

# DIRECTORS' REPORT

Dear Members,

Your directors present the fifteenth Annual Report along with the audited standalone and consolidated financial statements for FY2022.

## Sad demise of Shri Rahul Bajaj, Chairman Emeritus of the Company

At the outset, your directors express their profound grief on sad demise of Shri Rahul Bajaj, the iconic leader of the Company, who passed away on 12 February 2022.

He lived an extraordinary life. He was the architect of one of the most respected business groups in the country, a vocal proponent of entrepreneurship, and a voice of the industry at large.

He stood for what he believed, a man driven by values, and bold in both expression and action.

While he remained the torchbearer of a family legacy that dates back to the founding days of our country, he championed the creation of a new India.

While his passing away has left a huge void amongst us, he leaves behind an unparalleled foundation for all of us to build upon.

The Board of Directors ('Board') places on record its whole-hearted appreciation of the invaluable contribution made by him to the spectacular success of the Company and the Group over several decades.

## Financial results

The financial results of the Company are elaborated in the [Management Discussion and Analysis Report](#).

The highlights of the [standalone financial results](#) are as under:

Particulars	(₹ In Crore)	
	FY2022	FY2021
Total income	729.00	392.03
Total expenses	165.78	146.93
Profit before tax	563.22	245.10
Tax expense	138.99	66.32
<b>Profit for the year</b>	<b>424.23</b>	<b>178.78</b>
Earnings per share (₹)	26.7	11.2

Closing balances in reserve/other equity:

Particulars	(₹ In Crore)	
	FY2022	FY2021
Securities premium account	941.27	929.27
General reserve	1,197.14	1,197.14
Share based payments reserve	219.04	102.90
Treasury shares	(119.97)	(184.22)
Retained earnings	2,051.15	1,676.26
<b>Total</b>	<b>4,288.63</b>	<b>3,721.35</b>

Note: detailed movement of above reserves can be seen in 'Statement of Changes in Equity'.

The highlights of the [consolidated financial results](#) are as under:

Particulars	FY2022	FY2021
<b>Total income</b>	<b>68,438.98</b>	<b>60,591.57</b>
Total expenses	57,168.04	50,729.05
Profit before tax	11,270.58	9,862.34
Tax expense	2,957.05	2,494.96
Profit after tax	8,313.53	7,367.38
Profit attributable to non-controlling interests	3,756.76	2,896.92
<b>Profit for the year</b>	<b>4,556.77</b>	<b>4,470.46</b>
Earnings per share (₹)	286.3	280.9

## Presentation of standalone and consolidated financial statements

The financial statements of the Company for FY2022, on a standalone and consolidated basis, have been prepared in compliance with the Companies Act, 2013 (the 'Act') applicable Accounting Standards and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and amendments thereto, (the 'SEBI Listing Regulations') and are disclosed in accordance with Schedule III of the Act. The consolidated financial statements incorporate the audited financial statements of the subsidiaries and joint ventures of the Company.

## Dividend distribution policy

Pursuant to the provisions of regulation 43A of 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 in determining the distribution of dividend to its shareholders and/or retaining profit earned. The policy is available on the website of the Company at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-divident-policypdf?scl=1&fmt=pdf>.

## Dividend

The Directors recommend, for consideration of members at the ensuing annual general meeting (AGM), payment of a dividend of ₹ 4 per equity share (80%) of face value of ₹ 5 FY2022. The total dividend for FY2022 is ₹ 63.66 crore.

The dividend recommended is in accordance with the principles and criteria set out in the dividend distribution policy of the Company.

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](#).

## The Covid-19 pandemic

FY2022 was once again dominated by the Covid-19 pandemic as new waves of infection swept across countries. In India, the second wave (called 'Delta') proved far more deadly than the first that struck in 2020.

The advent of the highly transmissible variant 'Omicron' in early January 2022 (the third wave) spread much dread across the world. During this wave, India's daily number of reported cases peaked to nearly 350,000 on 20 January 2022 and the active case load was over 22 million as on 23 January 2022. Fortunately, while highly transmissible, Omicron was not as clinically deadly as Delta. While many got infected, they also recovered without hospitalisation and had lower mortality.

The impact of the second and third wave of the pandemic on the performance of the Company and measures adopted to steer through this continuing crisis have been discussed in detail in [Management Discussion and Analysis](#).

