of vesting. MD is also entitled to other perquisites and benefits mentioned in the agreement entered into with the Company. The Company currently has no stock option plans for any of its directors other than the MD.

During FY2022, none of the directors, other than the MD, were paid any performance-linked incentive.

Management

Management discussion and analysis

This is given as a separate section in the [Annual Report](#).

Disclosure of material transactions

Pursuant to the SEBI Listing Regulations, the senior management is required to make disclosures to the Board relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interest that might have been in potential conflict with the interest of the Company at large. As per the disclosures submitted by the senior management, there were no such transactions during FY2022.

Compliances regarding Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, ('SEBI PIT Regulations') the Company has a Board approved Code of Conduct to regulate, monitor and report trading by insiders ('Code of Conduct') and a code of practices and procedures for fair disclosure of unpublished price sensitive information ('Code of Fair Disclosure').

Wherever non-compliance by an employee concerned was observed, penalty was levied, and the amount was remitted to the stipulated fund.

The Company also, by frequent communication, makes aware the designated employees of their obligations under the SEBI PIT Regulations.

The Audit Committee and the Board at its meeting held on 14 March 2022 had reviewed the compliance in terms Regulation 9A(4) of SEBI PIT Regulations and confirmed that the systems for internal control with respect to Insider Trading Regulations are adequate and are operating effectively.

Means of communication

Quarterly, half-yearly and annual financial results are published in the Business Standard, Lokmat and Sakal. An abridged version of the financial results is also published in all editions in Mint, Hindu Business Line, Economic Times, Financial Express and Ananda Bazar Patrika.

The Company's website, viz. <https://www.bajajfinserv.in/corporate-bajaj-finance>, under the section of 'investor relations', contains all important public domain information including financial results, various policies framed/approved by the Board, presentations made to the media, analysts and institutional investors, schedule and transcripts of earnings call with investors, matters concerning the shareholders, details of the contact persons, etc.

Green Initiatives by MCA

Sections 20 and 136 of the Act, read with relevant Rules, permit companies to service delivery of documents electronically to the registered email ID of the members.

In compliance with the said provisions and as a continuing endeavor towards the 'Go Green' initiative, the Company proposes to send all correspondence/communications through email to those shareholders who have registered their email ID with their depository participant's/Company's RTA. The same is available on the website of the Company at <https://www.bajajfinserv.in/shareholder-green-initiative>

During FY2022, the Company sent documents, such as notice calling the annual general meeting, postal ballot notice, audited financial statements, Directors' Report, Auditors' report, credit of dividend intimation letters, etc. in electronic form to the email addresses provided by the members and made available by them to the Company through the depositories.

All financial and other vital official news releases and documents under the SEBI Listing Regulations are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

Information on general body meetings and details of special resolution(s) passed

Details of the AGMs held during last three years:

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM	Voting percentage of shareholders participated		
32nd AGM: Registered office at 12:15 p.m.	25 July 2019	1. Re-appointment of Nanoo Pamnani as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2019 and continuation as director upon attaining the age of 75 years	Particulars	% Favour	% Against
			All shareholders	97.03	2.97
			Non-promoter category	89.11	10.89
		2. Re-appointment of Dipak Poddar as an independent director of the Company for a second term of three consecutive years with effect from 1 April 2019 and continuation as director on having already attained the age of 75 years	Particulars	% Favour	% Against
			All shareholders	96.64	3.37
			Non-promoter category	87.69	12.31

