

DIRECTORS' REPORT

Dear Shareholders,

Your directors present the thirty-sixth Annual Report along with the audited standalone and consolidated financial statements for 2022-23 (or FY2023).

Company overview

Bajaj Finance Ltd., is a public limited company incorporated on 25 March 1987 under the Companies Act, 1956 and has its registered office at Akurdi, Pune 411 035, Maharashtra, India. The Company changed its name from Bajaj Auto Finance Ltd. to Bajaj Finance Ltd. in the year 2010. It is registered as a Deposit taking Non-Banking Finance Company *vide* the Reserve Bank of India ('RBI') registration number A-13.00243 dated 5 March 1998. The Company launched its initial public offering of equity share and was listed on the BSE Ltd. in the year 1994. Subsequently, listed on National Stock Exchange of India in the year 2003. It is also a registered intermediary within the meaning of Insurance Regulatory and Development Authority of India ('IRDAI') as a corporate agent. The Company stood at 12th rank based on market capitalisation as on 31 March 2023. It has been classified in the Upper Layer pursuant to RBI Scale Based Regulations.

Financial Results

The highlights of the standalone financial results are given below:

Particulars	(₹ in crore)		
	FY2023	FY2022	% change over FY2022
Total income	35,687	27,879	28
Interest and finance charge	9,286	7,578	23
Net interest income	26,401	20,301	30
Total operating expenses	9,453	7,093	33
Pre-impairment operating profit	16,948	13,208	28
Impairment on financial instruments	3,066	4,622	(34)
Profit before tax	13,882	8,586	62
Profit after tax	10,290	6,350	62
Retained earnings as at the beginning of the year	17,961	13,487	33
Profit after tax	10,290	6,350	62
Other comprehensive income on defined benefit plan	(25)	(3)	733
Retained earnings before appropriations	28,226	19,834	42
Appropriations			
Transfer to reserve fund u/s 45-IC (1) of the RBI Act, 1934	(2,060)	(1,271)	62
Dividend paid	(1,211)	(603)	101
Adjustment of dividend to ESOP Trust	4	1	300
Retained earnings as at the end of the year	24,959	17,961	39

Due to rounding off, numbers presented in above table may not add up precisely to the totals provided.

Transfer to Reserve Fund

Under section 45-IC (1) of Reserve Bank of India ('RBI') Act, 1934, non-banking financial companies ('NBFCs') are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Accordingly, Bajaj Finance Ltd. (the 'Company', 'Bajaj Finance' or 'BFL') has transferred a sum of ₹ 2,060 crore to its reserve fund.

Pursuant to provisions of Companies Act, 2013 (the 'Act') read with relevant rules thereunder, the Company, being a NBFC, is exempt from creating debenture redemption reserve in respect of privately placed debentures including the requirement to invest up to 15% of the amount of debentures maturing during the next financial year. However, the Company maintains sufficient liquidity buffer to fulfill its obligations arising out of debentures. In case of secured debentures, an asset cover of at least 100% is maintained at all times.

Dividend Distribution Policy

Pursuant to the provisions of regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations'), the Company had formulated a dividend distribution policy, which sets out the parameters and circumstances to be considered by the Board of Directors ('Board') in determining the distribution of dividend to its shareholders and/or retaining profit earned. The policy is annexed to this Report and is also available on the website of the Company at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/dividend-distribution-policy.pdf?scl=1&fmt=pdf>

Dividend

RBI *vide* its circular dated 24 June 2021 has laid down a framework for declaration of dividend by NBFCs. Accordingly, the Board of Directors, after taking into account various aspects and in compliance with the said circular, recommend for consideration of the members at the ensuing Annual General Meeting ('AGM'), payment of final dividend of ₹ 30 per equity shares (1500%) of face value of ₹ 2. The total dividend for FY2023 is ₹ 1,816 crore.

The dividend recommended is in accordance with the principles and criteria set out in the Company's dividend distribution policy. Total dividend proposed for the year does not exceed the ceilings specified in said circular/RBI Master Directions.

The dividend, if declared, at the ensuing AGM will be taxable in the hands of the members of the Company pursuant to Income Tax Act, 1961. For further details on taxability, please refer Notice of AGM.

Scale Based Regulations

Reserve Bank of India issued a circular on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs" on 22 October 2021 ('SBR Framework'). As per the framework, based on size, activity, and risk perceived, NBFCs are categorised into four layers, NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML), NBFC - Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL). RBI has categorised Bajaj Finance Limited as an NBFC - Upper Layer (NBFC-UL) *vide* its press release dated 30 September 2022. The Company has put in place necessary Board approved policies like Large Exposures Policy, Internal Capital Adequacy Assessment Policy, Compensation Policy for Key Managerial Personnel and Senior Management, Compliance Policy, Board approved limits for Sensitive Sectors Exposure under the SBR Framework, etc.

Working Results of the Company

On a consolidated basis, BFL recorded core AUM (AUM excluding extreme short tenor IPO loans) growth of 29% and growth in profit after tax of 64% in FY2023 as against core AUM and profit after tax growth of 26% and 59%, respectively, in FY2022. With its strong AUM and profit growth in FY2023, BFL has further increased its share in the financial services sector in India. Return on average assets (ROAA) and return on average equity (ROAE) for FY2023 was 5.3% and 23.5% respectively on a consolidated basis.

The Company's business model continues to generate healthy pre-impairment operating profits enabling it to withstand higher credit losses in times of stress such as these. It remains well capitalised with a capital-to-risk weighted asset ratio (CRAR) of 24.97% as on 31 March 2023 – making it among the best capitalised large NBFCs in India.

As a result of its deeply embedded risk culture and robust risk management practices, the Company's portfolio quality as of 31 March 2023 continues to remain strong. BFL's consolidated Gross NPA at 0.94% and Net NPA at 0.34% are among the lowest in the industry.

Using its robust risk management and portfolio monitoring framework, BFL took enhanced credit costs based on emerging trends across its different portfolios. It holds a management overlay provision on account of volatile macroeconomic factors of ₹ 960 crore on consolidated basis as on 31 March 2023.

The consolidated performance highlights for FY2023 are given below:

- Number of new loans booked: 29.6 million
- Core AUM grew by 29% to ₹ 247,379 crore
- Total income increased by 31% to ₹ 41,406 crore
- Net interest income (NII) rose by 32% to ₹ 28,846 crore
- Total operating cost to NII stood at 35.1%

- Impairment on financial instruments was ₹ 3,190 crore
- Profit before tax (PBT) increased by 63% to ₹ 15,528 crore
- Profit after tax (PAT) increased by 64% to ₹ 11,508 crore
- Capital adequacy ratio as of 31 March 2023 was 24.97%, which is well above the RBI norms. Tier I adequacy ratio was 23.20%

With the experience of managing significant financial and operational disruption emanating after the pandemic, the transformational journey that BFL has embarked upon and the exit momentum of FY2023, the Company remains confident of a sound growth trajectory in FY2024 and thereafter and, hence, remain a leading NBFC in India.

Resilience and agility are deeply embedded in BFL's culture. These cultural anchors have enabled BFL to make swift and calibrated changes to its risk and debt management practices to regain its business momentum while maintaining strong vigil on its portfolio quality and adapting to changing customer preferences of post pandemic world.

For more details on the performance of the Company, business segments and risk management framework and initiatives, please refer to the section on [Management Discussion and Analysis](#).

Operations

BFL is one of the largest and most diversified NBFCs in India. It has worked with approximately 69.1 million customers since it started its transformational journey in FY2008 from a mono-line captive lender to a diversified financial service business. During this period, the Company expanded its presence to 3,733 locations with a distribution network of over 154,650 points of sale and also created a strong presence in the digital space.

BFL was among the early movers to transit to digital processes in the financial services industry. It had already moved from 'Physical' to 'Phygital' in a seamless manner and has embarked to move to the last phase, namely 'Digital', in the last four years.

The Company believes that each customer is a critical asset in its growth journey and their satisfaction is BFL's primary responsibility – which it thrives to achieve through an omnichannel strategy. Business transformation requires significant changes in operating processes and core technology stack of the Company. It focuses on building an 'omnichannel' model to deliver significant business velocity, reduction in operating costs and significant improvement in customer experience. This model with an integrated offering of products and services, will enable BFL to become a 'moment of truth' enterprise for its customers.

Further details regarding the operations, state of affairs and initiatives of the Company are given in the [Management Discussion and Analysis](#).

Subsidiaries, Associates and Joint Ventures

A. Subsidiaries:

The Company has two wholly owned subsidiaries, viz.,

- (i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing'), which is registered with National Housing Bank as a Housing Finance Company ('HFC'); and
- (ii) Bajaj Financial Securities Ltd. ('BFinsec'), which is registered with the Securities and Exchange Board of India ('SEBI') as a stockbroker, depository participant and research analyst.

During FY2023, no new subsidiary was incorporated/acquired. The Company has not entered into a joint venture with any other company.

The financial statements of the subsidiary companies are also available in a downloadable format under the 'Investor Relations' section on the Company's website at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>.

The Company's policy for determination of material subsidiary, as adopted by the Board of Directors, in conformity with regulation 16 of the SEBI Listing Regulations, can be accessed on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-determining-material-subsidiary-v1.pdf?scl=1&fmt=pdf>.

In terms of the said policy and provisions of regulation 16 of the SEBI Listing Regulations, BHFL is a material subsidiary of the Company.

Performance highlights of the subsidiaries are given below:

BHFL

- AUM as at 31 March 2023 was ₹ 69,228 crore as compared to ₹ 53,322 crore as at 31 March 2022, representing a growth of 30%
- Total income increased by 50% to ₹ 5,665 crore
- NII rose by 52% to ₹ 2,454 crore
- Total operating cost to NII stood at 25.7%
- Impairment on financial instruments was ₹ 124 crore. BHFL holds a management overlay provision of ₹ 237 crore as of 31 March 2023 on account of volatile macro economic factors
- Gross NPA and Net NPA were at 0.22% and 0.08%, respectively, amongst the lowest across all HFCs
- PBT increased by 77% to ₹ 1,700 crore
- PAT grew by 77% to ₹ 1,258 crore
- As on 31 March 2023, capital adequacy ratio was 22.97%, which is well above the prescribed norms of 15%

During FY2023, the Company infused aggregate amount of ~₹ 2,500 crore to reduce leverage and fund accelerated growth of BHFL.

The total investment as on 31 March 2023 in BHFL is approximately ₹ 7,528 crore.

BFinsec

- The customer franchise as of 31 March 2023 was over 565,100
- Total Income for FY2023 was ₹ 204 crore
- PAT was ₹ 8 crore

During the year under review, no investments were made in BFinsec. The total investment as on 31 March 2023 is approximately ₹ 670 crore.

For more detailed discussion on the performance of the subsidiaries and their various segments, refer to the [Management Discussion and Analysis](#).

B. Associates

Snapwork Technologies Private Ltd. ('Snapwork')

During FY2023, the Company acquired 41.5% stake on a fully diluted basis in Snapwork for an aggregate amount of ~₹ 93 crore, with a view to strengthen Company's technology roadmap. Pursuant to provisions of the Act, post-acquisition, Snapwork became an associate of the Company.

Snapwork is engaged in the business of developing, consulting, providing, exporting, importing, marketing, dealing in and implementation of software technology and allied products for its clients and conducting research and development for the same.

Details of investment made in Snapwork also forms part of the financial statements.

Post-acquisition of shares by the Company, Snapwork made a profit of ₹ 4.03 crore, of which Company's share of profit was ₹ 1.67 crore.

A separate statement containing the salient features of the subsidiaries and associate in the prescribed form AOC-1 is attached to the consolidated financial statements.

Other strategic investments

Bajaj Finserv Direct Ltd. ('BFS-Direct') is primarily engaged in business of distribution of financial products through its digital marketplace. BFS-Direct is registered with Insurance Regulatory and Development Authority of India as a composite Corporate Agent for distribution of insurance (life and general) products in India.

During FY2023, no fresh investments were made by BFL into BFS-Direct. The Company continues to hold 19.87% of its capital and the remaining 80.13% is held by Bajaj Finserv Ltd., the holding company. Details of investment made in BFS-Direct also forms part of the financial statements.

Customer Engagement

The Company is committed to fairness, in both form and spirit, in its conduct with customers. One of the key aims of the Company is to communicate transparently its terms, rights and liabilities to enable them to make prudent financial decision.

