

Directors' Report

Dear Members,

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

Company overview

Your Company ('Bajaj Finserv' or 'BFS' or the 'Company') was incorporated on 30 April 2007, (CIN: L65923PN2007PLC130075) and has its registered office at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Pune - 411 035.

Pursuant to demerger of Bajaj Auto Ltd. in 2008, the undertaking comprising of windmills and investment in financial services were transferred to the Company. The shares of the Company were listed on the BSE Ltd. ('BSE') and National Stock Exchange of India Ltd. ('NSE') in the year 2008. As on 31 March 2023, the Company stood at 23rd rank based on market capitalisation.

Bajaj Finserv is an unregistered Core Investment Company within the meaning of the RBI Regulations. It is one of India's leading promoters of financial services. BFS offers diversified portfolio through its various subsidiaries that helps to meet financial needs and build an individual's financial resilience. Its suite of financial solutions includes savings products, consumer and commercial loans, mortgages, auto financing, securities brokerage services, general and life insurance and investments.

Financial Results

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

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

Particulars	(₹ in Crore)	
	FY2023	FY2022
Total income	1,147.61	729.00
Total expenses	172.99	165.78
Profit before tax	974.62	563.22
Tax expense	242.10	138.99
Profit for the year	732.52	424.23
Basic and diluted earnings per share (₹)	4.6	2.7*

*The basic and diluted earnings per share have been computed for previous year on the basis of the adjusted number of equity shares in accordance with sub-division and bonus issue.

Closing balances in reserve/other equity:

Particulars	(₹ in Crore)	
	FY2023	FY2022
Securities premium account	959.59	941.27
General reserve	1,213.79	1,197.14
Share based payments reserve	313.57	219.04
Treasury shares	(117.48)	(119.97)
Retained earnings	2,719.34	2,051.15
Total	5,088.81	4,288.63

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	₹ in Crore)	
	FY2023	FY2022
Total income	82,072.01	68,438.98
Total expenses	65,262.07	57,168.04
Profit before tax	16,811.13	11,270.58
Tax expense	4,601.59	2,957.05
Profit after tax	12,209.54	8,313.53
Profit attributable to non-controlling interests	5,792.26	3,756.76
Profit for the year	6,417.28	4,556.77
Basic earnings per share (₹)	40.3	28.6*
Diluted earnings per share (₹)	40.0	28.6*

*The basic and diluted earnings per share have been computed for previous year on the basis of the adjusted number of equity shares in accordance with sub-division and bonus issue.

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

Dividend

For FY2023, the Directors recommend, for consideration of members at the ensuing annual general meeting (AGM), payment of a dividend of ₹ 0.80 per equity share (80%) of face value of ₹ 1. The total amount of dividend for FY2023 is ₹ 127.43 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](#).

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 the [Business Responsibility and Sustainability Reporting](#) which forms part of this [Annual report](#). The same is available on the website of the Company and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

Operations

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 2023:

Name of the Company	% of 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)	80.13	Subsidiary
Bajaj Housing Finance Ltd. (BHFL) (100% subsidiary of BFL)	-	Subsidiary
Bajaj Financial Securities Ltd. (BFinsec) (100% subsidiary of BFL)	-	Subsidiary
Bajaj Finserv Health Ltd. (BFS-H)	100.00	Wholly-owned subsidiary
Bajaj Finserv Ventures Ltd. (BFS-Ventures)	100.00	Wholly-owned subsidiary
Bajaj Finserv Asset Management Ltd. (BFS-AMC)	100.00	Wholly-owned subsidiary
Bajaj Finserv Mutual Fund Trustee Ltd. (BFS-Trustee)	100.00	Wholly-owned subsidiary
Bajaj Allianz Financial Distributors Ltd. (BAFDL)	50.00	Joint venture
Bajaj Allianz Staffing Solutions Ltd. (BASSL) (100% subsidiary of BAFDL)	-	Joint venture

The Company does not have any associate. Further, during FY2023, no new subsidiary was incorporated/acquired. The Company has not entered into a joint venture with any other company.

During FY2023, no fresh investments were made by the Company into BFS-Direct. BFL holds the remaining 19.87%.

Information on the performance and financial position of subsidiary/joint venture of the Company are provided in Form AOC-1 of [consolidated financial statements](#).

The financial statements of the subsidiary companies are also available on the Company's website and can be accessed 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, 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-material-subsidiaries-13marchpdf?scl=1&fmt=pdf>

In terms of the aforesaid Policy and as per SEBI Listing Regulations BFL, BAGIC, BALIC and BHFL are material subsidiaries of the Company.