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM	Voting percentage of shareholders participated											
		3. Re-appointment of Ranjan Sanghi as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2019 and continuation as director on having already attained the age of 75 years	<table border="1"> <thead> <tr> <th>Particulars</th> <th>% Favour</th> <th>% Against</th> </tr> </thead> <tbody> <tr> <td>All shareholders</td> <td>94.77</td> <td>5.23</td> </tr> <tr> <td>Non-promoter category</td> <td>80.79</td> <td>19.21</td> </tr> </tbody> </table>	Particulars	% Favour	% Against	All shareholders	94.77	5.23	Non-promoter category	80.79	19.21		
Particulars	% Favour	% Against												
All shareholders	94.77	5.23												
Non-promoter category	80.79	19.21												
		4. Re-appointment of Balaji Rao Jagannathrao Doveton as an independent director for a second term of five consecutive years with effect from 1 April 2019 and continuation as director on attaining the age of 75 years	<table border="1"> <thead> <tr> <th>Particulars</th> <th>% Favour</th> <th>% Against</th> </tr> </thead> <tbody> <tr> <td>All shareholders</td> <td>97.51</td> <td>2.49</td> </tr> <tr> <td>Non-promoter category</td> <td>90.89</td> <td>9.11</td> </tr> </tbody> </table>	Particulars	% Favour	% Against	All shareholders	97.51	2.49	Non-promoter category	90.89	9.11		
Particulars	% Favour	% Against												
All shareholders	97.51	2.49												
Non-promoter category	90.89	9.11												
		5. Re-appointment of Dr. Omkar Goswami as an independent director for a second term of five consecutive years with effect from 1 April 2019	<table border="1"> <thead> <tr> <th>Particulars</th> <th>% Favour</th> <th>% Against</th> </tr> </thead> <tbody> <tr> <td>All shareholders</td> <td>93.54</td> <td>6.46</td> </tr> <tr> <td>Non-promoter category</td> <td>76.36</td> <td>23.64</td> </tr> </tbody> </table>	Particulars	% Favour	% Against	All shareholders	93.54	6.46	Non-promoter category	76.36	23.64		
Particulars	% Favour	% Against												
All shareholders	93.54	6.46												
Non-promoter category	76.36	23.64												
		6. Re-appointment of Dr. Gita Piramal as an independent director for a second term of five consecutive years with effect from 16 July 2019	<table border="1"> <thead> <tr> <th>Particulars</th> <th>% Favour</th> <th>% Against</th> </tr> </thead> <tbody> <tr> <td>All shareholders</td> <td>99.75</td> <td>0.25</td> </tr> <tr> <td>Non-promoter category</td> <td>99.09</td> <td>0.91</td> </tr> </tbody> </table>	Particulars	% Favour	% Against	All shareholders	99.75	0.25	Non-promoter category	99.09	0.91		
Particulars	% Favour	% Against												
All shareholders	99.75	0.25												
Non-promoter category	99.09	0.91												
		7. Approval for continuation of Rahul Bajaj as a non-executive and non-independent director of the Company w.e.f. 1 April 2019 on having already attained the age of 75 years	<table border="1"> <thead> <tr> <th>Particulars</th> <th>% Favour</th> <th>% Against</th> </tr> </thead> <tbody> <tr> <td>All shareholders</td> <td>99.55</td> <td>0.45</td> </tr> <tr> <td>Non-promoter category</td> <td>98.38</td> <td>1.62</td> </tr> </tbody> </table>	Particulars	% Favour	% Against	All shareholders	99.55	0.45	Non-promoter category	98.38	1.62		
Particulars	% Favour	% Against												
All shareholders	99.55	0.45												
Non-promoter category	98.38	1.62												
		8. Issue of non-convertible debentures through private placement	<table border="1"> <thead> <tr> <th>Particulars</th> <th>% Favour</th> <th>% Against</th> </tr> </thead> <tbody> <tr> <td>All shareholders</td> <td>99.44</td> <td>0.56</td> </tr> <tr> <td>Non-promoter category</td> <td>97.99</td> <td>2.01</td> </tr> </tbody> </table>	Particulars	% Favour	% Against	All shareholders	99.44	0.56	Non-promoter category	97.99	2.01		
Particulars	% Favour	% Against												
All shareholders	99.44	0.56												
Non-promoter category	97.99	2.01												
33rd AGM – Through VC Deemed Venue: Registered office	21 July 2020 at 12:15 p.m.	1. Re-appointment of Rajeev Jain as Managing Director of the Company for a period of five years with effect from 1 April 2020	<table border="1"> <thead> <tr> <th>Particulars</th> <th>% Favour</th> <th>% Against</th> </tr> </thead> <tbody> <tr> <td>All shareholders</td> <td>93.63</td> <td>6.37</td> </tr> <tr> <td>Non-promoter category</td> <td>79.48</td> <td>20.52</td> </tr> </tbody> </table>	Particulars	% Favour	% Against	All shareholders	93.63	6.37	Non-promoter category	79.48	20.52		
Particulars	% Favour	% Against												
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Particulars	% Favour	% Against												
All shareholders	99.47	0.53												
Non-promoter category	98.30	1.70												
34th AGM – Through VC Deemed Venue: Registered office	20 July 2021 at 3:30 p.m.	Issue of non-convertible debentures through private placement	<table border="1"> <thead> <tr> <th>Particulars</th> <th>% Favour</th> <th>% Against</th> </tr> </thead> <tbody> <tr> <td>All shareholders</td> <td>99.99</td> <td>0.01</td> </tr> <tr> <td>Non-promoter category</td> <td>99.98</td> <td>0.02</td> </tr> </tbody> </table>	Particulars	% Favour	% Against	All shareholders	99.99	0.01	Non-promoter category	99.98	0.02		
Particulars	% Favour	% Against												
All shareholders	99.99	0.01												
Non-promoter category	99.98	0.02												