## Classification as an unregistered Core Investment Company

The Company is termed as an unregistered Core Investment Company under the Core Investment Companies (Reserve Bank) Directions – 2016 dated 13 August 2020.

## Adoption of Confederation of Indian Industry (CII) charters

The Company has established several policies covering the Code of Conduct for its directors and employees including anti-corruption clauses, as well as policies for Fair and Responsible Workplace Practices. These policies are integrated into business operations. The Company has also signed the following charters of CII in this regard, which further strengthens the Company's commitment to these policies.

1. Model Code of Conduct for Ethical Business Practices
2. Charter on Fair & Responsible Workplace Guidelines for Collaborative Employee Relations
3. Charter on Fair & Responsible Workplace Guidelines for Contract Labour

Further details of these policies are available in our [Business Responsibility and Sustainability Reporting](#) which available on the website of the Company at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

## Operations

Bajaj Finserv Ltd. is an unregistered Core Investment Company under Core Investment Companies (Reserve Bank) Directions, 2016, as amended, and the holding Company for the various financial services businesses under the Bajaj Group.

Detailed information on the operations of the different business lines and state of affairs of the Company and its subsidiaries are covered in the [Management Discussion and Analysis](#).

## Subsidiaries, associates and joint venture

Following are the subsidiary and joint venture companies of the Company as at 31 March 2022:

Name of the company	% shareholding	Status
Bajaj Allianz Life Insurance Company Ltd. (BALIC)	74.00	Subsidiary
Bajaj Allianz General Insurance Company Ltd. (BAGIC)	74.00	Subsidiary
Bajaj Finance Ltd. (BFL)	52.49	Subsidiary
Bajaj Finserv Direct Ltd. (BFS-D)	80.10	Subsidiary
Bajaj Finserv Health Ltd. (BFS-H)	100.00	Subsidiary
Bajaj Housing Finance Ltd. (BHFL) (100% subsidiary of BFL.)	-	Subsidiary
Bajaj Financial Securities Ltd. (BFinsec) (100% subsidiary of BFL.)	-	Subsidiary
Bajaj Allianz Financial Distributors Ltd. (BAFDL)	50.00	Joint Venture
Bajaj Allianz Staffing Solutions Ltd. (BASSL) (100% subsidiary of BAFDL)	-	Joint Venture

During FY2022, the Company along with Bajaj Finance Ltd. (BFL), a subsidiary company, made a joint investment in the form of equity shares and/or convertible loan or security into equity shares to Bajaj Finserv Direct Ltd. (BFS-D) for an aggregate amount of approximately ₹ 625 crore. Out of which the Company's contribution was ₹ 342 crore and BFL's contribution was ₹ 283 crore. Consequent to infusion in equity capital to the tune of ₹ 2.69 crore by BFL, BFS-D ceased to be a wholly-owned subsidiary of the Company. As at 31 March 2022, BFS and BFL respectively hold 80.10% and 19.90% of equity share capital in BFS-D.

During FY2022, the following companies were incorporated as wholly owned subsidiaries:

Name of the company	% shareholding
Bajaj Finserv Ventures Ltd. (BFS-Ventures)	100.00
Bajaj Finserv Asset Management Ltd. (BFS-AMC)	100.00
Bajaj Finserv Mutual Fund Trustee Ltd. (BFS-Trustee)	100.00

Detailed information on the performance and financial position of each subsidiary/joint venture of the Company is covered in the [Management Discussion and Analysis](#) Report and in Form AOC-1 of consolidated financial statements.

The financial statements of the subsidiary companies are also available on the Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports> under the dropdown of Bajaj Finserv Subsidiaries.

The Company's policy for determination of material subsidiary has been placed on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-for-material-subsidiaries-13marchpdf?scl=1&fmt=pdf>.

In terms of the aforesaid Policy BFL, BAGIC, BALIC and BHFL are material subsidiaries of the Company.

## Directors and key managerial personnel

### A. Change in directorate:

#### i. Appointment/re-appointment of independent director:

- a) The Board, at its meeting held on 28 April 2022, based on the recommendation of Nomination and Remuneration Committee (NRC), appointed Prमित Jhaveri (DIN 00186137) as an additional and independent director for a period of 5 years w.e.f. 1 May 2022.