Directors and Key Managerial Personnel

A. Change in directorate:

i) Appointments:

Pramit Jhaveri (DIN: 00186137):

On recommendation of Nomination and Remuneration Committee ('NRC'), the Board has appointed Pramit Jhaveri 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 resolution dated 22 June 2022.

Pramit Jhaveri 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.

He is a member of Risk Management Committee and Audit Committee.

Radhika Haribhakti (DIN: 02409519):

On recommendation of 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 resolution dated 22 June 2022.

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 NRC.

Dr. Naushad Forbes (DIN: 00630825):

Pursuant to members approval vide their resolution dated 22 June 2022, Dr. Forbes has been re-appointed as an independent director for a second term of five years w.e.f. 13 September 2022.

The Board is of the opinion that aforesaid independent directors are persons of integrity, expertise, and proficiency to serve the Company as independent directors strengthening the overall composition of the Board.

ii) Resignation:

Further, as mentioned in Directors' Report presented for last year, Dr. Gita Piramal (DIN: 01080602), independent director, stepped down as director w.e.f. close of business hours of 30 April 2022.

iii) 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, are given in the [Notice of AGM](#).

B. Key managerial personnel ('KMP'):

Members vide their resolution dated 22 June 2022, have approved the re-appointment of Sanjiv Bajaj as the Managing Director of the Company w.e.f. 1 April 2022, for a period of five years to hold office up to 31 March 2027.

Save and except as above there are no changes in KMP.

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.

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 to 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.

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 can be accessed on the Company's website at <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/remuneration-policy-v2pdf?sci=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 FY2023.

A declaration to this effect signed by the Chairman & Managing Director forms a part of this [Annual Report](#).

Annual return

In compliance with section 134(3)(a) of the Act, 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 ('MCA'), is available on the website of Company and can be accessed at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>

Number of meetings of Board

Six (6) meetings of the Board were held during FY2023. Details of the meetings and attendance thereat, form 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. 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 profits 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 Act, 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

Manish Kejriwal, non-executive, non-independent director stepped down as member of the Committee w.e.f. close of business hours on 31 March 2023 and Anami N Roy, independent director, was inducted effective 1 April 2023.

The present composition of the Committee approved by the Board at its meeting held on 15 March 2023, is as follows: Dr. Naushad Forbes (DIN: 00630825), Chairman, D J Balaji Rao (DIN: 00025254), Pramit Jhaveri (DIN: 00186137) and Anami N Roy (DIN: 01361110).

The composition of Committee is over and above the minimum requirement prescribed under the Act and SEBI Listing 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.

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 FY2023 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 offers stock options to select employees of the Company & 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.

During FY2023, with a view to strengthen the orientation of senior leaders being part of the Bajaj Finserv group, a one time special grant of stock options of the Company was awarded to managing directors/chief executive officers ('CEO') / Deputy CEOs of Bajaj Finance Ltd., Bajaj Housing Finance Ltd., Bajaj Financial Securities Ltd. and Bajaj Finserv Health Ltd.

During FY2023, there has been no change in the Bajaj Finserv Ltd. Employee Stock Option Scheme (BFS ESOS). The same is in line with SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021.

A statement giving complete details as at the year ended 31 March 2023, in terms of 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 FY2023.

Increase in authorised share capital

During FY2023, the Company increased its authorised share capital from ₹ 100 crore consisting of 20 crore equity shares of face value of ₹ 5 to ₹ 200 crore consisting of 200 crore equity shares of face value of ₹ 1.

Share capital

Keeping with the spirit of inclusion and to reward the members, the Board of Directors, at its meeting held on 28 July 2022, recommended sub-division of one equity share of face value of ₹ 5 into five equity shares of the face value of ₹ 1 and issue of bonus shares of face value of ₹ 1 for every 1 (one) fully paid-up equity share of face value of ₹ 1. The members vide their resolution dated 2 September 2022 approved the aforesaid proposals.

Allotment of equity shares prior to corporate action:

- a) On 22 July 2022 - Allotment of 143,483 equity shares (face value of ₹ 5) at the respective grant prices to the trustees of Bajaj Finserv ESOP Trust under the BFS ESOS.
- b) On 10 August 2022- Allotment of 619 equity shares (face value of ₹ 5) in respect of the rights entitlement held in abeyance with respect to the rights issue made in 2012.

Allotment of equity shares post sub-division:

On 15 September 2022 - Allotment of 796,407,730 bonus equity shares of face value of ₹ 1 (post giving effect of stock split) in the ratio of 1:1 to all eligible shareholders holding shares on record date i.e. 14 September 2022.