It can be seen from the above, all resolutions proposed by the Board have been passed with overwhelming majority by the shareholders. The percentage of votes in favour, when reckoned to the exclusion of promoters/promoter group category has been quite significant.

The recording of last AGM is hosted on the website of Company at <https://www.bajajfinserv.in/corporate-bajaj-finance> and written transcript of the same can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/recorded-transcript-of-34th-annual-general-meetingpdf?scl=1&fmt=pdf>

During FY2022, the Company had sought approval of the members through postal ballot, the details of the same are given below:

I. Postal Ballot notice dated 16 September 2021:

Items of special business:

- i. Appointment of Pramit Jhaveri as an independent director for a term of five consecutive years with effect from 1 August 2021.
- ii. Appointment of Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 302009E) as a joint statutory auditor and to fix their remuneration, with effect from 17 November 2021.
- iii. Appointment of G. M. Kapadia & Co., Chartered Accountants, (Firm Registration No.104767W) as a joint statutory auditor and to fix their remuneration, with effect from 17 November 2021.
- iv. Alteration of the Object clause of the Memorandum of Association of the Company enabling the Company to operate as Payment Aggregator (PA) and Bharat Bill Payment Operating Unit (BBPOU).
 - a. Details of voting:

Sr. No.	Particulars	Voting percentage of shareholders participated		
		Particulars	% Favour	% Against
1	Appointment of Pramit Jhaveri as an independent director for a term of five consecutive years w.e.f. 1 August 2021	All shareholders	99.96	0.04
		Non-promoter category	99.88	0.12
2	Appointment of Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 302009E) as a Joint Statutory Auditor and to fix their remuneration, w.e.f. 17 November 2021	All shareholders	99.87	0.13
		Non-promoter category	99.62	0.38
3	Appointment of G. M. Kapadia & Co., Chartered Accountants, (Firm Registration No.104767W) as a Joint Statutory Auditor and to fix their remuneration, w.e.f. 17 November 2021	All shareholders	99.86	0.14
		Non-promoter category	99.59	0.41
4	Alteration of the Object clause of the Memorandum of Association of the Company enabling the Company to operate as PA and BBPOU.	All shareholders	99.99	00.01
		Non-promoter category	99.99	00.01

- b. Details of scrutiniser: Shyamprasad D. Limaye (FCS No. 1587, CP No. 572)
- c. Date of scrutiniser's report: 19 November 2021
- d. Date of passing the resolutions (last date for voting): 17 November 2021

II. Postal Ballot notice dated 18 January 2022:

Items of special business:

- i. Increase in the borrowing powers of the Company from ₹ 160,000 crore to ₹ 225,000 crore.
- ii. Creation of charge/security on the Company's assets with respect to borrowing.

a. Details of voting:

Sr. No.	Particulars	Voting percentage of shareholders participated		
		Particulars	% Favour	% Against
1	Increase in the borrowing powers of the Company from ₹ 160,000 crore to ₹ 225,000 crore	All shareholders	99.26	0.74
		Non-promoter category	97.90	2.10
2	Creation of charge/security on the Company's assets with respect to borrowing	All shareholders	99.26	0.74
		Non-promoter category	97.90	2.10

- b. Details of scrutiniser: Shyamprasad D. Limaye (FCS No. 1587, CP No. 572)
- c. Date of scrutiniser's report: 3 March 2022
- d. Date of passing the resolutions (last date for voting): 2 March 2022

The scrutiniser's report for the above postal ballot has been placed on the Company's website and can be accessed at <https://www.bajajfinserv.in/finance-investor-relations-general-meeting-and-postal-ballots>

As on the date of this report, no special resolution is proposed to be conducted through postal ballot.