The Board is of the opinion that Prमित Jhaveri is a person of integrity, expertise, and has relevant experience to serve the Company as an independent director.

Prमित Jhaveri served as CEO of Citibank N.A. for over a decade. However, this position not being one of the categories exempting such persons from appearing in proficiency test as per rule 6(4) of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, he will undertake the test within the prescribed time limit.

- b) The Board, at its meeting held on 28 April 2022, based on the recommendation of NRC also, appointed Radhika Haribhakti (DIN 02409519) as an additional and independent director for a period of 5 years w.e.f. 1 May 2022.

The Board is of the opinion that Radhika Haribhakti is a person of integrity, expertise, and has relevant experience to serve the Company as an independent director.

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.

- c) At the aforesaid meeting, the Board, considering the report of performance evaluation and based on the recommendation of NRC, re-appointed Dr. Naushad Forbes (DIN 00630825) as an independent director for a second term of five years w.e.f. 13 September 2022.

Accordingly, approval of the members for the aforementioned appointments/re-appointment are being sought through postal ballot.

#### ii. Resignation:

Dr. Gita Piramal (DIN 01080602) resigned as non-executive and independent director w.e.f. close of business hours on 30 April 2022 due to health reasons.

She has confirmed that there is no other material reason for her resignation other than mentioned above.

She also ceased to be the Chairperson of Stakeholders Relationship Committee, member of Audit Committee and Nomination and Remuneration Committee.

The Board places on record its sincere appreciation for the valuable contribution made by her during her tenure on the Board.

#### iii. Director liable to retire by rotation:

Manish Kejriwal (DIN 00040055), director, being longest in the office, retires by rotation, and being eligible, has offered his candidature for re-appointment. Prescribed details of Manish Kejriwal are given in the [Notice of AGM](#).

## B. Key managerial personnel

- i. Sanjiv Bajaj was re-appointed as the Managing Director of the Company w.e.f. 1 April 2017 for a period of five years he holds office up to 31 March 2022. The Board, at its meeting held on 16 March 2022, approved the re-appointment of Sanjiv Bajaj as Managing Director for a further term of five years and fixed his remuneration at its meeting held on 28 April 2022, based on the recommendations of the NRC, subject to necessary approvals of the members.
- ii. Uma Shende was appointed as the Company Secretary w.e.f. 1 October 2021 in place of Sonal Tiwari who resigned from the services of the Company w.e.f. 11 August 2021.

## Declaration by independent directors

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 and regulation 16 of the SEBI Listing Regulations. The independent directors have 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.

## Policy on directors' appointment and remuneration

On recommendation of the Nomination and Remuneration Committee (NRC), the Board has framed a Remuneration Policy. This policy, *inter alia*, provides:

- (a) The criteria for determining qualifications, positive attributes and independence of directors; and
- (b) Policy on remuneration of directors, key managerial personnel and other employees.

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

The said policy is placed on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-21-v1pdf?scl=1&fmt=pdf>.

As per the requirements of the 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 FY2022.

A declaration to this effect signed by the Chairman & Managing Director forms a part of 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/Ministry of Corporate Affairs, is placed on Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

## Number of meetings of the Board

Seven (7) meetings of the Board were held during FY2022. 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 values pursuant to the provisions of the Act and guidelines issued by SEBI. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy. These form a part of the notes to the financial statements.

In accordance with the provisions of section 134(3)(c) of the Act and based on the information provided by the management, the directors confirm 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 FY2022;
- (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

The Audit Committee was reconstituted at the Board meeting held on 28 April 2022 effective 1 May 2022.

The present composition of the Committee is Dr. Naushad Forbes as Chairman and D J Balaji Rao, Prमित Jhaveri and Manish Kejriwal as other members.

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

The brief terms of reference, number of meetings and attendance record of members for FY2022 are given in the [Corporate Governance Report](#).

## Particulars of loans, guarantees or investments

Details of loans, guarantees and investments, if any, covered under the provisions of section 186 of the Act are provided in the notes to financial statements.

## Employee stock option scheme

The Company grants share-based benefits to eligible employees with a view to attract and retain talent, encouraging employees to align individual performance with the Company's objectives, and promoting increased participation by them in the growth of the Company.