The paid-up equity share capital as on 31 March 2023, was ₹ 159.28 crore consisting of 1,592,815,460 fully paid-up equity shares of face value of ₹ 1.

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 hosted 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>

Succession planning

The Company has in place a succession planning framework to address anticipated as well as unscheduled changes in leadership. The said framework is revisited, re-evaluated and updated every year. The Company has several programs through which high performing talent are identified. Series of journey of interventions and experiential environments are organised to develop their leadership qualities and skills. In line with the principles of Governance, changes are planned from time to time in the Board of Directors, Committees and Top management as part of succession planning.

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 and technology absorption

The Company being an unregistered Core Investment Company, does not manufacture products and therefore does not discharge 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](#).

(A) Conservation of energy -

- (i) Steps taken or impact on conservation of energy;
 - Optimum usage of parking and common area lights.
 - Elevator usage optimisation.
 - Installation of LED lamps in place of tube lights and CFL.

During FY2023, the energy consumption of the Company was reduced by ~61,000 units by taking above mentioned steps.

- (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 FY2023, it generated 832 lakh units, which it sold to third parties including the Maharashtra State Electricity Distribution Company Ltd.

However, pursuant to Electricity Act, 2003 read along with Distribution open access, Regulations, 2019, it is not permitted to make captive use of wind energy, where monthly demand is less than 700 KW.

- (iii) Capital investment on energy conservation equipments;

- The amount of capital investment made by the Company on energy conservation equipments during FY2023 was approximately ₹ 1.5 lakh.
- The Company implements various energy conservation measures and initiatives which are highlighted in the [Business Responsibility and Sustainability Report](#) which forms part of this Annual report. The same is available on the Company's website and can be accessed 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

During FY2023, the Company did not have foreign exchange earnings. The foreign exchange outgo in terms of actual outflow amounted to ₹ 0.46 crore, as against ₹ 0.28 crore in FY2022.

Risk management policy

Risk to the Company stems largely from its subsidiaries. Hence, the primary approach of the Company's risk management is monitoring the risks of material subsidiaries, which individually or in aggregate could culminate into a key capital or reputational risk for the Company. The Company engages with the subsidiaries on a continuous basis to understand the nature of risks, the assessment of risks as regards its criticality (severity and likelihood), mitigating actions and controls, monitoring and reporting of the same on a periodical basis to its Risk Management Committee.

Information on the development and implementation of a risk management policy for the Company including identification, assessment and control of elements of risk are given in the [Management Discussion and Analysis](#). Further, there are no elements of risk which in the opinion of the Board threaten the existence of the Company.

Corporate social responsibility ('CSR')

The CSR Committee comprises of three directors viz. Dr. Naushad Forbes (DIN: 00630825) as the Chairman, Sanjiv Bajaj (DIN: 00014615) and Anami N Roy (DIN: 01361110) as members.

During FY2023, the Committee met twice. Details of meetings and attendance thereat forms part of the [Annual Report on CSR activities](#).

The CSR obligation of the Company for FY2023 was ₹ 0.52 crore. As on 31 March 2023, total amount spent on CSR activities by Company was ₹ 0.56 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, details pertaining to spent and unspent amount, if any, 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 FY2023.

Formal annual evaluation

Pursuant to section 178 of the Act, the NRC and Board have decided that the evaluation shall be carried out by the Board only and 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 director 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 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 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 15 March 2023.

- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 15 March 2023.
- Based on the report and evaluation, the Board and NRC at their respective meetings held on 15 March 2023, determined that the term of 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 15 March 2023, have been furnished in a separate paragraph elsewhere in this Report.
- During FY2023, the criteria and process followed by the Company were reviewed by the NRC at its meeting held on 15 March 2023 which opined these to be in compliant with applicable provisions and found it to be satisfactory. Additionally, the Committee advised enhancement to the feedback mechanism by introducing few qualitative aspects to the criteria.

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 FY2023, 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.

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

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 15 March 2023 and:

- noted the report of performance evaluation of the Chairman & Managing Director of the Company 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 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 Radhika Haribhakti as the Chairperson for the meeting. All independent directors were present at the meeting.

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 and directors 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 employees and directors 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 Whistle-Blower Committee comprising senior management representatives from within the organisation. Pursuant to the Whistle-Blower Policy, the summary of incidents investigated, actioned upon, founded and unfounded are reviewed by the Audit Committee. 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 practice.

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 whistle-blower policy/vigil mechanism 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.

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](#).

A detailed ESG report 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 FY2023.

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 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 Optimisation.

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 discussed by the Audit Committee on a quarterly basis.