Procedure for postal ballot

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Company provides facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot. Postal ballot notices and forms are dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs.

The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.

Pursuant to the provisions of the Act, the Company appoints a scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman and the voting results are announced by the Chairman by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting.

In view of the relaxation granted by MCA, postal ballot notice was sent through e-mail only, to all those members who had registered their e-mail IDs with the Company/depositories. Arrangements were also made for other members to register their e-mail ID to receive the postal ballot notice and cast their vote online.

Details of capital market non-compliance, if any

The Company has complied with all applicable legal requirements. No penalty or stricture has been imposed on the Company by any of the stock exchanges, SEBI or any other statutory authority, in any matter related to capital markets, during the last three years.

However, though not concerning the capital market, Financial Intelligence Unit-India (FIU) has levied a penalty of ₹ 3 lakh for certain non-compliances of Prevention of Money Laundering Act. Details of the order passed by FIU are provided in the notes to financial statement.

Compliance Certificate

The MD and CFO have certified to the Board with regard to the financial statements and other matters as required under the SEBI Listing Regulations.

Report on Corporate Governance

This chapter read together with the information given in the [Directors' Report](#), the section on [Management Discussion and Analysis](#) and [General Shareholder Information](#), constitute the compliance report on Corporate Governance during FY2022. The Company has been regularly submitting the quarterly corporate governance compliance report to the stock exchanges as required under regulation 27(2) of the SEBI Listing Regulations.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The disclosure as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given below:

Number of complaints filed during FY2022	2
Number of complaints disposed of during FY2022	2
Number of complaints pending at the end of FY2022	Nil

Fees paid to statutory auditors

S R B C & CO LLP were appointed as Statutory Auditors of the Company, its subsidiaries viz., BHFL and BFinsec till 13 November 2021 and 27 October 2021 respectively.

- A. Fees paid to S R B C & CO LLP, on a consolidated basis, including all entities in their network firm/entity of which they are a part, is given below:

Sr. No.	Particulars	Amount (In ₹)
1	Audit Fees	-
2	Fees for other services	2,262,500
	Total	2,262,500

Deloitte Haskins & Sells and G M Kapadia & Co. were appointed as joint statutory auditors of the Company effective 17 November 2021. Further, G M Kapadia & Co. were appointed as statutory auditor of BFinsec, subsidiary of the Company effective 16 November 2021.

- B. Fees paid to G M Kapadia & Co., on a consolidated basis, including all entities in their network firm/entity of which they are a part, is given below:

Sr. No.	Particulars	Amount (In ₹)
1	Audit Fees	3,100,000
2	Fees for other services	3,41,666
	Total	3,441,666

- C. Fees paid by the Company to Deloitte Haskins & Sells LLP, joint statutory auditor including all entities in their network firm/entity of which they are a part, is given below:

Sr. No.	Particulars	Amount (In ₹)
1	Audit Fees	5,500,000
2	Fees for other services	750,000
Total		6,250,000

Auditors' certificate on Corporate Governance

The Company has obtained a certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down under the SEBI Listing Regulations.

This certificate is annexed to the [Directors' Report](#).

Compliance of mandatory and discretionary requirements

Mandatory

The Board of Directors periodically reviews the compliance of all applicable laws. The Company has complied with all the mandatory requirements of the SEBI Listing Regulations including but not limited to the provisions of regulations 17 to 27 and 46(2)(b) to (i) of the said Regulations.

Discretionary

The Company has also complied with the discretionary requirements as under:

1. The Board

A Chairman's office has been made available for the non-executive Chairman. He is allowed reimbursement of expenses incurred in performance of his duties.

2. Shareholder rights

A half-yearly declaration of financial performance including summary of significant events in the preceding six months is sent to each household of members.

3. Modified opinion(s) in audit report

The Company confirms that its financial statements are with unmodified audit opinion.