In line with the above, the Company strives to create a culture of 'Customer Obsession' and endeavors to provide a frictionless experience across the lifecycle, from pre-disbursal to closure of loan, deposit accepting activities and other value-added services. The Company measures its Net Promoter Score to rate its customer loyalty. This helps the Company to gauge the outcome of its customer engagement efforts.

To strengthen the customer engagement and monitoring process, the Board of Directors have voluntarily constituted a Customer Service Committee ('CSB'), in line with the requirements applicable to Banks. It is headed by an independent director. The Committee consists of following Board members:

1. Pramit Jhaveri – Chairman, non-executive, independent
2. Dr. Naushad Forbes – Member, non-executive, independent
3. Sanjiv Bajaj – Member, non-executive, non-independent
4. Rajeev Jain – Member, executive, non-independent

During the year under review, the Board enhanced the scope of the Committee to cover the following:

- To review the performance of the Company (with respect to Customer Services) against baseline parameters defined by the Management. The matters which do not meet the baseline parameters will be reported to Risk Management Committee.
- Regulatory observations pertaining to Customer Service and remediation plan.

The updated terms of reference can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/csc-terms-of-referencepdf?scl=1&fmt=pdf>

During FY2023, the Committee met twice.

In addition, the Company has in place a Standing Committee of Management for Customer Service. The Committee meets on a quarterly basis. The terms of reference of the Committee, *inter alia*, covers the following:

- To review and evaluate the feedback received from customer service teams;
- To review and guide on the actionable shared by the service team and recommend the process/policy changes required, if any;
- To review the customer complaints received and redressed during the period as well as advisory/awards issued by the regulatory;
- This Committee shall also perform duties relating to Customer Grievance including:
 - (a) Conducting root cause analysis for complaints;
 - (b) Formulate a structured process and oversee the measures taken for grievance redressal of customers.

The CSB is updated on the discussions, actions and other recommendation of this Standing Committee. The suggestion, feedback and guidance from CSB is taken note of by the Standing Committee for necessary actions.

Various interventions, to uphold BFL's commitment towards the customers, under the guidance of these Committees are undertaken. To list a few:

- Enablement of various customer service channels for customers to engage, transact and be serviced online as well as offline channels of their choice and convenience through Mobile App, Website, IVR, branch, email and Social media.
- Dedicated Customer Service branches have been set up across major cities.
- Significant investments and progress in enabling digital channels for engaging with customers.
- Standardisation of communication content being sent to the customer, at various life cycle events as per the laid governance. This includes all types of communications like notifications, SMS, email etc.

- Setting up of a dedicated team to oversee the fees and charges being communicated to the customers at the time of sourcing, across all products.

Other initiatives of the Company towards customer engagement are detailed in the [Management Discussion and Analysis](#).

The Company has *suo moto* adopted the Internal Ombudsman (IO) framework since December 2020 prior to it being mandated for NBFCs in May 2022. Presently, the Company has appointed two IOs.

Risk Management

The Board of Directors have adopted a risk management policy for the Company which provides for identification of key events/risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

This framework, *inter alia*, provides the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the organisation. It covers principles of risk management, risk governance with roles and responsibilities, business control measures, principle risks and business continuity plan. The Management identifies and controls risks through a defined framework in terms of the aforesaid policy.

The Board is of the opinion that there are no elements of risk that may threaten the existence of the Company.

The current composition of Risk Management Committee ('RMC') is as follows:

1. Pramit Jhaveri – Chairman, non-executive, independent
2. Anami N Roy – Member, non-executive, independent
3. Sanjiv Bajaj – Member, non-executive, non-independent
4. Rajeev Jain – Member, Managing Director, executive
5. Deepak Bagati – Member, President – debt management services
6. Fakhari Sarjan – Member, Chief Risk Officer
7. Sandeep Jain – Member, Chief Financial Officer

Further details on RMC are furnished in the [Corporate Governance Report](#).

More detailed discussion on the Company's risk management and portfolio quality is covered in the [Management Discussion and Analysis](#).

Business Continuity and Cyber Security

The Company continues to enhance cyber security and information security aspects while transforming to a customer-centric digital enterprise. It has capability to offer remote access for identified IT vendors/partners to enable full resources for user support, data center support, application maintenance and testing. All key IT systems are compliant to ISO 27001 Information Security Management System and ISO 22301 Business Continuity Standard. The Company also has a dedicated cyber security and information security team to ensure technical expertise and regulatory as well as internal compliance for Information Technology. In addition, an outsourcing compliance unit and third-party security governance framework is also set up. As part of Omnipresence Strategy, the 3-in-1 app is live now with recent version 9.0.5 (954) and the Company will continue its journey towards a digital organisation.

The Company operates all its critical internet-facing properties behind a well-known cloud-based web application firewall to safeguard against web application attacks as well as distributed denial of service attacks. Further, regular vulnerability assessment and penetration testing, review of segregation of duties, other audit and compliance testing(s) have ensured that the Company's information assets are safe and secure.

As a part of the brand protection efforts and to safeguard customer's interest, the Company constantly monitors and, where needed, removes inappropriate/misleading social media pages. An awareness programme is conducted for all employees using the digital channel regarding cyber security. The Company continues cyber security awareness for customers across digital and social media platforms to educate customers and the public at large on financial fraud risks and how to stay protected. Employees of the Company are required to undergo a mandatory online learning module on information security and affirm that they have understood these and are aware of the protocols to be followed. Cyber security awareness session was conducted for Board members as well. Regular information security related mailers are sent to all employees for awareness and training purpose.

The Company will continue its focus on security monitoring and incident response through its security operations centre.

A detailed discussion on information systems, cyber security and information technology is covered under [Management Discussion and Analysis](#).

Directors and Key Managerial Personnel ('KMP')

A. Change in Directors and KMP during the financial year

(i) Appointments:

Independent Directors

Radhika Haribhakti (DIN: 02409519):

On recommendation of Nomination and Remuneration Committee ('NRC'), the Board has appointed Radhika Haribhakti as an independent director of the Company for a period of five consecutive years effective from 1 May 2022. The same has been approved by the members *vide* their special resolution dated 27 July 2022.

The Board is of the opinion that Radhika Haribhakti is a person of integrity, expertise, and competent experience and proficiency to serve the Company as an independent director that can strengthen the overall composition of the Board.

Radhika Haribhakti is exempted from requirements of clearing the online proficiency test pursuant to rule 6(4) of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended. However, she has on a voluntary basis appeared and cleared the proficiency test.

She is a member of Stakeholders Relationship Committee and Chairperson of Nomination and Remuneration Committee. In addition, she is also a member of Review Committee for identification of wilful defaulter constituted pursuant to RBI Regulations.

Dr. Arindam Bhattacharya (DIN: 01570746):

On recommendation of Nomination and Remuneration Committee ('NRC'), the Board, at its meeting held on 16 March 2023, appointed Dr. Arindam Bhattacharya as an independent director of the Company for a period of five consecutive years effective from 1 April 2023.

The Board is of the opinion that Dr. Arindam Bhattacharya is a person of integrity, expertise, and competent experience and proficiency to serve the Company as an independent director that can strengthen the overall composition of the Board.

Dr. Arindam Bhattacharya has successfully passed the online proficiency self-assessment test as required under the provisions of rule 6(4) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended.

He is a member of Audit Committee.

Executive Directors:

Considering the growth and complexity of the business of the Company and in line with the succession framework, the Board, at its meeting held on 16 March 2023, based on the recommendation of NRC, approved appointments of Rakesh Bhatt (DIN: 02531541) and Anup Saha (DIN: 07640220) as Executive Directors of the Company for a period of 5 years effective 1 April 2023.

Both Rakesh Bhatt and Anup Saha are KMPs within the meaning of section 2(51) of the Act. Rakesh Bhatt is a member of IT Strategy Committee.

In terms of regulation 17(1C) of SEBI Listing Regulations, the Company is seeking approval of shareholders within the time limit prescribed therein by way of postal ballot with reference to the aforesaid appointments.

(ii) Resignation:

On account of health reasons, Madhur Bajaj (DIN: 00014593) resigned as non-executive director of the Company with effect from close of business hours on 31 July 2022. The Board places on record its sincere appreciation for the valuable contribution made by him during his long tenure as director on the Board of the Company.

Further, as mentioned in Directors' Report presented for last year, the independent directors, Ranjan Sanghi (DIN: 00275842) and Dr. Gita Piramal (DIN: 01080602) stepped down as directors with effect from close of business hours on 30 April 2022.

B. Directors liable to retire by rotation

Rajiv Bajaj (DIN:00018262) retires by rotation at the ensuing AGM, being eligible, offers himself for re-appointment.

Brief details of Rajiv Bajaj, who is seeking re-appointment, are given in the Notice of 36th AGM.

C. KMPs

Save and except as stated above, there are no other changes in the KMPs during FY2023.

Declaration by independent directors

All the independent directors have submitted a declaration of independence, stating that they meet the criteria of independence provided under section 149(6) of the Act read with regulation 16 of the SEBI Listing Regulations, as amended. They also confirmed compliance with the provisions of rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

The Board took on record the declaration and confirmation submitted by the independent directors regarding them meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same in terms of the requirements of regulation 25 of the SEBI Listing Regulations.

Remuneration Policies

A. Policy on Directors' Appointment and Remuneration

Pursuant to section 178(3) of the Companies Act, 2013 and regulation 19(4) read with Part D of schedule II of the SEBI Listing Regulations, the Board has framed a Remuneration Policy. This policy, *inter alia*, lays down:

- (a) The criteria for determining qualifications, positive attributes and independence of directors; and
- (b) Broad guidelines of compensation philosophy and structure for non-executive directors, key managerial personnel and other employees.

In view of detailed RBI Guidelines for NBFCs concerning compensation of Key Managerial Personnel (KMP) and Senior Management (SMT), the Company has adopted a specific policy to this effect. Accordingly, this remuneration policy has to be read along with the specific policy adopted pursuant to RBI Guidelines as regards compensation of KMP and SMT, which is detailed below.

B. Policy for Compensation of KMP and SMT pursuant to RBI Guidelines

RBI has *vide* its circular dated 29 April 2022 issued Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs pursuant to Scale Based Regulatory Framework. Accordingly, the Board of Directors at their meeting held on 16 March 2023 based on the recommendation of NRC, adopted a policy exclusively governing compensation payable to KMP and SMT. This policy lays down detailed framework, *inter alia*, encompassing the following:

- Principles of compensation;
- Compensation components;
- Principles of variable pay;
- Deferral of variable pay;
- Compensation for control and assurance function personnel; and
- Provisions for malus and clawback and circumstances under which application of malus and clawback is to be considered.

The aforesaid policies can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy.pdf?scl=1&fmt=pdf> and <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-rbipdf?scl=1&fmt=pdf>

As per the requirements of the RBI Master Directions and SEBI Listing Regulations, details of all pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company are disclosed in the [Corporate Governance Report](#).

Compliance with Code of Conduct

All Board members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for FY2023.

A declaration to this effect signed by the Managing Director is included in this Annual Report.

Annual Return

A copy of the Annual Return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/MCA, is hosted on the Company's website and can be accessed at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>

Number of Meetings of the Board

Six (6) meetings of the Board were held during FY2023. Details of the meetings and attendance thereat forms part of the [Corporate Governance Report](#).

Directors' Responsibility Statement

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value pursuant to the provisions of the Act and guidelines issued by SEBI/RBI. Accounting policies have been consistently applied except where revision to an existing Accounting Standard requires a change in the accounting policy.

In accordance with the provisions of section 134(3)(c) of the Act and based on the information provided by the Management, the Directors state that:

- i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for FY2023;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Audit Committee

Sanjiv Bajaj, non-executive, non-independent director stepped down as member with effect from close of business hours on 31 March 2023 and Dr. Arindam Bhattacharya was inducted as a member effective from 1 April 2023.

The present composition of the Committee as approved by the Board at its meeting held on 16 March 2023 is as follows: Anami N Roy (DIN: 01361110), Chairman, Dr. Naushad Forbes (DIN: 00630825), Prमित Jhaveri (DIN: 00186137) and Dr. Arindam Bhattacharya.

The composition of Audit Committee is over and above the minimum requirement prescribed under the Act, SEBI Listing Regulations, and the RBI Regulations for NBFCs (the 'NBFC Regulations') of having a minimum of two-thirds of independent directors, including the Chairman. All members of the Committee are non-executive independent directors possessing financial literacy, and expertise in accounting or financial management related matters.

During FY2023, all recommendations of the Audit Committee were accepted by the Board.