During FY2022, there has been no change in the Bajaj Finserv Ltd. Employee Stock Option Scheme (BFS ESOS). The same is in compliance with SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021.

A statement giving complete details as at 31 March 2022, pursuant to regulation 14 of SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 is available on the Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-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 FY2022.

## Share capital

The paid-up equity share capital as on 31 March 2022 was ₹ 79.57 crore consisting of 159,137,444 fully paid-up equity shares of face value of ₹ 5/-.

## Related party transactions

All contracts/arrangement/transactions entered by the Company during FY2022 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 FY2022 were on arm's length basis and in ordinary course of business of the Company under the Act and not material under the 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 FY2022 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 was amended in line with SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021. The policy is available on the website of the Company and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/policy-on-materiality-of-and-dealing-with-related-party-transactions?scl=1&fmt=pdf>.

## Material changes and commitments

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

## Conservation of energy and technology absorption

The Company being an unregistered Core Investment Company, does not manufacture products and therefore does not increase effluents directly. However, the Company has windfarms in addition to its financial services activities which produce green energy. A summary of the performance of the wind power division is available in the [Management Discussion and Analysis](#) which forms part of this [Annual Report](#).

### (A) Conservation of energy-

- (i) Steps taken or impact on conservation of energy;
  - Optimum usage of parking and common area lights.
  - Elevator usage optimization.
- (ii) Steps taken by the Company for utilising alternate sources of energy;
  - The Company has installed a renewable energy (wind) project with a capacity of 65.2 MW.



During FY2022, it generated 764 lakh units, which it sold to third parties including the Maharashtra State Electricity Distribution Company Ltd.

It, however, is not allowed to make captive use of wind energy, because new regulations do not permit the same where monthly demand is less than 700 KW.

- The Company has installed LED lamps in place of tube lights and CFL, thereby reducing energy consumption in lighting by around 58,762 units during the year.
- The Company has also installed solar panels for energy conservation.

(iii) Capital investment on energy conservation equipments;

- The amount of capital investment made by the Company on energy conservation equipments during FY2022 was approximately ₹ 50 lakh.
- The Company implements various energy conservation measures and initiatives which are highlighted in the [Business Responsibility and Sustainability Report](#) which is available on the Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

## (B) Technology absorption-

Being essentially an investment company, no particulars regarding technology absorption are provided considering, the nature of operations of the Company to be given in this Report.

## Foreign exchange earnings and outgo

There were no foreign exchange earnings during FY2022, as well as during FY2021.

Total foreign exchange outflow during FY2022 was ₹ 0.28 crore, as against ₹ 0.88 crore in FY2021.

## Risk management policy

Information on the development and implementation of a risk management policy for the Company including identification, assessment and control of elements of risk, which in the opinion of the Board may threaten the existence of the Company, is given in the [Corporate Governance Report](#).

## Corporate social responsibility ('CSR')

The CSR Committee comprises of three directors viz., Dr. Naushad Forbes as the Chairman, Sanjiv Bajaj and Anami Roy as members. During FY2022, the Committee met thrice. The details of meetings and attendance thereat forms part of the [Annual Report on CSR activities](#).

The Board, at its meeting held on 28 October 2021, has appointed Dr. Naushad Forbes as Chairman of the committee w.e.f. 29 October 2021.

The CSR obligation of the Company for FY2022 was ₹ 0.44 crore. As on 31 March 2022, total amount spent on CSR activities by Company was ₹ 0.45 crore.

In terms of the provisions of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the [Annual Report on CSR activities](#) is annexed to this Report.

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

The CSR policy is hosted on the Company's website and can be accessed at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?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 the FY2022.

## Formal annual evaluation

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 of Directors excluding the director being evaluated, on the basis of performance and fulfillment 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 FY2022 is given below:

- The NRC at its meeting held on 21 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/evaluation-criteriapdf?scl=1&fmt=pdf>.
- Based on the said criteria, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking confidential 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 2021-22 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 2022.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 16 March 2022.
- Based on the report and evaluation, the Board and NRC at their respective meetings held on 16 March 2022, 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 2022 have been furnished in a separate paragraph elsewhere in this Report.
- During FY2022, the criteria and process followed by the Company was reviewed by the NRC which opined these to be satisfactory.