Auditors

Statutory Auditors

KKC & Associates LLP (earlier known as Khimji Kunverji & Co LLP) (FRN 105146W/ W100621) continues to be the Statutory Auditors of the Company. They hold office for a period of 4 years upto the 19th AGM scheduled in the year 2025.

The statutory audit reports for FY2023, 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 BHFL (Debt listed), BALIC and BAGIC for the FY2023 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 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 also be made available on the website of the Company.

The secretarial audit report for FY2023, 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 FY2024 on a remuneration of ₹ 70,000 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.
- Disclosure as required under section 197(14):

Sanjiv Bajaj (DIN: 00014615), who is also the non-executive, Chairman of Bajaj Finance Ltd. ('BFL') and Bajaj Housing Finance Ltd. ('BHFL') has been paid sitting fees and commission as follows, in the same manner as is paid for the other non-executive directors:

(₹ in lakh)

Sr. No.	Particulars	Sitting Fees		Commission	
		FY2023	FY2022	FY2023*	FY2022
1.	BFL	23	25	60.50	57.50
2.	BHFL	14	17	6.75	-

*will be payable post adoption of financial statements for FY2023.

He is entitled for sitting fees and commission in line with the remuneration policy and as determined by NRC / Board from time to time in BHFL and BFL. He does not draw any remuneration from any other subsidiary of which he is a non-executive director.

- 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 auditor, secretarial auditor and cost 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.
- The Directors' Responsibility Statement, as required by section 134(5) of the Act, forms a part of this Report.
- The Company has a policy on prevention of sexual harassment at the workplace. The Board, at its meeting held on 27 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. There was no case reported during FY2023.
- 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.
- A Cash Flow Statement for the FY2023 is attached to the Balance Sheet.
- Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during FY2023 against the Company.
- The Company has not accepted any deposits covered under Chapter V of the Act during the year under review nor has ever accepted.

Acknowledgement

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

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 joint ventures and thanks them for yet an excellent year of performance.

On behalf of the Board of Directors

Sanjiv Bajaj

Chairman & Managing Director

DIN: 00014615

Pune: 27 April 2023

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:** '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:** 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 which was approved and adopted by the Board of Directors in its meeting held on 28 April 2021. 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 an Annual Action Plan.

2. Composition of CSR Committee:

During FY2023, the Committee met two times on 31 May 2022 and 25 October 2022:

Sr. No.	Name of Director	Designation	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	2	2
2.	Sanjiv Bajaj	Member	2	2
3.	Anami N Roy	Member	2	2

3. Web-link where the following are disclosed on the website of the Company
- Composition of CSR Committee : <https://www.bajajfinserv.in/finserv-board-committees>
- CSR Policy : <https://cms-assets.bajajfinserv.in/is/content/bajajfinance/miscellaneous-csr-policy-21pdf?scl=1&fmt=pdf>
- CSR projects approved by the Board : <https://www.bajajfinserv.in/finserv-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, if applicable : Not Applicable
5. (a) Average net profit of the Company as per sub-section (5) of section 135 : ₹ 26.20 crore
- (b) Two percent of average net profit of the Company as per sub-section (5) of section 135 : ₹ 0.52 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)] : ₹ 0.52 crore
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : ₹0.54 crore
- (b) Amount spent in Administrative Overheads : ₹0.02 crore
- (c) Amount spent on Impact Assessment, if applicable : Not Applicable
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹0.56 crore
- (e) CSR amount spent or unspent for the financial year

Amount Unspent (in ₹)

Total Amount Spent for the financial year (Amount in crore)	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
₹ 0.56	Not applicable, since there is no unspent amount				

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

Sr. No.	Particulars	Amount
i.	Two percent of average net profit of the Company as per sub-section (5) of section 135	0.52
ii.	Total amount spent for the Financial Year	0.56
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	0.04
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years : Not Applicable
8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : Not Applicable
9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135 : Not Applicable

Sd/-

Sanjiv BajajChairman & Managing Director
DIN: 00014615

Date: 27 April 2023

Sd/-

Dr. Naushad ForbesChairman of CSR Committee
DIN: 00630825

Our Social Impact Initiatives: Action for Inclusion

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 Finserv, 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 the 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 Finserv

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.

311,976

Children benefited from education-related initiatives

372,686

Beneficiaries of interventions for reducing infant mortality

175,130

Children supported through health interventions

Note: These are cumulative numbers for Bajaj Finserv Ltd. and subsidiary companies, Bajaj Finance, Bajaj Allianz General Insurance Company, Bajaj Allianz Life Company

Annexure to Directors' Report: FY2023

Remuneration details under Rule 5 (1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31 March 2023.