The brief terms of reference and attendance record of members are given in the [Corporate Governance Report](#).

Particulars of Loans, Guarantees and Investments

The Company, being an NBFC registered with the RBI and engaged in the business of giving loans in ordinary course of its business, is exempt from complying with the provisions of section 186 of the Act with respect to loans, guarantees and investments. Accordingly, the Company is exempted from complying with the requirements to disclose in the financial statement the full particulars of the loans given, investment made or guarantee given or security provided.

In addition to investment in subsidiaries, associates and group companies which is covered above, details of other major strategic investments are under:

1. One MobiKwik Systems Ltd. ('MobiKwik'):

The Company continues to stay invested in MobiKwik. Total investment in MobiKwik as on 31 March 2023 is approximately ₹ 296.89 crore.

The total equity shares held by the Company in MobiKwik is 7,979,440 equity shares representing 13.95% of its capital on a fully diluted basis.

2. RBL Bank Ltd.

The Company continues to stay invested in RBL Bank Ltd.

The Company has additionally disclosed information regarding investments in the financial statements.

Employee Stock Options ('ESOP')

The Company offers stock options to select employees of the Company and its subsidiaries to foster a spirit of ownership and an entrepreneurial mindset. Because of their nature, stock options help to build a holistic, long-term view of the business and a sustainability focus in the Senior Management team. Stock options are granted to tenured employees in managerial and leadership positions upon achieving defined thresholds of performance and leadership behaviour. This has contributed to the active involvement of the leadership and senior team who are motivated to ensure long-term success of the Company. Grant of stock options also allows the Company to maintain the right balance between fixed pay, short-term incentives and long-term incentives to effectively align with the risk considerations and build the focus on consistent long-term results.

As per the Employee Stock Option Scheme of the Company, total option that could be granted is 35,071,160. During the year under review, the scheme has not been amended and it is in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

A statement giving complete details, as at 31 March 2023, under regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, is available on the website of the Company and can be accessed at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>

Grant wise details of options vested, exercised and cancelled are provided in the notes to the standalone financial statements. The Company has not issued any sweat equity shares or equity shares with differential voting rights during FY2023.

Share Capital

During FY2023, no new equity shares were issued.

As on 31 March 2023, the paid-up share capital of the Company stood at ₹ 121.09 crore consisting of 605,429,233 equity shares of face value of ₹ 2 fully paid-up.

Related Party Transactions

All contracts/arrangement/transactions entered by the Company during FY2023 with related parties were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are foreseen and of repetitive nature. Pursuant to the said omnibus approval, details of transaction entered into is also reviewed by the Audit Committee on a quarterly basis.

All related party transactions entered during FY2023 were in the ordinary course of business, at arm's length and not material under the Act and SEBI Listing Regulations. None of the transactions required members' prior approval under the Act or SEBI Listing Regulations.

Details of transactions with related parties during FY2023 are provided in the notes to the financial statements. There were no transaction requiring disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this Report.

The policy on materiality of related party transactions and on dealing with related party transactions is available on the website of the Company at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-of-materiality-and-dealing-with-related-party-transactionpdf?scl=1&fmt=pdf> and also forms a part of the Corporate Governance Report.

Succession Planning

The Company has in place a succession planning framework to address anticipated, as well as unscheduled changes in leadership. The plan is revisited, re-evaluated and updated every year. The key attribute of the plan involves:

- Organisational level Long Range Strategy wherein talent required to fulfil the Company's strategy and annual operating plan is discussed and planned.
- Performance appraisal system which helps identifying people demonstrating leadership behaviours in line with our cultural anchors.
- Talent Management framework is a bi-annual exercise under which a Talent Card is made for every Senior Management team member.
- Job Rotation Policy with the intent of providing movement and enhancements to senior leaders in the organisation.

Material Changes and Commitments

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

Conservation of Energy

The operations of the Company are not energy intensive. The Company implements various energy conservation measures across all its functions and value chain, which are highlighted in the [Business Responsibility and Sustainability Report](#).

Technology Absorption

The details pertaining to technology absorption have been explained in the [Management Discussion and Analysis](#).

Considering the nature of services and businesses, no specific amount of expenditure is earmarked for Research and Development. However, the Company on an ongoing basis strives for various improvements in the products, platforms, and processes.

Foreign Exchange Earnings and Outgo

During FY2023, the Company did not have any foreign exchange earnings and the foreign exchange outgo in terms of actual outflow amounted to ₹ 4,245.17 crore.

Corporate Social Responsibility ('CSR')

The CSR Committee comprises of three directors viz., Dr. Naushad Forbes, Chairman, Sanjiv Bajaj and Rajeev Jain, members.

The CSR obligation of the Company for FY2023 is ₹ 138.33 crore. As on 31 March 2023, total amount spent on CSR activities by Company is ₹ 117.46 crore.

As per section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014, as amended, the Company is required to transfer any unspent amount, pursuant to any ongoing project undertaken by the Company in pursuance of its Corporate Social Responsibility Policy, within a period of thirty days from the end of the financial year to a special account opened by the Company in that behalf for that financial year in any scheduled bank called Unspent Corporate Social Responsibility Account.

Due to delay in commencement of project as compared to approved timelines, some part of the mandatory spend for few ongoing projects remained unspent as on 31 March 2023, thereby requiring it to be transferred

to an Unspent Corporate Social Responsibility Account. Accordingly, the Company has opened necessary bank account to transfer unspent amount of ₹ 20.87 crore.

Detailed information on CSR Policy, its salient features, details pertaining to spent and unspent amount forms part of [Annual Report on CSR activities](#).

The CSR policy has been hosted on the website of the Company and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1&fmt=pdf>.

Further, the Chief Financial Officer has certified that the funds disbursed have been utilised for the purpose and in the manner approved by the Board for FY2023.

Formal Annual Evaluation of the performance of the Board, Committees and directors

Pursuant to section 178 of the Act, the NRC and the Board has decided that the evaluation shall be carried out by the Board only and the NRC will only review its implementation and compliance.

Further, as per Schedule IV of the Act and provisions of the SEBI Listing Regulations, the performance evaluation of independent directors shall be done by the entire Board excluding the directors being evaluated, on the basis of performance and fulfilment of criteria of independence and their independence from Management. On the basis of the report of the performance evaluation, it shall be determined whether to extend or continue the term of appointment of independent director.

Accordingly, the Board has carried out an annual performance evaluation of its own performance, that of its Committees, Chairperson and individual directors.

The manner in which formal annual evaluation of performance was carried out by the Board for the year 2022-23 is given below:

- The NRC at its meeting held on 19 May 2020, reviewed the criteria for performance evaluation. The criteria is available on the website of the Company at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/performance-evaluation-criteria-for-board-committees-of-board-chairperson-and-directorspdf?scl=1&fmt=pdf>
- Based on the said criteria, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking feedback of the directors with regards to the performance of the Board, its Committees, the Chairperson and individual directors.
- From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation of the Board, its Committees, Chairperson and individual directors for the year 2022-23 and a consolidated report thereof were arrived at.
- The report of performance evaluation so arrived at was then discussed and noted by the Board at its meeting held on 16 March 2023.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 16 March 2023.
- Based on the report and evaluation, the Board and NRC at their respective meetings held on 16 March 2023, determined that the appointment of all independent directors may continue.
- Details on the evaluation of Board, non-independent directors and Chairperson of the Company as carried out by the independent directors at their separate meeting held on 16 March 2023 have been furnished in a separate paragraph elsewhere in this Report.
- During FY2023, the process followed by the Company was reviewed by the NRC, which opined these to be in compliant with applicable provisions and found it to be satisfactory.

Other than Chairman of the Board and NRC, no other director has access to the individual ratings given by directors.

The criteria was reviewed by the NRC and Board and advised enhancement to the feedback mechanism by introducing few qualitative aspects to the criteria.

Significant and Material Orders passed by the Regulators or Courts

During FY2023, there were no significant or material orders passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

Internal Financial Controls

Internal Financial Controls laid down by the Company is a systematic set of controls and procedures to ensure orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. Internal financial controls not only require the system to be designed effectively but also to be tested for operating effectiveness periodically.

The Board is of the opinion that internal financial controls with reference to the financial statements were tested and reported adequate and operating effectively. The internal financial controls are commensurate with the size, scale and complexity of operations.

Internal Control Systems and their adequacy has been discussed in more detail in [Management Discussion and Analysis](#).

Deposits

The Company accepts deposits from retail and corporate clients. As on 31 March 2023, it had a standalone deposit book of ₹ 44,489.79 crore, delivering an annual growth of 46.88% in FY2023. Deposits contributed to 27.52% of BFL's standalone borrowings versus 24.62% as at the end of FY2022.

The consolidated deposits book as on 31 March 2023 stood at ₹ 44,665.56 crore, delivering an annual growth of 45.02% in FY2023. Deposit contributed to 20.61% of its consolidated borrowings as on FY2023 versus 18.64% as at the end of FY2022.

Break-up of deposits raised on a consolidated basis:

		(₹ in crore)	
Sr. No.	Type	Amount raised	Outstanding as on 31 March 2023
1.	Public deposit	15,793.02	28,303.10
2.	Corporate deposit	13,684.07	11,518.30
3.	Other deposit	3,271.55	4,668.39

Pursuant to provisions of the RBI Act, 1934, the Company has created a charge on statutory liquid assets amounting to ₹ 5,192.05 crore in favour of the trustee for Public Fixed Deposit ('FD') holders.

During FY2023, there was no default in repayment of deposits or payment of interest thereon.

With a view to reduce unclaimed deposits, the Company adopted the following process:

- Wherever payment of deposit amount and interest thereon is rejected by bank of the deposit holder, Customer Service Team calls the depositor to inform about rejection reason and advise them the process for change of linked bank account;
- In addition, SMS/Email/Physical letter are also sent to depositors to inform them of rejection reason(s) and advise them to initiate appropriate action for change of bank details;
- Account payee cheque in the name of the customer for unclaimed amount is dispatched at customer's communication address (excluding deceased cases, where settlement is to be done as per nomination/survivorship clause);
- In case of death of depositors, claim settlement process is advised to joint depositors/nominee/legal heir, as the case may be;
- Wherever the residential status of the depositors has changed from Resident to Non-Resident, they are advised to submit updated FATCA/CRS declaration and to get their bank details updated.

As on 31 March 2023, there were 58 deposits amounting to ₹ 73.29 lakh which had matured and remained unclaimed and interest on matured deposits amounting to ₹ 7.23 lakh and interest on active deposits amounting to ₹ 3.90 lakh had also remained unclaimed.

Borrowings

The total borrowing limit approved by the shareholders stands at ₹ 225,000 crore.

The total borrowing as on 31 March 2023 is ₹ 161,684.63 crore. The break-up of the same is as under:

(₹ in crore)

Particulars	Deposits	Bank Loans (TL/CC/ OD/WCDL)	Non- Convertible Debentures	Subordinate Liability	Short-term Borrowings	External Commercial Borrowing
Amount	44,489.79	38,287.89	55,446.82	3,630.29	18,368.39	1,461.45
% to total borrowing	27.52	23.68	34.29	2.25	11.36	0.90

Credit Rating

The brief details of the ratings received from credit rating agencies by the Company for all its outstanding instruments is given in [General Shareholder Information](#).

Whistle Blower Policy/Vigil Mechanism

The Company has a Whistle Blower Policy encompassing vigil mechanism pursuant to the requirements of section 177(9) of the Act and regulation 22 of the SEBI Listing Regulations. The whistle blower framework has been introduced with an aim to provide employees, directors and value chain partners with a safe and confidential channel to share their inputs about such aspects which are adversely impacting their work environment. The policy/vigil mechanism enables directors, employees and value chain partners to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and leak or suspected leak of unpublished price sensitive information.

The concerns may be reported anonymously either through email or through a 'Confidential Feedback Mechanism', which is reviewed by a Committee comprising of Senior Management representatives. Pursuant to the Whistle Blower Policy, the summary of incidents investigated, actioned upon, founded and unfounded are reviewed by the Audit Committee on a quarterly basis. Further, the Committee from time to time reviews the functioning of the whistle blower mechanism and measures taken by the Management to encourage employees to avail of the mechanism to report unethical practices.

The Whistle Blower Policy is uploaded on the website of the Company and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-v2pdf?scl=1&fmt=pdf>

More details are given in [Corporate Governance Report](#).