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

## Significant and material orders

During FY2022, no significant or material orders were 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 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 reviewed the internal financial controls of the Company and is of the opinion that internal financial controls with reference to the financial statements were adequate, and operating effectively and are commensurate with the size, scale and complexity of operations.

### Whistle blower policy/vigil mechanism

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the SEBI Listing Regulations. The whistle blower framework has been introduced with an aim to provide employees, and directors with a safe and confidential channel to share their inputs about those aspects which are adversely impacting their work environment. The policy/vigil mechanism enables directors and employees to report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy 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 Whistle Blower Committee comprising senior management representatives from within the organization. The Audit Committee reviews the functioning of the vigil mechanism/whistle blower policy once a year.

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-website-v1pdf?scl=1&fmt=pdf>.

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

### Corporate governance

Pursuant to 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 Chairman & Managing Director and Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations.

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

### Independent directors' meeting

Pursuant to the Act and SEBI Listing Regulations, the independent directors must hold at least one meeting in a year without the presence of non-independent directors and members of the Management.

Accordingly, independent directors of the Company met on 16 March 2022 and:

- noted the report of performance evaluation of the Chairman & Managing Director of the Company for the year 2021-22;
- 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 non-executive directors;
- 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; and
- noted the succession planning.

The independent directors present elected Dr. Naushad Forbes as Chairman for the meeting. All independent directors were present at the meeting except Dr. Gita Piramal to whom leave of absence was granted.

## 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 the FY2023. However, these top 1,000 listed entities may voluntarily adopt to submit the BRSR for FY2022 in place of Business Responsibility Report.

Accordingly, the Company has adopted a Policy on BRSR and other ESG initiatives. A detailed BRSR in the format prescribed by SEBI describing various initiatives, actions and process of the Company towards the ESG endeavor has been hosted on Company's website and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

## Maintenance of cost records

Provisions relating to maintenance of cost records as specified by the Central Government under section 148 of the Act, as applicable to the Company have been complied with for the FY2022.

## 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 granting exemptions in view of the Covid-19 pandemic.

## Internal audit

The internal audit is an integral part of corporate governance. The objective of Internal Audit is to identify, assess and mitigate risks as well as to evaluate and contribute to the systems of internal controls and governance processes followed by the Company. Key elements of Internal Audit are assurance on Controls, Governance and Compliance, Business Risk Assessment and its Mitigation and Process Optimization.

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

The Audit Committee regularly reviews the internal audit reports and the adequacy and effectiveness of internal controls. Significant audit observations, corrective and preventive actions thereon are presented to the Audit Committee on a quarterly basis.

## Auditors

### Statutory Auditors

In terms of section 149 of the Act, S R B C & CO LLP, Chartered Accountants, (Firm Registration No. 324982E/E300003) were appointed by the members for a term of five consecutive years to hold the office from the conclusion of 10th AGM held on 19 July 2017 till the conclusion of 15th AGM.

The Reserve Bank of India through its circular dated 27 April 2021 issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).

In line with the requirements of the above guidelines, S R B C & CO LLP, were ineligible, to continue as the Statutory Auditors of Bajaj Finance Ltd. and Bajaj Housing Finance Ltd. (material subsidiaries of the Company) for the financial year ending 31 March 2022. Consequently, they were unable to attain the required audit coverage of the consolidated total assets, revenue and profit after tax, in accordance with their firm's policy and had, therefore, tendered their resignation vide their letter dated 16 September 2021 effective from 13 November 2021.

S R B C & CO LLP, have not raised any concern or issue and there is no reason other than those mentioned in their above said letter. The copy of the said letter which has been filed with stock exchanges is available on the Company's website at <https://www.bajajfinserv.in/bfs-change-in-statutory-auditor.pdf>.

Consequent to the casual vacancy created by their resignation, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on 17 September 2021, appointed KKC & Associates LLP (earlier known as Khimji Kunverji & Co LLP) as Statutory Auditors of the Company till the conclusion of the 15th AGM to conduct the audit of accounts of the Company for the financial year ending 31 March 2022 with approval of the members.

At the ensuing AGM, approval of the members is being sought for their appointment as Statutory Auditor for remaining term i.e., from conclusion of 15th AGM till conclusion of 19th AGM.

The statutory audit report for the FY2022, is unmodified i.e., does not contain any qualification, reservation or adverse remark or disclaimer.