4. Separate posts of Chairperson and the Managing Director

The positions of Chairperson and Managing Director are held by two different persons who are not related to each other.

5. Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

Declaration by the Chief Executive Officer (MD)

[Regulation 34(3) read with schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors
Bajaj Finance Ltd.

I, Rajeev Jain, Managing Director of Bajaj Finance Ltd. hereby declare that all the board members and senior managerial personnel have affirmed compliance with the code of conduct of the company laid down for them for the year ended 31 March 2022.

Rajeev Jain
Managing Director

Pune : 13 April 2022

List of key policies of Bajaj Finance Ltd.

Sr. No.	Name of Policy	Website Link
1.	Whistle Blower Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-v2pdf?scl=1&fmt=pdf
2.	Remuneration Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policypdf?scl=1&fmt=pdf
3.	Policy of materiality and dealing with related party transactions	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-of-materiality-and-dealing-with-related-party-transactionpdf?scl=1&fmt=pdf
4.	Policy on appointment of statutory auditors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-appointment-of-statutory-auditorspdf?scl=1&fmt=pdf
5.	Policy for Determining Material Subsidiaries	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subsidiariespdf?scl=1&fmt=pdf
6.	Policy on Determination of materiality for disclosure of events or information	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determination-of-materialitypdf?scl=1&fmt=pdf
7.	Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directorspdf?scl=1&fmt=pdf
8.	Interest Rate Model	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/interest-rate-modelpdf?scl=1&fmt=pdf
9.	Guidelines on Corporate Governance	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/guidelines-on-corporate-governancepdf?scl=1&fmt=pdf
10.	Dividend Distribution Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/dividend-distribution-policypdf?scl=1&fmt=pdf
11.	Criteria for payment of remuneration to non-executive directors	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/criteria-for-payments-of-remuneration-to-non-executive-directorspdf?scl=1&fmt=pdf
12.	Corporate Social Responsibility	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1&fmt=pdf
13.	Fair Disclosure Code	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-practices-procedures-for-fair-disclosure-of-upsi.pdf?scl=1&fmt=pdf
14.	Code of Conduct for Directors and Members of Senior Management.	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code-of-conductpdf?scl=1&fmt=pdf
15.	Code of Conduct for DSA/DMA	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/code_of_conduct-dsa_dma_rapdf?scl=1&fmt=pdf
16.	Archival Policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/archival-policypdf-1?scl=1&fmt=pdf
17.	Disciplinary action policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/disciplinary-action-policypdf?scl=1&fmt=pdf
18.	Employee Charter – Human Rights	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/employee-charter-human-rights.pdf?scl=1&fmt=pdf
19.	Equal employment opportunity & Non-discrimination policy	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/equal-employment-opportunity-and-non-discrimination-policypdf?scl=1&fmt=pdf
20.	Prevention of sexual harassment at workplace	https://cms-assets.bajajfinserv.in/is/content/bajajfinance/prevention-of-sexual-harassment-at-workplacepdf-1?scl=1&fmt=pdf



**OVER
50 SMART
PRODUCTS
THAT SUIT
EVERY NEED**



CONSUMER FINANCE

- Consumer Durable Loan
- Digital Product Loan
- Lifestyle Product Loan
- Lifecare Finance
- 2-Wheeler & 3-Wheeler Loan
- Personal Loan
- Home Loan
- Loan Against Property
- Gold Loan

PAYMENTS

- EMI Network Card
- Health EMI Card
- Co-branded Credit Card
- Co-branded Wallet
- PPI, UPI, BBPS

SME FINANCE

- Working Capital Loan
- Loan to Self-employed and Professionals
- Secured Enterprise Loan
- Used-car Finance
- Medical Equipment Finance

INSURANCE

- Life, General & Health Insurance
- Distribution
- Pocket Insurance

INVESTMENTS

- Systematic Deposit Plan
- Mutual Fund
- Term Deposit

COMMERCIAL LENDING

- Loan Against Securities
- IPO Finance
- ESOP Finance
- Vendor Finance
- Financial Institutions Lending
- Light Engineering Lending
- Specialty Chemicals Lending

SECURITIES

- Trading Account
- Depository Services
- Margin Trading Finance
- HNI Broking
- Retail Broking