Independent Directors' Meeting

Pursuant to the Act and SEBI Listing Regulations, the independent directors must hold at least one meeting in a financial year without attendance of non-independent director and members of the Management. Accordingly, independent directors of the Company met on 16 March 2023 and:

- noted the report of performance evaluation from the Chairman of the Board for the year 2022-23;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairman of the Board, taking into account the views of executive and non-executive directors; and
- assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The independent directors present elected Anami N Roy as Chairman for the meeting. All independent directors were present at the meeting.

In addition, the independent directors have a separate meeting with the Senior Management team (SMT), during which the SMT is encouraged to express its views and concerns pertaining to the business. Suggestions from the directors are noted by the Management.

RBI Guidelines

The Company continues to fulfil all the norms and standards laid down by RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, etc. As against the RBI norm of 15%, the capital to risk-weighted assets ratio of the Company was 24.97% as on 31 March 2023. 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. Further, BFL exceeds the regulatory requirement of liquidity coverage ratio (LCR) introduced by the RBI in FY2020. As against the LCR requirement of 70%, BFL's LCR as on 31 March 2023 was 113%.

The Company continues to be in compliance with the Master Direction for Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Corporate Governance

In terms of the SEBI Listing Regulations, a separate section titled [Report on Corporate Governance](#) has been included in this Annual Report, along with the [Management Discussion and Analysis](#) and report on [General Shareholder Information](#).

The Managing Director and the Chief Financial Officer have certified to the Board in relation to the financial statements and other matters as specified in the SEBI Listing Regulations.

A certificate from auditors of the Company regarding compliance of conditions of corporate governance is annexed to this Report.

Business Responsibility and Sustainability Report ('BRSR')

Pursuant to amendment in SEBI Listing Regulations, top 1,000 listed entities based on market capitalisation are required to submit a BRSR with effect from FY2023.

Accordingly, the Company has adopted a Policy for Responsible and Sustainable Business Conduct. The BRSR in the format prescribed by SEBI is annexed to the annual report.

The Board has in place an executive level cross functional ESG Committee headed by an Executive Director. The Committee chalks out plans and other initiatives keeping in view the leading practices and the requirements. It also monitors the implementation of the ESG related initiatives and reporting thereof. A detailed ESG report describing various initiatives, actions and process of the Company towards the ESG endeavor can be accessed at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>

Secretarial Standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on meetings of the Board of Directors (SS-1) and General Meetings (SS-2) read with the MCA circulars.

Internal Audit

The internal audit function provides an assurance to the Audit Committee/Board of Directors and the Senior Management on the quality and effectiveness of the BFL's internal controls, risk management and governance related systems and processes. In line with the RBI's guidelines on Risk Based Internal Audit, the Company has implemented a Risk Based Internal Audit Policy.

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee.

The Audit Committee on a quarterly basis reviews the internal audit reports based on the approved plan, which includes significant audit observations, corrective and preventive actions. The Committee also reviews adequacy and effectiveness of internal controls based on such reports.

The Committee also has independent meetings with the internal auditors without the presence of Management.

Auditors and Auditors' Report

Statutory Auditors

In line with the RBI requirements, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on 16 September 2021, appointed Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 302009E) ('Deloitte') and G. M. Kapadia & Co., Chartered Accountants, (Firm Registration No.104767W) ('G. M. Kapadia') as Joint Statutory Auditors for a period of 3 years to conduct audit of the financial statements of the Company for the financial years 2022, 2023 and 2024. The said appointment was also approved by the shareholders.

The audit report given by Deloitte and G.M. Kapadia, Joint Statutory Auditors for FY2023 is unmodified, i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

In terms of the RBI Master Directions – Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016, the Joint Statutory Auditors have also submitted an additional report dated 27 July 2022, for FY2022 which has been filed with RBI. There were no comments or adverse remarks in the said report as well.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Shyamprasad D. Limaye, Practicing Company Secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

A report from the secretarial auditor in the prescribed Form MR-3 is annexed to this Report.

As per regulation 24A(1) of SEBI Listing Regulations, a listed company is required to annex a secretarial audit report of its material unlisted subsidiary to its Annual Report. The secretarial audit report of BHFL, a material subsidiary (a high value debt listed company) for FY2023 is annexed herewith.

In addition, secretarial audit report pursuant to section 204 of the Act for BFinsec, a non-material subsidiary is also annexed herewith.

Pursuant to regulation 24A(2) of SEBI Listing Regulations, a report on secretarial compliance for FY2023 has been issued by Shyamprasad D. Limaye and the same will be submitted with the stock exchanges within the given timeframe. The report will be made available on the website of the Company.

There are no observations, reservations or qualifications or adverse remark in any of the aforesaid reports.

The auditors, i.e., statutory auditors and secretarial auditor have not reported any matter under section 143(12) of the Act, and therefore, no details are required to be disclosed under section 134(3)(ca) of the Act.

Other Statutory Disclosures

- The financial statements of the Company and its subsidiaries are placed on the Company's website at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>
- Details required under the provisions of section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, *inter alia*, the ratio of remuneration of director to median remuneration of employees, percentage increase in the median remuneration, are annexed to this Report.
- Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing details prescribed under rule 5(3) of the said rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.
- The Company being an NBFC, the provisions relating to Chapter V of the Act, i.e., acceptance of deposit, are not applicable. Disclosures as per NBFC regulations have been made in this Annual Report.
- The provision of section 148 of the Act relating to maintenance of cost records and cost audit are not applicable to the Company.
- The Company has a policy on prevention of sexual harassment at the workplace. The Board, at its meeting held on 26 April 2023, reviewed the policy and approved amendments to make it gender neutral. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The number of complaints received, disposed of and pending during FY2023 is given in the [Corporate Governance Report](#).
- There is no change in the nature of business of the Company during FY2023.
- The securities of the Company were not suspended from trading during the year on account of corporate actions or otherwise.
- The Company has not defaulted in repayment of loans from banks and financial institutions. There were no delays or defaults in payment of interest/principle of any of its debt securities.
- During FY2023, the Company has issued non-convertible debenture to the tune of ₹ 19,199.50 crore and redeemed non-convertible debentures and subordinate liability to the tune of ₹ 15,135.80 crore and ₹ 207.10 crore respectively.

- Disclosure under section 197(14) of Companies Act, 2013:

Rajeev Jain, Managing Director (DIN: 01550158)

Post the relinquishment of his position as MD of Bajaj Housing Finance Ltd. a wholly owned subsidiary, he has been elected as Non-Executive Vice Chairman effective from 1 May 2022. In his capacity as a non-executive director, he draws sitting fees and profit linked commission from BHFL at par with other non-executive directors in terms of its remuneration policy. The total remuneration (sitting fees and commission) drawn for FY2023 is ₹ 25.50 lakh. Apart from above, he does not draw any commission from any other subsidiary company.

During FY2023, he has been awarded a one time grant of 94,680 ESOPs of Bajaj Finserv Ltd., holding company ('BFS') at grant price of ₹ 1,482.64. All options will vest entirely post completion of 5 years from grant date.

Anup Saha, Executive Director (DIN: 07640220)

Anup Saha does not draw any commission or remuneration from any of the subsidiary company.

During FY2023, he has been awarded a one time grant of 31,560 ESOPs of BFS at grant price of ₹ 1,482.64. The options will vest entirely post completion of 5 years from grant date.

Rakesh Bhatt, Executive Director (DIN: 02531541)

Rakesh Bhatt does not draw any commission or remuneration from any of the subsidiary company.

During FY2023, he has been awarded a one time grant of 31,560 ESOPs of BFS at grant price of ₹ 1,482.64. The options will vest entirely post completion of 5 years from grant date.

He has also been granted stock option of BFS as per the details given below during his association with BFS-Direct:

Grant Date	Vesting Schedule	Option Granted	Exercise Price (in ₹)
16 May 2019		156,250	745.47
21 May 2020	Options will vest 25% each year post 1 year from date of grant	257,250	470.21
28 April 2021		131,000	1,009.14


- As on 31 March 2023, there is no amount remaining unclaimed in respect of non-convertible debentures.
- Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 against the Company.
- During FY2023, there was no instance of one-time settlement with Banks or Financial Institutions. Therefore, as per rule 8(5)(xii) of Companies (Accounts) Rules, 2014, reasons of difference in the valuation at the time of one-time settlement and valuation done while taking loan from the Banks or Financial Institutions are not reported.
- Disclosures pursuant to RBI Master Directions, unless provided in the Directors' Report, form part of the notes to the standalone financial statements and Report on Corporate Governance.

Acknowledgement

The Board of Directors places its gratitude and appreciation for the support and cooperation from its members, the RBI and other regulators, banks, financial institutions, trustees for debenture holders and fixed deposit holders.

The Board of Directors also places on record its sincere appreciation for the commitment and hard work put in by the Management and the employees of the Company, its subsidiaries and associates and thanks them for yet an excellent year of performance.

On behalf of the Board of Directors,



Sanjiv Bajaj
Chairman
DIN: 0014615

Pune: 26 April 2023

Dividend Distribution Policy

Pursuant to regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy for the Company is as under:

- The financial strategy of the Company, which encompasses the dividend policy, is primarily aimed at enhancement of long-term shareholder value and sustainable growth, in a way that the shareholders can participate equitably in the Company's growth, while maintaining a strong financial foundation for the Company.
- The dividend distribution will be subject to internal and external factors, such as, general economic and market conditions, funding requirements for expansion, diversification, growth, new projects, brand/business acquisitions, long-term strategic plans, joint-venture plans, fresh investments in subsidiaries/associates, absorbing unfavourable market conditions, meeting unforeseen contingencies and other circumstances, which in the opinion of the Board, require retention of profits.
- The Board shall endeavour that the Dividend amount in every financial year will be stable and steady. Subject to profits and other financial parameters as per applicable legal provisions, the Board will endeavor to maintain a dividend payout (including dividend distribution tax, if any) in the range of 15% to 25% of profit after tax on standalone basis, subject to the applicable regulations and to the extent possible.
- Final dividend will be recommended by the Board for approval of the shareholders in a general meeting, while interim dividend, if any, may be declared by the Board. The company currently has only one class of shares, i.e. equity shares.

This Policy is subject to review from time to time.

Pune: 15 March 2021

Chairman

Remuneration details under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended for the financial year ended 31 March 2023

Name of Director/Key Managerial Personnel	Ratio of remuneration of director to median remuneration of employees	% change in remuneration in FY2023
A. Whole-Time Director		
Rajeev Jain – Managing Director [@]	272.62	22.00
B. Non-Executive Directors		
Sanjiv Bajaj – Chairman	8.69	(4.96)
Madhur Bajaj [*]	0.76	Not Comparable
Rajiv Bajaj	2.27	25.00
Ranjan Sanghi [#]	0.76	Not Comparable
D J Balaji Rao	2.64	20.69
Dr. Naushad Forbes	5.67	10.29
Anami N Roy	6.80	(8.16)
Pramit Jhaveri ^{**}	6.42	Not Comparable
Radhika Haribhakti [§]	3.02	Not Comparable
C. Key Managerial Personnel		
Rajeev Jain, Managing Director [@]		22.00
Sandeep Jain, Chief Financial Officer [@]		17.71
R. Vijay, Company Secretary [@]		19.50
D. % Increase in Median Remuneration of employees other than Managing Director		15.60
E. Number of permanent employees on the rolls of the Company as on 31 March 2023:		39,781

[@]% increase over FY2022 is derived excluding perquisite value of stock options exercised, if any.

^{*} Not comparable since he has resigned as director of the Company w.e.f. close of business hours on 31 July 2022.

[#] Not comparable since he has resigned as director of the Company w.e.f. close of business hours on 30 April 2022.

^{**} Not comparable since he is appointed as an independent director w.e.f. 1 August 2021.

[§] Not comparable since she is appointed as an independent director w.e.f. 1 May 2022.

Notes:

- Remuneration payable to non-executive directors is based on the number of meetings of the Board and/or Committees attended by them during the year. The amount of commission payable to non-executive directors is fixed at ₹ 250,000/- per meeting.
- Remuneration to Directors does not include sitting fees paid to them for attending Board and/or Committee meetings.
- The variation reflected in column '% change in remuneration in FY2023' is on account of number of Board/Committee meetings, attendance of directors thereat and change in Committee positions.
- Details of remuneration for Dr. Gita Piramal is not shown above since she did not attend any meeting during the year under review.