### 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, Practising Company Secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

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

As per regulation 24A(1) of the SEBI Listing Regulations, a listed company is required to annex a secretarial audit report of its material unlisted subsidiary to its Directors Report. In line with the same, the secretarial audit report of BALIC, BAGIC and BHFL (a high value debt listed company) for the FY2022 is placed on Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

Pursuant to regulation 24A(2) of the SEBI Listing Regulations, a report on secretarial compliance for FY2022 has been issued by Shyamprasad D. Limaye and the same will be submitted with the stock exchanges within the given timeframe. The report will also be made available on the website of the Company.

The secretarial audit report for the FY2022, is unmodified i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

### Cost Auditor

Pursuant to section 148 of the Act, and the Rules made thereunder, the Board of Directors, on the recommendation of the Audit Committee, have re-appointed Dhananjay V Joshi & Associates (firm registration no. 000030), Cost Accountants, to audit the cost records of the Company for FY2023 on a remuneration of ₹ 65,000 plus taxes, out-of-pocket, travelling and living expenses, subject to ratification by the shareholders at the ensuing AGM.

Accordingly, a resolution seeking members' ratification for the remuneration payable to the Cost Auditor is included in the Notice convening the AGM.

### Other statutory disclosures

- The financial statements of the Company and its subsidiaries are placed on the Company's website at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.
- Details as required under 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 directors and key managerial personnel 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, containing details prescribed under rule 5(3) of the said Rules, which form part of this Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.

- The auditors, i.e., statutory auditors, secretarial auditors and cost auditors have not reported any matter under section 143(12) of the Act, and accordingly, details as required to be disclosed under section 134(3)(ca) of the Act, have not been furnished.
- The Directors' Responsibility Statement, as required by section 134(5) of the Act, forms a part of this Report.
- There is no change in the nature of business of the Company during FY2022.
- A Cash Flow Statement for the FY2022 is attached to the Balance Sheet.
- Disclosure as required under section 197(14) of the Act has been made for the Managing Director, as per the terms of his appointment, for the commission or remuneration drawn from subsidiary companies i.e. Bajaj Finance Ltd. and Bajaj Housing Finance Ltd., is covered under [Corporate Governance Report](#).
- Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during FY2022 against the Company.
- The Company has not accepted any deposits covered under Chapter V of the Act.
- The securities of the Company were not suspended from trading during the year.
- Pursuant to the legislation The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has a policy on Prevention of Sexual Harassment at Workplace and has constituted an Internal Complaints Committee. There was no case reported during FY2022.

## Acknowledgement

The Board places its gratitude and appreciation for the support and co-operation from its members and other regulators.

The Board also places on record its sincere appreciation for the commitment and hard work put in by the management and the employees in these trying times.

On behalf of the Board of directors

Sanjiv Bajaj  
Chairman & Managing Director

Pune: 28 April 2022

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

### 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 communities residing in the vicinity of its facilities by taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development, and response to natural calamities. 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:** 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:** 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:** 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.
- **Sustain Natural Resources:** The Company encourages balanced development and ensures least adverse impact on environment – Growth with Mother Nature's-blessings.

#### Brief content 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 which was framed by the Company on 14 May 2014 has got amended on 28 April 2021, with approvals of the CSR Committee and Board of Directors.

The Policy, *inter alia*, covers the following:

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

## 2. Composition of CSR Committee

During FY2022, Committee met three times on 19 April 2021, 13 July 2021, and 18 October 2021:

Sr. No.	Name of director	Designation / nature of directorship	Number of meetings held during FY2022 (3)	
			Entitled to attend	Attended
1.	Dr. Naushad Forbes*	Chairman	3	2
2.	Sanjiv Bajaj**	Member	3	3
3.	Anami N Roy	Member	3	3

Notes:

\* Dr. Naushad Forbes, member of the Committee was appointed as a Chairman of the Committee with effect from 29 October 2021.

\*\* Sanjiv Bajaj, relinquished his position as a Chairman of the Committee with effect from 28 October 2021. He continues to be member of the Committee.