Name of the Director/KMP	Ratio of remuneration of director to median remuneration of employees	% change in the financial year
(A) Whole-time Director/Managerial Personnel		
Sanjiv Bajaj-Chairman & Managing Director	67.61	7.47
(B) Non-Executive Directors¹		
D J Balaji Rao	0.80	-8.20
Dr. Naushad Forbes	1.03	16.13
Anami N Roy	0.52	16.13
Radhika Haribhakti	0.46	Not comparable*
Pramit Jhaveri	0.69	Not comparable*
Madhur Bajaj	0.34	-11.11
Rajiv Bajaj	0.34	26.32
Manish Kejriwal	0.74	-8.77
(C) Key Managerial Personnel		
Sanjiv Bajaj, Chairman & Managing Director		7.47
S Sreenivasan-CFO ²		17.21
Uma Shende, Company Secretary		38.97
(D) % Increase in Median Remuneration of employees other than whole-time director		18.47
(E) Number of permanent employees as on 31 March 2023³	105	

* Not comparable since appointed as independent director w.e.f. 1 May 2022.

Note:

- 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. The amount of commission payable to non-executive directors is fixed at ₹ 200,000/- per meeting.
 - Remuneration to directors does not include sitting fees paid to them for attending Board/ Committee meetings.
- % increase over FY2022 is derived excluding perquisite value of stock options exercised in FY2022.
- 'Permanent employees' do not include trainees, probationers and contract employees.
- 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

- Average percentage increase in salary of employees other than whole time director is 15.50%
- Percentage increase in remuneration of managerial personnel has been determined keeping in view his duties and responsibilities, the performance of the Company and trend of remuneration in industry.
- The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial Audit Report (Form MR-3)

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

For the financial year ended 31 March 2023

To,
The Members,
Bajaj Finserv Ltd.
(CIN: L65923PN2007PLC130075)
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Pune-411035.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Bajaj Finserv 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's 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 authorized 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 subject to the reporting made hereinafter:

I have examined the books, registers, 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 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 as amended.
- 6) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking NBFC / Core Investment Company 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 Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) 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 notices were given to all directors for the Board Meetings, including Committees thereof, along with agenda and detailed notes on agenda 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

- a. allotted 143,483 Equity shares of ₹ 5/- each on 22 July 2022 under ESOP.
- b. allotted 619 Right Equity shares of ₹ 5/ each, which were kept in abeyance, on 10 August 2022.
- c. subdivided its each equity share of ₹ 5/- each into 5 equity shares of ₹ 1/- each vide ordinary resolution passed by Postal Ballot on 2 September 2022.
- d. allotted 796,407,730 equity shares of ₹ 1/- each as Bonus shares in proportion of 1:1 on 15 September 2022.

I further report that during the audit period, there was no other event/action having major bearing on affairs of the Company.

Shyamprasad D. Limaye

FCS 1587 CP 572

UDIN: F001587E000204341

Place: Pune

Date: 27 April 2023

Annexure to Secretarial Audit Report (Form MR-3)

To,
The Members,
Bajaj Finserv Ltd.
Bajaj Auto Ltd. Complex, Mumbai-Pune Road,
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.

Shyamprasad D. Limaye

FCS 1587 CP 572

Place: Pune

Date: 27 April 2023

Independent Auditor's Certificate on Corporate Governance

To the Members of
Bajaj Finserv Ltd.

We have examined the compliance of conditions of Corporate Governance by Bajaj Finserv Ltd. (the 'Company'), for the year ended 31 March 2023, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

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

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

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.

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

Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations

We further 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 **KKC & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 105146W/W100621

Ketan S Vikamsey

Partner

Membership No: 044000

ICAI UDIN: 23044000BGYKEJ9822

Place: Pune

Date: 27 April 2023

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 Finserv Ltd. (CIN: L65923PN2007PLC130075) having its registered Office at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, 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 Rahulkumar Bajaj	00014615	Chairman & Managing Director
2	Madhur Ramkrishnaji Bajaj	00014593	Non-executive director
3	Rajivnayan Rahulkumar Bajaj	00018262	Non-executive director
4	Balaji Rao Jagannathrao Doveton	00025254	Independent director
5	Naushad Darius Forbes	00630825	Independent director
6	Anami Narayan Prema Roy	01361110	Independent director
7	Manish Santoshkumar Kejriwal	00040055	Non-executive director
8	Pramit Shashikant Jhaveri	00186137	Independent director
9	Radhika Vijay Haribhakti	02409519	Independent director

1. Dr. Gita Piramal ceased to be a director of the Company w.e.f. 1 May 2022.

Shyamprasad D. Limaye

FCS. 1587 CP No. 572

UDIN: F001587E000204394

Pune: 27 April 2023