Notes on Disclosures under Rule 5

1. Average percentage increase in salary of employees other than Managing Director is 11.23%.
2. Percentage increase in remuneration of managerial personnel has been determined based on independent benchmarking, performance of the Company and trends of remuneration in the industry.
3. The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial audit report (Form No. MR-3)

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

For the financial year ended 31 March 2023

To,

The Members of,

Bajaj Finance Ltd.

(CIN: L65910MH1987PLC042961)

Akurdi, Pune – 411035

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

Based on my verification of the Company, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:–
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- (6) Rules, regulations and guidelines issued by the Reserve Bank of India as are applicable to Deposit taking Non-Banking Financial Companies with classification as a 'Loan Company' (subsequently reclassification as 'NBFC - Investment and Credit Company (NBFC-ICC)' vide RBI circular dated 22 February 2019); which are specifically applicable to the Company.

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

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Directions, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors including one woman independent director.

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

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

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

1. allotted 179,345 Non-Convertible Debentures amounting to ₹ 17,934.5 crore and 63,250 partly paid unsecured NCDs amounting to ₹ 1,265 crore on Private Placement basis from time to time and complied with the rules and regulations under various Acts.
2. issued Commercial Papers amounting to ₹ 36,505 crore from time to time and complied with the applicable rules and regulations under various Acts.

3. applied fresh for compounding on 13 October 2020, for contraventions under section 297(1) of Companies Act, 1956 made on 01 April 2009 and 04 November 2011. Vide its order dated 24 May 2022, Regional Director (MCA, Mumbai) imposed a compounding fee of ₹ 287,500 and ₹ 51,000 in the respective cases, on the Company. The Company has paid the requisite fees.
4. received notice vide email dated 22 February 2023 from BSE for payment of fine for ₹ 50,000 (excluding GST) for delayed intimation of payment of interest/principal to stock exchanges in relation to Non-Convertible Debentures (4 ISINs). The Company has paid the requisite fine.

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

Place: Pune
Date: 26 April 2023

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572
UDIN: F001587E000195110

To,
The Members of,
Bajaj Finance Ltd.
Akurdi, Pune – 411035

My Secretarial Audit Report for Financial Year ended on 31 March 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Pune
Date: 26 April 2023

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

Secretarial audit report of Subsidiary Company (Form No. MR-3)

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

For the financial year ended 31 March 2023

To,
The Members of,
Bajaj Financial Securities Ltd.
U67120PN2010PLC136026
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune – 411035.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Bajaj Financial Securities Ltd.** (hereinafter called as “the Company”). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) Securities and Exchange Board of India (Stock Brokers) Regulations, 1992;
 - (h) Securities and Exchange Board of India (Research Analysts) Regulations, 2014;
 - (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

- (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
- (k) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company is an unlisted public company and wholly-owned subsidiary of a listed company.

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

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreement entered into by the Company with BSE Limited (for Debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors and non-executive directors including one woman independent director. There were no changes in the composition of the Board of Directors during the period under review.

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

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

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

- i. Issued Commercial Papers amounting to ₹ 3,250 crore from time to time and complied with the rules and regulations under various Acts.

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

Place: Pune
Date: 24 April 2023

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572
UDIN: F001587E000173770

To,
The Members of,
Bajaj Financial Securities Ltd.
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune – 411035.

My Secretarial Audit Report for Financial Year ended on 31 March 2023, of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Pune
Date: 24 April 2023

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

Secretarial audit report of Subsidiary Company (Form No. MR-3)

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

For the financial year ended 31 March 2023

To,

The Members of,

Bajaj Housing Finance Ltd.

(CIN: U65910PN2008PLC132228)

Bajaj Auto Ltd. Complex, Mumbai-Pune Road,

Akurdi, Pune-411035.

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

Based on my verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

- i. Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- ii. Listing Agreement entered into by the Company with BSE Limited Ltd. (for Debentures) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

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

- i. Allotted 95,860 Secured non-convertible debentures amounting to have issued Secured NCD of ₹ 9,586.00 crore (Face Value) on private placement basis from time to time and complied with the rules and regulations under various Acts. The Company has raised ₹ 252.00 crore towards unsecured non-convertible debentures.
- ii. Issued Commercial Papers amounting to ₹ 3,675.00 crore from time to time and complied with the rules and regulations under various Acts.

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

Place: Pune
Date: 24 April 2023

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572
UDIN: F001587E000173671

To,
The Members of,
Bajaj Housing Finance Ltd.
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
Akurdi, Pune - 411 035.

My Secretarial Audit Report for the Financial Year ended on 31 March 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Pune
Date: 24 April 2023

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

Independent Auditor's Certificate on Corporate Governance

To
The Members of,
Bajaj Finance Ltd.

1. This certificate is issued in accordance with the terms of our engagement letter dated 30 September 2022.
2. We, Deloitte Haskins & Sells, Chartered Accountants, one of the Joint Statutory Auditors of Bajaj Finance Limited (the "Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March 2023.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
(UDIN: 23039826BGXRZD3305)

Date: 26 April 2023
Place: Pune

Certificate by practising company secretary

[Pursuant to Schedule V read with Regulation 34(3) of the SEBI Listing Regulations (as amended)]

In the matter of **Bajaj Finance Ltd.** (CIN: **L65910MH1987PLC042961**) having its registered Office at Akurdi, Pune - 411035.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company.

I certify that the following persons are Directors of the Company (during 1 April 2022 to 31 March 2023) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	DIN	Designation
1.	Sanjivnayan Rahul Kumar Bajaj	00014615	Chairman
2.	Rajeev Jain	01550158	Managing Director
3.	Rajivnayan Rahul Kumar Bajaj	00018262	Non-Executive Director
4.	Balaji Rao Jagannath Rao Doveton	00025254	Independent Director
5.	Naushad Darius Forbes	00630825	Independent Director
6.	Anami Narayan Prema Roy	01361110	Independent Director
7.	Pramit Shashikant Jhaveri	00186137	Independent Director
8.	Radhika Vijay Haribhakti	02409519	Independent Director

- Shri Dipak Kumar Poddar who was appointed as the independent director, ceased to be a director of the Company w.e.f. 1 April 2022, upon completion of his second term as independent director.
- Dr. Gita Piramal resigned on 1 May 2022 and ceased to be a director of the Company w.e.f. 1 May 2022.
- Shri Ranjan Surajprakash Sanghi resigned on 1 May 2022 and ceased to be a director of the Company w.e.f. 1 May 2022.
- Shri Madhur Ramkrishnaji Bajaj resigned as non-executive director of the Company on 1 August 2022.
- Dr. Arindam Bhattacharya is appointed as an independent director of the Company w.e.f. 1 April 2023 by the Board of Directors at its meeting held on 16 March 2023.
- Shri Anup Kumar Saha and Shri Rakesh Induprasad Bhatt are appointed as executive directors of the Company w.e.f. 1 April 2023 by the Board of Directors at its meeting held on 16 March 2023.

Place: Pune
Date: 26 April 2023

Shyamprasad D. Limaye
FCS. 1587 C.P. No. 572
UDIN: F001587E000195165

Annual Report on CSR activities for the financial year ended 31 March 2023

1. Brief outline of Company's CSR Policy

Introduction

The vision and philosophy of late Shri Jamnalal Bajaj, the founder of Bajaj Group, guide the Corporate Social Responsibility (CSR) activities of the Group. He embodied the concept of trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

Bajaj Group believes that true and full measure of growth, success and progress lies beyond balance sheets or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people.

Through its social investments, Bajaj Group addresses the needs of India's next generation, mainly, in the areas of skilling, health and education. Additionally, the Group supports creation of healthcare and other infrastructure and relief efforts in response to natural calamities and pandemics. For society, however, Bajaj is more than a corporate identity. It is a catalyst for social empowerment and the reason behind the smiles that light up a million faces.

It is this goodwill that has made us work towards 'Activating Lives'.

Guiding principles:

The Company believes that social investments should:

- **Benefit Generations:** The Company believes in 'investment in resource creation' for use over generations. The Company tries to identify sustainable projects which will benefit the society over long periods.
- **Educate for Self-Reliance and Growth:** To usher in a growth-oriented society and thereby a very strong and prosperous nation, by educating each and every Indian.
- **Promote Health:** The Company believes good health is a pre-requisite for both education and productivity.
- **Encourage for Self Help:** To guide and do hand holding for self-help, individually and collectively to create excellence for self and for the team.
- **Be Focused:** The Company believes that activities should be focused around locations where it has a presence and hence can effectively guide, monitor and implement specific projects.
- **Target those who need it most:** Care for the sections of the society, which are socially at the lowest rung irrespective of their religion or caste or language or colour.

Brief Contents of CSR Policy

Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially with effect from 22 January 2021. Accordingly, the CSR Policy was approved and adopted by the Board of Directors in its meeting held on 26 April 2021. The Policy, *inter alia*, covers the following:

- Philosophy, Approach and Direction
- Guiding Principles for selection, implementation and monitoring of activities
- Guiding Principles for formulation of an Annual Action Plan

2. Composition of CSR Committee:

Sr. No.	Name of director	Designation /Nature of directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Naushad Forbes	Chairman, independent director	3	3
2.	Sanjiv Bajaj	Member, non-executive director	3	3
3.	Rajeev Jain	Member, Managing Director	3	3

3. Web-link where the following are disclosed on the website of the Company

Composition of CSR Committee: <https://www.bajajfinserv.in/finance-investor-relations-composition-of-the-committee>

CSR Policy: <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/corporate-social-responsibilitypdf?scl=1&fmt=pdf>

CSR projects approved by the Board: <https://www.bajajfinserv.in/shareholders-information-listing-on-stock-exchange>

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Impact assessment has been carried out for two projects. The executive summaries are annexed to this report. The full report is hosted on Company's website and can be accessed at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>.

5.	(a) Average net profit of the Company as per sub-section (5) of section 135:	₹ 6,916.35 crore
	(b) Two percent of average net profit of the Company as per sub-section (5) of section 135:	₹ 138.33 crore
	(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:	Nil
	(d) Amount required to be set-off for the financial year, if any:	Nil
	(e) Total CSR obligation for the financial year [(b)+(c)-(d)]:	₹ 138.33 crore
6.	(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):	₹ 114.34 crore
	(b) Amount spent in Administrative Overheads:	₹ 3.08 crore
	(c) Amount spent on Impact Assessment, if applicable:	₹ 0.04 crore
	(d) Total amount spent for the Financial Year [(a)+(b)+(c)]:	₹ 117.46 crore
	(e) CSR amount spent or unspent for the financial year:	₹ 20.87 crore

(in ₹ crore)

Total Amount Spent for the financial year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
117.46	20.87	28 April 2023	NA	NA	NA

(f) Excess amount for set-off, if any:

(in ₹)

Sr. No.	Particular	Amount
i.	Two percent of average net profit of the Company as per sub-section (5) of section 135	1,38,32,70,713.33
ii.	Total amount spent for the Financial Year	1,17,46,06,708.35
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	-
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

(in ₹)

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135	Balance Amount in Unspent CSR Account under subsection (6) of section 135	Amount Spent in the Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of Transfer		
1.	FY2019-20	-	-	-	-	-	-	-
2.	FY2020-21	-	-	-	-	-	-	-
3.	FY2021-22	608,783,330	144,065,145	464,718,185	-	-	144,065,145	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: Due to delay in commencement of project as compared to approved timelines, some part of the mandatory spend with respect to ongoing project remained unspent as on 31 March 2023.

Sd/-

Rajeev Jain
Managing Director
DIN: 01550158

Sd/-

Dr. Naushad Forbes
Chairman of CSR Committee
DIN: 00630825

ANNEXURE TO ANNUAL REPORT ON CSR ACTIVITIES

Impact Assessment Executive Summary

Akhand Jyoti Eye Hospital: Make Ballia Blind Free

01 Project Details

Project Number:	10256
Project Title:	Make Ballia Blind Free
Project Duration:	June 2019 to March 2021
Donor:	Bajaj Finance Ltd.
Implementing Agency:	Yugrishi Shriram Sharma Acharya Charitable Trust
Approved Budget:	₹ 50,000,000/-

This assessment was conducted from 1 December 2022 to 17 March 2023 by the Impact Measurement & Advisory team at Sattva Consulting Pvt. Ltd.