### 3. Web-link where the following are disclosed on the Website of the Company :

- |  |   |
|--|---|
| a. Composition of CSR Committee  | : <a href="https://www.bajajfinserv.in/finserv-board-committees">https://www.bajajfinserv.in/finserv-board-committees</a>   |
| b. CSR Policy  | : <a href="https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?scl=1&amp;fmt=pdf">https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?scl=1&amp;fmt=pdf</a> |
| c. CSR Projects approved by the Board  | : <a href="https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-csr-project-fy-2022pdf?scl=1&amp;fmt=pdf">https://cms-assets.bajajfinserv.in/is/content/bajajfinance/bfs-csr-project-fy-2022pdf?scl=1&amp;fmt=pdf</a>         |
| 4. Details 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 (attach the report)                    | : Not Applicable  |
| 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the amount required for set off for the financial year, if any | : Not Applicable  |
| 6. Average net profit of the Company as per section 135(5)   | : ₹ 21.76 crore   |
| 7. (a) Two percent of average net profit of the company as per section 135(5)  | : ₹ 0.44 crore  |
| (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years  | : NIL   |
| (c) Amount required to be set off for the financial year, if any   | : NIL   |
| (d) Total CSR obligation for the financial year (7a+7b-7c)   | : ₹ 0.44 crore  |

### 8. (a) CSR amount spent or unspent for the financial year:

(₹ In Crore)

Total amount spent for the financial year (Amount in crore)	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 section 135(5)	Name of the Fund	Date of transfer
Amount	Amount	Amount	Date of transfer	
₹ 0.45				Not applicable, since there is no unspent amount



**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(₹ In Crore)

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII	Local area (Yes/No)	Location of the project		Project duration (in months)	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per section 135(6)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through Implementing Agency
				State	District						
	BEYOND - Bajaj Finserv Employability Initiative for Graduates	Promoting Education (ii)	Yes	Pan India	-	35	1.00	0.45	-	Yes	Bajaj Finserv (Self implementation)
<b>Total</b>								<b>0.45</b>			

- Note: 1. There is no amount transferred to unspent CSR account for any of the projects as per section 136(6) of the Act.  
2. Information on CSR Registration number for the implementing agencies is not given in point 8(b), since the mode of implementation is direct.

- (c) Details of CSR amount spent against other than ongoing projects for FY2022 : Nil  
(d) Amount spent in Administrative Overheads : Nil  
(e) Amount spent on Impact Assessment, if applicable : Nil  
(f) Total amount spent for the financial Year (8b+8c+8d+8e) : ₹ 0.45 crore  
(g) Excess amount for set off, if any : Nil
9. (a) Details of Unspent CSR amount for the preceding three financial years : Not Applicable  
(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): : NIL
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: : Not applicable
11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5) : Not Applicable

Sanjiv Bajaj  
Chairman & Managing Director

Dr. Naushad Forbes  
Chairman, CSR Committee

Date: 28 April 2022

# CSR AT BAJAJ FINSERV AND ITS SUBSIDIARIES

## Introduction

The very foundation of Bajaj Group was laid by the philanthropic instinct of Shri Jamnalalji Bajaj, our Group's founding father, who took the bold and unprecedented step of using business to serve society. He had advised that – 'all business activities should look for opportunities for philanthropy and that these philanthropic contributions to the society should be above any thought of business gains.'



### COVID-19 RESPONSE Need of the Hour

Our community outreach programmes are crafted to serve the emergent needs of the lesser advantaged beneficiaries of society. In fact, as a Group, we have always taken pride in being accountable not just to our own people but also to the communities around which we operate. In FY 2021, the Bajaj Group contributed Rs 170 crore towards the fight against COVID-19 to alleviate the immediate on-ground challenges, build capabilities, mobilise resources and upgrade healthcare infrastructure facilities in the surrounding communities. This included the



installation of 12 oxygen plants to provide more than 5,000 LPM of oxygen supply to rural and urban hospitals along with respiratory support equipment to help augment their capacity in treating COVID-19 patients. The Group's COVID-19 Response Fund was further utilized to set-up Pune's largest COVID-19 Care Centre in Viman Nagar with a capacity of 2,800 beds. During FY 2022, the Bajaj Group joined forces with the local government authorities to conduct large scale inoculation drives for communities in Pune and Aurangabad. More than 1 million doses of the COVID-19 vaccines were administered during those drives.