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Engagement lead	Ambika Jugran, Associate Principal
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Project Team	Simran Varma, Associate Consultant Sarah Joseph, Analyst

02 List of Abbreviations

AQoL	Assessment of Quality of Life
IMA	Impact Measurement and Advisory
NHSRC	National Health Systems Resource Centre
OECD- DAC	Organisation for Economic Co-operation Development - Development Assistance Committee
SDG	Sustainable Development Goals

03 Context and Background

The Akhand Jyoti Eye Hospital is a unit of the Yugrishi Shriram Sharma Acharya Charitable Trust. With over 70,000 surgeries conducted annually, it is the largest eye hospital in Eastern India. Their vision of service is to help eliminate curable blindness by providing low-income geographies affordable, accessible, sustainable, quality curative and preventive eye care services and empower women to achieve this. Akhand Jyoti Eye Hospital focuses on restoring the vision of cataract patients with surgery. These surgeries restore not only the vision of the person but also the person's dignity, hope and livelihood.

Bajaj Finance Ltd. has been associated with Akhand Jyoti Eye Hospital since 2019. The subsidiary centre of Akhand Jyoti in Ballia, a 40-bed unit, implements the "Make Ballia Blind Free" Program. This program is specifically targeted towards the Ballia District of Uttar Pradesh, where access to services is limited for the poor and needy.

Sattva conducted an impact assessment study of Akhand Jyoti Hospital's "Make Ballia Blind Free" program. The research objectives of the study are mentioned below:

- To assess the change in the quality of life for the people that underwent the surgery
- To capture any change in primary stakeholders' productivity, dependency and household income post the surgery
- To assess the rigour of implementation on the ground to bring the intended result on time and risk mitigation strategies
- To understand the capacity of the Hospital to cater to the demand during program delivery
- To explore the long-term sustainability of the intervention

04 Framework and Methodology

The Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) evaluation framework was deployed and contextualised to respond to the above research objectives. The program was assessed across five pillars of the DAC criteria- Relevance, Coherence, Effectiveness, Impact and Sustainability and all the research objectives were studied to understand the above-mentioned elements. To comprehensively understand the program and its impact, these research objectives were mapped to multiple stakeholders, such as primary stakeholders, caregivers, program staff, doctors, medical staff and community mobilisers.

Respondents were scored on the Quality of Life scale based on the AQoL-7D (Vision) questionnaire after Cataract Surgery to measure the overall impact of cataract surgery on the lives of people.

05 Sampling

Stakeholder	Sample Size Proposed	Sample Size Achieved	Data source
Patients who received Cataract Surgery	375	385	Survey
Care Givers	10	7	In-depth Interviews
Program Manager/Coordinator	10	2	In-depth Interviews
Hospital Staff	1	3	In-depth Interviews
Community Mobilisers	3	5	In-depth Interviews
	6	3	In-depth Interviews

Note: Patients with cataract who received surgery during the period -June 2019 to March 2021

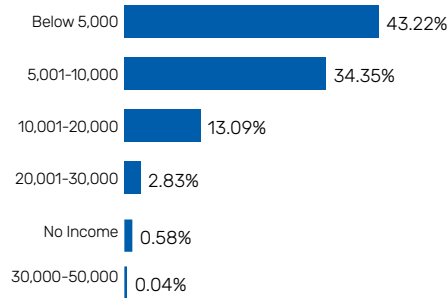
06 Socio-Demographic Profile

The surveyed cataract patients were predominantly from households with income less than ₹ 10,000 per month and in the age group of 60-79 years, highlighting targeted reach to the most vulnerable.

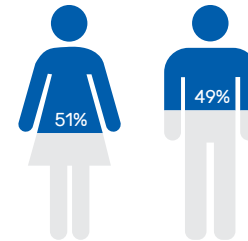
Location - Ballia, Uttar Pradesh



Current Household Income (n=385)

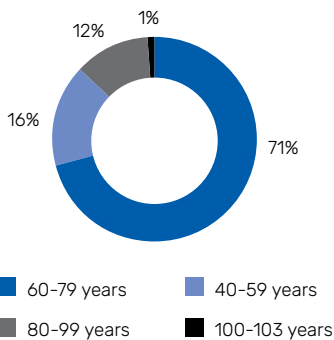


Gender (n=385)

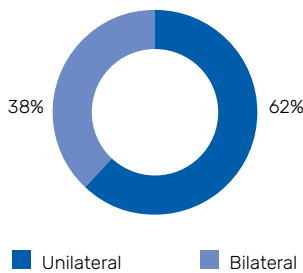


70% of the respondents have no formal education.

Age (n=385)



Type of cataract (n=385)



Occupation of respondents (n=385)

28% Pensioners **23%** Farmers

30% Housewives

07 Insights from the Study

The Program ensures adequate awareness is provided before the camps are set up. Sharing the procedure and benefits of the surgery during diagnosis at the camps builds trust among the patients.

- The mobilisation of primary stakeholders for screening camps is spearheaded by the **pracharaks** (community mobilisers). The respondents were reached using the following means:



- Awareness campaigns resulted in **99.9%** of the respondents agreeing to the surgery after diagnosis. **71%** agreed because the surgery was free, while **60%** agreed because it was beneficial to them, and **55%** agreed because they trusted the hospital name.

Incentives such as free transportation, hospital accommodation and meals, along with a shorter wait time for the surgery, have encouraged people to seek complete treatment post-diagnosis.

- To ensure primary stakeholders are encouraged to seek and complete their treatment, Akhand Jyoti provided incentives such as transportation services, free overnight stay before the operation and meals.

97% reported they were provided overnight stay at the hospital

99% reported that they received regular meals at the hospital

89% of the respondents used the bus/car services provided by Akhand Jyoti to travel to and from the hospital.

- Respondents reported an average waiting time of **one week** after diagnosis for surgeries, with **99%** being satisfied with the promptness of the surgery scheduling after diagnosis.

The provision of post-operative care and counselling to the primary stakeholders reduced potential complications post- surgery, with 73% of the patients resuming their usual routine within 1-2 months of being treated.

97% of the respondents who underwent surgery reported receiving post-operative counselling. **95%** of them were 'very satisfied' to 'satisfied' with the quality and comprehensiveness of the counselling.

73% of respondents reported facing no complications after the surgery and **100%** were able to recover and return to a regular routine within 1-2 months.

- However, **103** (27%) respondents complained of watery eyes (65%), pain (30%) and red eyes (22%). Following recovery, 68 respondents reported having a clear vision, 14 with blurry vision, 16 with slightly blurry vision and 2 with no change.
- Additionally, **6** (2%) respondents between the age of 53 and 89 reported an issue of secondary cataracts. All four that have undergone the second surgery have reported clear vision. The remaining are yet to receive surgery.
- Akhand Jyoti provides free treatment in case of any complications. Additionally, respondents receive post-operative counselling, along with a strict medical regimen. Two compulsory check-ups are scheduled after 15 and 25 days of the surgery.
- Sattva team's observation: The consulting fee of ₹ 300-500 needed to be made at the hospital deterred some beneficiaries from seeking care once the surgery was over and if any complication/recurrence took place after the followup consultations.

Aftercare followed by respondents following surgery

85%
ensured good
hygiene practices

99%
used eye
drops regularly

96%
used dark glasses

87%
took the prescribed
medication

The surgeries recorded a high success rate, with 90% of patients who reported 'no vision' achieving 'clear vision'. This also improved their quality of life, providing them with dignity and independence

- The surgeries performed were highly successful. **90%** of the patients who had reported having **"no vision"**, and **86%** of those reporting **"blurry vision"** before the surgery reported they had **"clear vision"** after the surgery.
- VisQoL measures the effect of visual impairment on the risk of injury, coping, friendships, organising assistance, fulfilling roles and everyday activities. Higher scores indicate a more significant impact and better quality of life.
- Respondents scored an average of **'73'** on the **AQoL-7D (Vision)** questionnaire on quality of life after Cataract Surgery. This suggests a good quality of life.
- The correction of vision impairment led to increased quality of life and helped the aged population to lead a life of dignity and independence.

The ability to perform daily tasks independently has significantly reduced the burden on caregivers in the family. This has an extended impact on primary caregivers who have now returned to their jobs or school

Since having surgery, **58%** of respondents reported they 'never' to 'seldom' needed assistance to carry out daily tasks that they once needed assistance with

66%

resumed
bathing themselves

37%

resumed
grooming themselves

61%

resumed
dressing themselves

67%

resumed using
the toilet themselves

63%

resumed traveling

48%

resumed being able
to climb stairs

20%

resumed feeding
themselves

15%

resumed handling
their transactions

- In our survey, **43%** of respondents stated they had to rely on family members before surgery. **80%** of the caregivers were **women**, the majority being the respondents' daughter-in-law.
- Due to caregiving duties, adult family members quit their jobs or took frequent leaves from work. Children who took up caregiving duties were not regular to school or reported not performing well at school. After the surgery, **100%** of the caregivers who had left work or were irregular at school returned to their regular job (n=27)/education (n=8).
- **65%** of respondents reported that their caregivers contributed to household income post-surgery.

42% of the respondents were able to return to their work either in farming or in the unorganised sector, which has helped them increase their household income

Activities respondents have returned to since surgery (n=163)

53%

Farming

14%

Wage worker

13%

Household chores

7%

Shopkeeping

6%

Animal rearing

- Majority of the respondents continued farming, which they had earlier found physically tedious.
- **37%** of the respondents who have returned to work claimed that their household income has increased. They earn an average of **₹ 3,692** per month.
- **58%** of respondents (**43%** of total respondents are between ages 72-90 years) did not return to work primarily due to old age or co-morbidities that prevent them from working.

08 Recommendations- Program Level

<p>Cataract awareness campaigns could be introduced during summer, addressing the misconceptions and distributing the caseload</p>	<p>Akhand Jyoti team may design and implement awareness campaigns from April to July to address widespread misconceptions associated with cataract surgery.</p> <p>Starting awareness campaigns villages, in schools and colleges in the district. The content of the awareness campaign may be developed as per the "Eye Care Training Manual for Community Health Officers" published by NHSRC. (Chapter 5. Overview and Management of Cataracts) Organising an event to commemorate Cataract Awareness Month in July by showcasing success stories through community events in selected villages. As volunteers and changemakers, students could play a vital role in planning and implementing activities.</p>
<p>Introducing mobile health clinic to bridge the gap between the underserved communities and free cataract surgeries</p>	<p>Door step services with a team of trained paramedics or optometrists may be provided in the district to support with diagnosis in remote villages with small number of target people or those facing difficulty to reach Screening Camps. Community mobilisers could support with identifying such areas.</p>
<p>A structured vetting process for free surgeries could strengthen the availability of services for those who are most vulnerable and in need</p>	<p>A step by step vetting criteria may be introduced to determine the ability to pay and the urgency of surgery:</p> <ol style="list-style-type: none"> 1. BPL cards or other proofs of income to determine financial need which is presently being followed. 2. As an alternative, in the absence of the above counsellor may verify household income through a standardised checklist of assets on a home visit. 3. Counsellors may provide options for patients with means to pay for surgery. 4. Surgery is scheduled on the basis of the need and urgency of the operation.
<p>Introduction of additional services in the Akhand Jyoti Eye Hospital in Ballia</p>	<ul style="list-style-type: none"> • Akhand Jyoti has decided to expand its services in Ballia to that of a Tertiary care centre by 2024. There is high demand for Glaucoma and Retina surgeries that are currently being referred to the base hospital in Mastichak. Akhand Jyoti provides transport to the base hospital on a case-by-case basis. Services catering to the following conditions may be added to meet the population's needs which is being considered as part of the future expansion too. <ol style="list-style-type: none"> a. Glaucoma b. Non-cancerous conjunctival growths (pterygia) c. Conditions affecting the retina - macular degeneration • As the program is functioning to make Ballia blindness free, the program team may keep track of cases for the cases referred to Mastichak. This may ensure they take up treatment (in the interim while services are not available in Ballia).

09 Conclusion

In the impact assessment study, Sattva evaluated Akhand Jyoti Hospital's "Make Ballia Blind Free" program implemented in Ballia, Uttar Pradesh. Regarding the program's objectives, it performs well in all areas, especially in providing cataract patients with affordable quality eye treatment. Additionally, we have found that caregivers and patients have gone on to lead better lives due to the surgery. Areas of development identified were in terms of further strengthening the mobilisation of patients for surgeries during summer months and increasing access to services to the most vulnerable and in need. Overall, the programme was graded as "exceeding expectation" and performing well.

ANNEXURE TO ANNUAL REPORT ON CSR ACTIVITIES

Impact Assessment Executive Summary

Light of Life Trust: Anando Plus

01 Project Details

Project Number:	10172
Project Title:	Project Anando Plus
Project Duration:	March 2018 to March 2021
Donor:	Bajaj Finance Ltd.
Implementing Agency:	Light of Life Trust
Approved Budget:	₹ 15,000,000/-

This assessment was conducted from 1 December 2022 to 17 March 2023 by the Impact Measurement and Advisory team at Sattva Consulting Pvt. Ltd.

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On site Survey Led by	Abhishek Bhardwaj - Jalna, Washim Simran Varma - Karjat, Alibag

02 List of Abbreviations

APC	Assistant Program Coordinator
IMA	Impact Measurement and Advisory
LOLT	Light of Life Trust
NPS	Net Promoter Score
NSDC	National Skill Development Corporation
OECD- DAC	Organisation for Economic Co-operation Development - Development Assistance Committee
SDG	Sustainable Development Goals

03 Context and Background

Light of Life Trust (LOLT) is a non-profit organisation established in 2005 with the objective that thousands of underprivileged children from rural communities in India complete their secondary education. This thought formed the Anando Program, which supports children aged 11 to 18 years to complete their secondary education. The Anando Plus Program was initiated in 2007 to enable children enrolled in the Anando program to pursue higher education or vocational training for employment in the organised sector or to become entrepreneurs. Under the Anando Plus program, students are supported and guided to make career choices as per their interests, aptitude, and capacities. Individually, students are advised and motivated to follow a path leading to their progress and development. Awareness-building sessions like career guidance, exposure visits, etc., are conducted to increase students' level of awareness regarding current career opportunities available. Bajaj Finance Ltd. has been associated with Light of Life Trust (LOLT) since 2018 and implemented the program in the Raigad, Jalna, Washim and Nandurbar districts of Maharashtra.

Sattva conducted an impact assessment study of LOLT's Anando Plus Program. The research objectives of the study are mentioned below:

- To assess if the program has increased awareness towards higher education, vocational training, and job opportunities.
- To assess if the program has led to the development of job-oriented foundational skills in Computer and English communication through various training programs and empowerment workshops.
- To assess the program's impact on enrolment in chosen higher education or vocational courses, educational achievement, and exploring job opportunities.
- To assess whether the program has helped in career decision-making, leading to certainty towards chosen career path and has led to individual earning capacity through job readiness.

04 Framework and Methodology

The Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) evaluation framework was deployed and contextualised to respond to the above research objectives. The program was assessed across five pillars of the DAC criteria- Relevance, Coherence, Effectiveness, Impact and Sustainability and all the research objectives were studied to understand the aforementioned elements. These research objectives were further mapped to multiple stakeholders, such as aspirants, the LOLT program team, trainers, and employers, to gather a holistic understanding of the program and its impact.

05 Sampling

Stakeholder	Sample Size Proposed	Sample Size Achieved	Data source
Anando Plus students	350	375	Survey
Anando Plus Alumni	8	7	Focus Group Discussions
Parents	3	6	Focus Group Discussions
Asst. Project Coordinators	5	5	In-depth Interviews
Program Manager	1	1	In-depth Interviews
Trainers	4	4	In-depth Interviews
Educational Institution	1	1	In-depth Interviews

Note- One Focus Group Discussion (FGD) consists of 5-6 beneficiaries

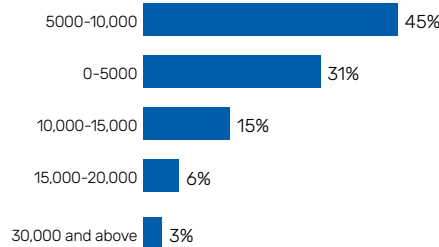
06 Socio-Demographic Profile

The surveyed students had equal representation of males and females in the age group of 15 to 19 years, with a significant population belonging to marginalised communities (the focus of LOLT)

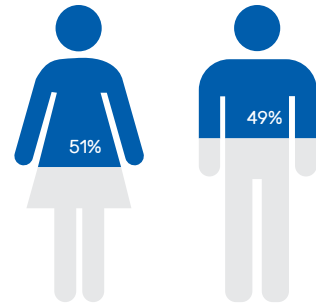
Location - Maharashtra*



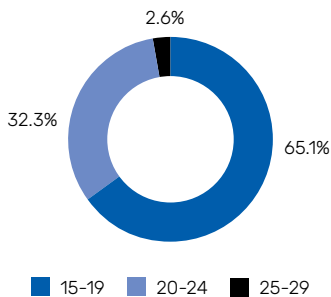
Current Monthly Household Income in ₹ (n=68)**



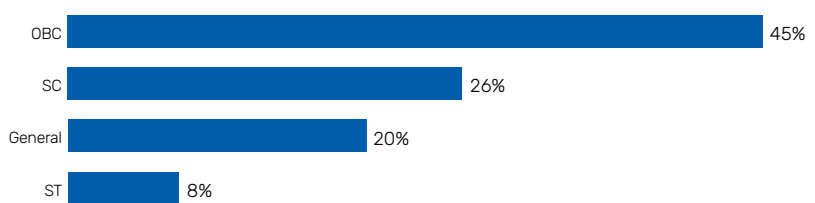
Gender (n=375)



Age (n=375)



Social Category (n=375)

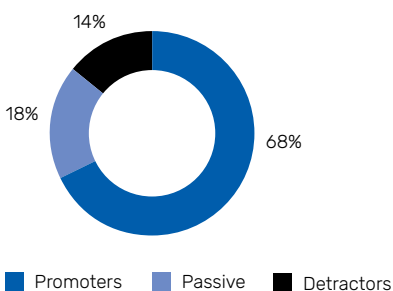


*The assessment sampled stakeholders from 3 districts in Maharashtra - Jalna, Washim and Raigarh in Maharashtra

**The remaining students (n=307) did not know monthly household incomes

07 Insights from the Study

A Net Promoter Score of 53.6% indicates that a majority of the students have been referring the Program to others in their community as they have found it relevant and aligned with their aspirations



64%

of the students reported that their main motivation to join the program was to improve the economic condition of their household.

36%

of the students mentioned career counselling as a reason to join the program.

- Students found volunteering at events and speaking to the program alums effective primarily for discussing their aspirations and career paths. Hence, students reported that the Task Force was the most effective intervention for articulating their career goals.

The Anando Plus Program ensured 97.7% students were retained in school and 54% enrolled in Higher education/vocational course; performing better than National/ State Higher Education Enrolment Rate

30%

Higher Education Gross Enrolment Rate in Maharashtra

21%

Higher Education Gross Enrolment Rate in India

37%

Higher Education Enrolment Rate of the surveyed students (n=375)

- **74%** of the respondents are currently pursuing education, of which **20%** are currently in school, and **54%** are pursuing either higher education or vocational courses.
- Out of **54%**, the majority (30%) of the beneficiaries pursuing education or vocational courses are women.
- **8%** are unemployed due to personal limitations, aggravated by the pandemic.
- **2.3%** dropped out of school due to personal and financial reasons.

Students pursuing higher/vocational education

32.2%

Undergraduate Degrees

8.8%

Post Graduation Degree

6.2%

Diploma

6.8%

ITI Course

Net Promoter score : %age of Promoters - %age of Detractors

Task Force is a local group of volunteer Anando Plus students and alums

The Program follows a structured mobilisation and selection process which ensures that the marginalised students benefit from the course and trainings being offered

99%

of the respondents were on-boarded to Anando Plus program after completing the Anando program.

56%

of the respondents stated that counselling and home visits were conducted to onboard them to the Anando Plus program.

8%

of the respondents stated that they did not receive either counselling or home- visit after completing Anando Program.

Though the training content for English and Computers is beginner level, it addresses students' immediate needs as most have limited to no exposure to computers.

Only **45%** and **25%** of the respondents enrolled in the English Communications and Computer Skills courses respectively.

80% of the students received certificates for both courses within one month of completion.

54% of respondents stated that they don't feel confident speaking in English.

5/5 Assistant Program Coordinator's (APC) across locations stated that they are an active stakeholder in terms of planning interventions for students. The central program team takes their feedback with respect to the planned activities, students' progress and any additional support they may require.

The Program conducts periodic assessments and follows a longitudinal approach to map the change in learning levels of the students. There is also a standardised structure to gather feedback from them

81% of the students reported that periodic assessments were conducted to understand their progress.

82% of the students reported receiving timely feedback on their performance.

71% of the students stated that their teacher is concerned about their progress.

Regular counselling sessions coupled with additional need-based support has resulted in continued education and provided career options, particularly to 51% students who are first generation graduates

Sattva assessed the rigor of these counselling sessions using Whiston's model for career counselling framework and rated the activities against 5 critical components:

5 critical components	Activities Alignment
Individual interpretation and feedback	Individual-centric counselling & feedback
World of Work	Exposure visits, followed by conversations with people in different fields.
Written Exercise	Not standardised
Attention to Building Support	Focus on involvement of parents and community
Model Opportunities	Not standardised

51% of the students are the first in their family to finish grade 12th, 30% of whom were women.

91% of the respondents stated that they attended career counselling sessions provided by the course.

65% of the students stated they were certain about their career paths due to the counselling provided.

47% of the students stated that as a result of the counselling, they are aware of the available local career opportunities.

Higher education or vocational courses pursued by students are partially aligned with the market demand in the region and help fill a skill gap in highly employable jobs

The enrolment data shows that the career counselling provided by the program team encourages students to pursue courses that are aligned with the market demand.

- The NSDC (2013) data reports that skilled human resources in sectors such as Healthcare Services, BFSI, and Agri processing industries are in high demand with a salary range of ₹ 12,000 - 25,000.
- All three districts have a high demand for skilled resources in sectors such as healthcare, hotel management, and banking and financial service insurance (BFSI).

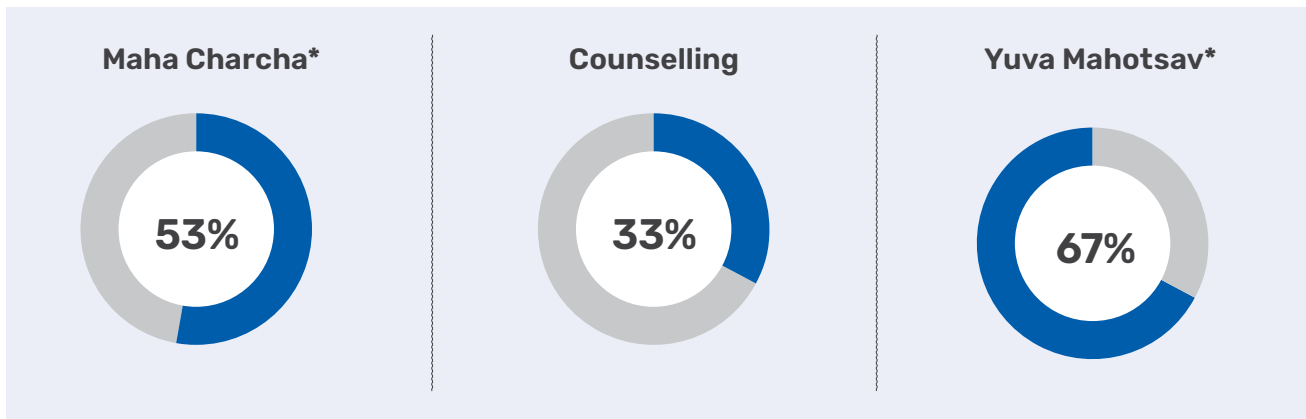
Course	Enrolment (n=57)
Nursing and Pharmacy Courses	15
Accounting and Cost Management	6
Computer Course (Beginners to Advance level)	15
Hotel Management	5
English Speaking	10

• National Skill Development Corporation (2013). *District wise skill gap study for the State of Maharashtra.*

The program actively engaged with parents by providing them with information and regular updates which led to 63% of the students reporting that their parents are proud of career paths chosen by them

The APC, through home visits and other interventions, empowers and encourages parents to participate more in education-related discussions. The program is guided by the understanding that parents' involvement influences students to formulate achievable career aspirations and be ambitious.

Parents' involvement in different Anando Plus programs:



- Respondents stated that their performance (69%), behaviour (60%), and emotional- well-being (28%) were discussed with the parents.
- 5/5 APCs have observed significant improvement in parents' attitudes towards their children.