### HEALTHCARE Enabling Easy Access for Disadvantaged Communities

Enabling access and affordability of healthcare treatment for children is an important area of Bajaj Finserv's CSR activities, wherein, we extend our financial support to families of children in need of treating curable diseases or ailments that require prolonged treatment support, including cleft lips and palates, pediatric cancer, congenital heart disease, pediatric diabetes and epilepsy. We also support the medical expenses of specially-abled children. Recognizing infant mortality as a significant issue in rural and tribal areas, our Group launched several preventive healthcare projects, including pre-natal and post-natal care for mothers, proper nutrition care for children, mothers and teenagers, and raising awareness on prevalent health issues in these communities, particularly amongst teenage girls and women. In addition, our equipment grants provide the economically disadvantaged areas with the much-needed access to quality healthcare facilities.





## BAJAJ FINSERV 'BEYOND' Our Flagship Employability Initiative

Our employability initiative 'BEYOND' is aimed at upskilling the first-generation graduates from smaller towns and cities, to gain the right aptitude and attitude for making a mark in the financial services industry. The employability programme, started way back in 2015, has so far benefitted more than 20,000 fresh graduates across the country. This year, BEYOND touched a milestone of up-skilling a record number of 10,000 students with the fitting capabilities and a winning edge to compete for the limited job opportunities in the BFSI industry. Unlike the conventional skilling programmes, it prepares the students for more than 10 roles in the financial services industry. The programme also produces a unique talent pool of 'industry trained graduates' for the entire BFSI industry, which offers an excellent balance between cost and productivity, as compared to their traditional target segments.



of migrant workers, mining workers, construction workers, etc., makes education accessible for the underserved communities. In order to improve the overall effectiveness of school education, the Group also facilitates additional training programmes for teachers through external instructors. To support kids with intellectual or physical challenges, the Group supports special education projects.



## LIVELIHOOD & SKILLING Income Generation for Tribal and Rural Households

Our community-based livelihood and skilling programmes help enhance the household income of rural, tribal and migrant populations. Through various programmes like farming, animal husbandry, fishery; forest-based activities like beekeeping; commons-based activities like goat and sheep farming, the Group provides self-help organisations and people with opportunities to generate income. It also supports youth skill-building initiatives to help them achieve financial independence through secure employment.



## EDUCATION Quality Education for All

Education is one of the most important drivers of the socio-economic prosperity and stability of a self-reliant nation, and our child education programmes aim to make quality education available to all children. Our support for school buildings and schools that cater to the children



## ANNEXURE TO DIRECTORS' REPORT: FY2022

Remuneration details under Rule 5 (1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31 March 2022

Name of the Director/KMP	Ratio of remuneration of director to median remuneration of employees	% increase in the financial year
<b>(A) Whole-time director/Managerial Personnel</b>		
Sanjiv Bajaj-Chairman & Managing Director	73.67	25.60
<b>(B) Non-Executive directors<sup>1</sup></b>		
D J Balaji Rao	1.04	56.41
Dr. Gita Piramal	0.90	26.19
Dr. Naushad Forbes	1.05	47.62
Anami N. Roy	0.53	72.22
Madhur Bajaj	0.46	50.00
Rajiv Bajaj	0.32	26.67
Manish Kejriwal	0.97	46.15
<b>(C) Key Managerial Personnel</b>		
Sanjiv Bajaj, Managing Director & CEO		25.60
S Sreenivasan-CFO		16.19
Sonal R Tiwari, Company Secretary*		NA*
Uma Shende, Company Secretary*		NA*
<b>(D)</b> Remuneration of the median employee (other than whole-time director)		14.74
<b>(E)</b> Permanent employees as on 31 March 2022	114	

\* being employed for the part of the year.

- 1 (a) Remuneration payable to non-executive directors is based on the number of meetings of the Board and its Committees attended by them as members during the year.  
(b) Remuneration to directors does not include sitting fee paid to them for attending Board/Committee meetings.
- 2 'Permanent employees' does not include trainees, probationers and contract employees.

### Notes on Disclosures under Rule 5

- A. Average percentage increase in salary of employees other than whole time director is 4.50%.
- B. Percentage increase in remuneration of Chairman & Managing Director is 25.60%. The increase in remuneration of Chairman & Managing Director is keeping in view his duties and responsibilities, the performance of the Company and trend of remuneration in industry.
- C. The remuneration paid as above was as per the Remuneration Policy of the Company.