The program offers additional support such as scholarship to continue higher education. The need-based placement support to select students needs to be more structured and integrated in the program

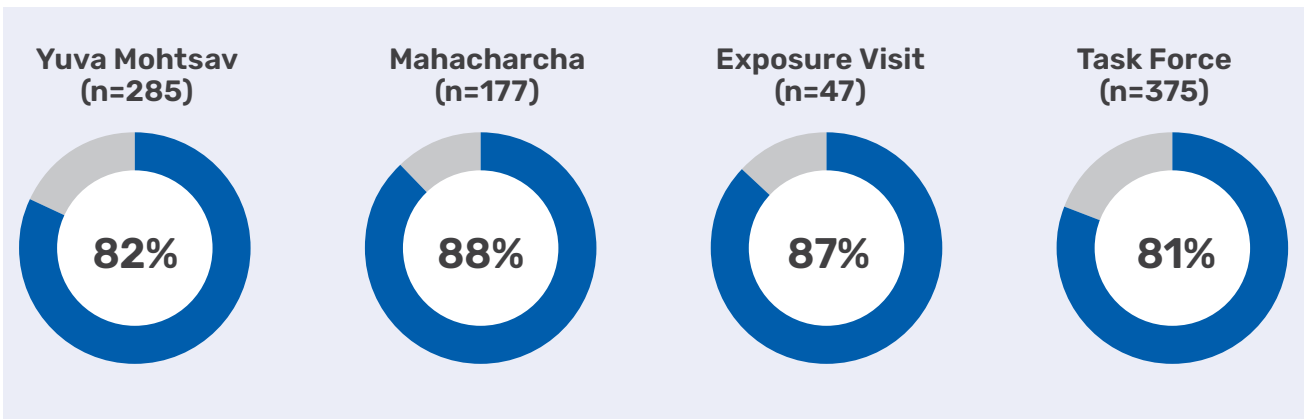
- The Anando Plus team provided **17%** of the students with scholarships based on their financial status to continue their education. A central-team committee is created to select students for the scholarships.
- These scholarships are either loan sponsorship (students return the money upon completing the course) or leverage local donors to fund student education.
- The program team also supported students in leveraging government schemes.

- 9% of the respondents reported receiving need-based placement support.
- There is no structured process followed to provide placements, as it is not a core program offering.
- 63% of employed respondents have retained jobs for more than six months with an average salary of ₹ 9,886 (for males) and ₹ 5,625 (for females).

*Mahacharcha (Debate Competition) and Yuvamahotsav (Youth cultural event) are extracurricular events organised periodically as part of the Anando Plus program

Beyond the course content, extracurricular activities recorded a high uptake, with 80% of the students finding them useful and 81% being confident in pitching new ideas in their college/workplace

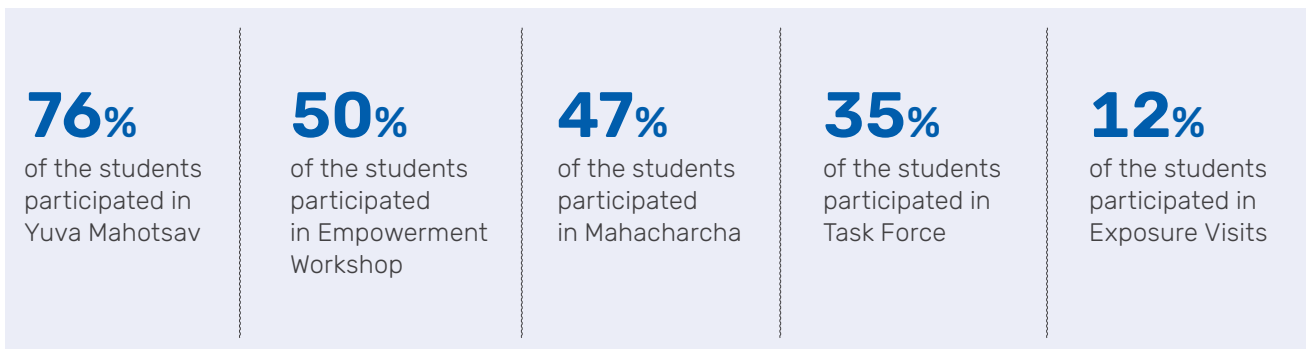
Over 80% of the respondents who participated in the following activities stated they were useful for personality development.



81% stated that they feel confident in pitching new ideas in their school/workplace/college.

62% stated that the activities helped them overcome their fear of public speaking.

42% stated that the activities helped them learn skills like planning and organising events.



During COVID-19, 23% of students reported no access to digital devices so they could not attend online events. The Anando Plus Program took multiple steps to support students during the pandemic

- Small groups of beneficiaries were created in each village to ensure minimal but consistent peer engagement.
- Telephonic calls were made to the parents to re-align them with the core objectives of the program and its significance.
- Whatsapp groups were created to ensure clear and smooth communication between the program team, students, and their parents.
- Home visits and the distribution of textbooks, uniforms, and other pertinent materials were conducted.
- Implementation of popular events like Yuva Mahotsav took place virtually.

08 Recommendations-Program Level

<p>Strengthen the existing career counselling approach by involving alumni students as mentors for experience sharing</p>	<p>The number of mandatory counselling may be increased from two (after grades 10 and 12) to four throughout the two years of intervention.</p> <p>Structured written exercises may be inculcated in the counselling sessions. Writing exercise support students in articulating their career aspirations and goals with greater clarity.</p> <p>Mentors may be assigned to the students in the second year of intervention to create efficient model opportunities and success stories from the alums.</p>
<p>Create an online alumni network or association for the active exchange of information, opportunities, best practices</p>	<p>An online alumni network or association may be created for all graduates to exchange information regarding job availability and share best practices and potential challenges in the workspace.</p> <p>Mentors may be assigned to students in their second year of intervention. The program could leverage program alumni, and make them mentors for 12th students. Mentor-mentee combinations may be based on career aspirations or an aspired sector, role, and field.</p>
<p>Introduce Computer training as an integral intervention for Anando Plus students with a focus on basic technical skills such as MS Suite</p>	<p>Computer training may be introduced as an integral part of the program that focuses largely on employable skills such as MS Excel and MS Word will help the students find placement in nearby cities.</p> <p>Fixed durations may be introduced as per the curriculum- ranging between 3 to 6 months.</p> <p>Existing technical trainers may be leveraged as they possess adequate qualifications and years of experience to spearhead the program.</p>
<p>Provisioning and enabling students to find jobs through guidance and creating support systems</p>	<p>A structured placement-preparation workshop may be designed and implemented for grade 12 for students who want to opt for employment opportunities directly after school/undergraduate. (CV-Writing, Interview preparation) Students could be enabled to pursue employment through local-job fairs, curated by the organisation.</p> <p>Placement officer for Anando Plus program could work independently towards finding employment opportunities for students.</p>
<p>Streamline a process for providing scholarships and access to available government schemes for higher education</p>	<p>Students and parents could be educated regarding the different government schemes available to them by the State government will be helpful in awareness.</p> <p>A database may be created of available schemes and scholarships and making it easily accessible to the students.</p>

09 Recommendations-Ecosystem Level

LOLT could consider partnering or adopting models that can strengthen the vocational training being offered to students.

- **Lend A Hand India** offers a course called “Karigar – School of Applied Learning” based in Pune (Maharashtra) for multi- skill vocational education. Skills ranging from food processing, electrical appliance repairs, food preservation, baking, gardening and landscaping, auto maintenance, information technology, media and entertainment, fabrication, carpentry, and plumbing are imparted. LOLT could explore a partnership with LAHI on the course curriculum, which could aid the students or even train the trainers to impact the students’ skills.
- **Yuva Parivartan** offers a flexible and innovative model across 24 locations in Maharashtra that have been appreciated by the Planning Commission and have proved effective in the urban, rural, and tribal belts. Since Yuva Parivartan focuses on marginalised students, a partnership on the content or training opportunities may help LOLT students explore additional skill-building courses.
- **NIIT Foundation** runs a Digital Bus in rural areas intending to provide Digital Literacy at the village doorstep. LOLT could partner with NIIT Foundation as their curriculum is in line with the job requirements, and the certificate provided can also build students’ credibility as they apply for jobs.

Sattva can further share a list of more organisations working in the Maharashtra region that LOLT could partner with for vocational training.

10 Conclusion

In the impact assessment study, Sattva evaluated the Anando Plus program of Light of Life Trust (LOLT) regarding its objectives defined in the MoU between Bajaj Finance Ltd. and LOLT. Sattva found that the Anando Plus program is performing well in terms of retention of students in the studied program geographies during the program so that they complete the Grade 12, guiding them to a desired career path, empowering them to navigate their chosen career paths and achieving their goals. Areas of development identified were in terms of further strengthening the skilling initiatives for English Communications skills, Computer skills and need-based placement. Overall the program was graded as “exceeding expectation” and performing well.

OUR SOCIAL IMPACT INITIATIVES: A BETTER TOMORROW STARTS TODAY

Children and youth hold the key to a resilient society. And yet, in a world impacted by climate change, pandemic and social issues, this section of our society is the most impacted.

At Bajaj Finance, we strive to build an equitable and inclusive world for children and youth from vulnerable and marginalized backgrounds. This is in line with the Bajaj Group’s principles for social investments – that of addressing the most pressing needs of society.

We are committed to providing skilling, healthcare, protection, education, employment opportunities and comprehensive support to people with disabilities (PWD), to help strengthen their financial standing and secure their future.

Our Priorities



Skilling

Enabling financial self-sufficiency for future changemakers of society

We are committed to bridging the skilling gap in our country and helping youth and women from disadvantaged backgrounds to adapt to a fast-changing world of work. Our interventions aim to equip them with relevant skills and enable their transition from learning to employment. This opens opportunities to employment, entrepreneurship and development.



Children

Helping them achieve their full potential

We have been making concerted efforts to provide a safe, healthy and inclusive environment for children from underprivileged backgrounds. Our interventions in the areas of protection, education, healthcare and PWD, enable them to confront barriers, participate in a world that was hitherto inaccessible to them, and lead fulfilling lives.



Fostering youth employability at a CPBFI event



Enabling Children with disabilities to thrive

Skilling for Youth

- **Certificate Programme in Banking, Finance and Insurance (CPBFI)**
Our flagship corporate social responsibility programme, which is conceptualised and implemented by our internal teams, aims to upskill first-generation graduates from smaller towns and rural areas, enabling them to build a career in the financial services industry. Majority of students are first-generation graduates and about half of them belong to socially weaker sections of society. The programme has helped thousands of students gain employment and improve their financial lives.

30,000

fresh graduates benefited by CPBFI programme across India; presence in 140 towns in 30 states

- **Sustainable Livelihoods**
Our livelihood enhancement programmes focus on creating opportunities for youth in rural locations and the hinterland, especially those from underprivileged and marginalised backgrounds. Interventions are in the areas of goat and sheep rearing, crop enhancement, livestock management, and enterprise creation.
- **Employment / Self-employment**
Several of our projects, in collaboration with non-profits, provide skill training in tailoring, data entry, general duty assistant roles, food processing, retail, and being finance agents.

11,250

first-time job seekers had access to employment



Shefali Bajaj, Chairperson of CSR Steering Committee, presents a certificate of appreciation to a student for academic excellence, as part of the Sweetlings initiative for diabetic children by Hirabhai Cowasji Jehangir Medical Research Institute, supported by Bajaj Finance

Fostering an inclusive environment for children

- **Protection**
We work closely with non-profits to provide protection to children from socially weaker sections of society, who do not have adequate support from their families or are victims of trafficking, abuse, child labour, are in conflict with law or are juvenile delinquents etc.
- **Education**
A significant part of our initiatives for betterment of children align with government programmes and schemes, with a specific focus on enhancing education, skills, access to improved infrastructure and building staff capacity.
- **Health**
We undertake initiatives in partnership with non-profits to provide comprehensive care for children battling diseases and disorders such as cancer, diabetes, cleft reconstruction, cardiac disorders, epilepsy etc. These interventions include early screening, medical support, diagnostics, nutrition and counselling, ensuring holistic support.
- **Prevention of infant mortality**
These programmes are implemented to enhance the health of adolescents, mothers and children by creating awareness. Interventions included improved access to healthcare services, comprehensive antenatal and post-natal care, child health services as well as effective management of malnourishment.
- **Inclusive environment for children with intellectual and developmental disability**
We work to enable children with disabilities integrate into mainstream life. Our interventions primarily focus on intellectual, developmental, physical and locomotor disabilities. It includes early identification, medical and educational rehabilitation, social inclusion and skilling-livelihood opportunities.

296,548

children benefited from education-related initiatives

365,300

Beneficiaries of interventions for reducing infant mortality

169,630

children supported through health interventions

Note: These are cumulative numbers for Bajaj Finance Ltd. and its subsidiary companies, Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd.