

CORPORATE GOVERNANCE



In accordance with the provisions of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policies and practices of Bajaj Finserv Ltd. ('the Company' or 'BFS' or 'Bajaj Finserv') for the year 2018-19.

This Report, therefore, states compliance as per requirements of the Companies Act, 2013 and SEBI Listing Regulations, 2015 as applicable to the Company. As will be seen, the Company's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws, including SEBI Listing Regulations, 2015.

Kotak Committee on Corporate Governance

With the aim of improving standards of Corporate Governance of listed companies in India, SEBI had formed a Committee on corporate governance on 2 June 2017 under the Chairmanship of Uday Kotak. Based on the report of the Kotak Committee on Corporate Governance, SEBI on 9 May 2018 amended SEBI Listing Regulations, 2015, some of which became applicable from 1 October 2018 and many from 1 April 2019. Your Company is in compliance with these provisions.

Philosophy

The commitment of the Bajaj Group to the highest standards of good corporate governance practices predates SEBI and the provisions of SEBI Listing Regulations, 2015. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust of the working of the Bajaj Group. Bajaj Finserv maintains the same tradition and commitment.

Board of Directors

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

Composition

According to regulation 17(1)(b) of SEBI Listing Regulations, 2015, where the non-executive chairman is a promoter, at least one half of the Board of the Company should consist of independent directors. As on 31 March 2019, the Board of the Company consisted of ten directors, of whom one was executive (Managing Director & CEO), five were non-executive independent (including one woman director) and four were non-executive and non-independent. The Board has no institutional nominee director. The Company has a non-executive promoter Chairman. As Table 1 shows, this provision is met at Bajaj Finserv.

More particulars about the directors are mentioned in the Directors' Report.

Number of meetings of the Board

During the year 2018-19, the Board of Directors met six times, viz., 17 May 2018, 19 July 2018, 17 September 2018, 23 October 2018, 29 January 2019 and 12 March 2019. The gap between any two meetings has been less than one hundred and twenty days.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for 2018-19

Name of director	Category	Relationship with other directors	No. of Board Meetings attended	Whether attended last AGM
Rahul Bajaj	Chairman, non-executive	Father of Rajiv Bajaj and Sanjiv Bajaj, father-in-law of Manish Kejriwal	5/6	No
Nanoo Pamnani	Vice Chairman (non-executive, independent)	-	6/6	Yes
Sanjiv Bajaj	Managing Director & CEO, executive	Son of Rahul Bajaj and brother of Rajiv Bajaj	6/6	Yes
Madhur Bajaj	Non-executive	-	6/6	Yes
Rajiv Bajaj	Non-executive	Son of Rahul Bajaj and brother of Sanjiv Bajaj	5/6	Yes
D J Balaji Rao	Non-executive, independent	-	6/6	Yes
Dr. Gita Piramal	Non-executive, independent	-	6/6	Yes
Dr. Naushad Forbes	Non-executive, independent	-	6/6	Yes
Anami N Roy*	Non-executive, independent	-	2/2	NA
Manish Kejriwal**	Non-executive	Son-in-law of Rahul Bajaj	2/2	NA

*Anami N Roy was appointed as an additional director in the category of non-executive, independent director w.e.f. 1 January 2019.

**Manish Kejriwal was appointed as an additional director in the category of non-executive non-independent director w.e.f. 1 January 2019.

Opinion of the Board

The Board hereby confirms that, in its opinion, the independent directors on the Board fulfil the conditions specified in SEBI Listing Regulations, 2015 and Companies Act, 2013 and are independent of the Management.

Non-executive directors' compensation

The shareholders of the Company, vide a special resolution passed at the Annual General Meeting of the Company held on 19 July 2017, have by way of an enabling provision approved the payment of commission up to a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of sections 197 and 198 of Companies Act, 2013, to the non-executive directors as may be decided by the Board of Directors in respect of the profits of the Company for each year for a period of five years commencing from 1 April 2017.

In terms of the said approvals, non-executive directors of the Company are being paid, in addition to the sitting fee of ₹ 50,000 per meeting for every meeting of the Board and its Committees, commission at the rate of ₹ 50,000 per meeting of the Board and its Committees attended by them during the year 2018-19, as a member, subject to overall ceiling of one percent of net profits.

With effect from 1 April 2019, the sitting fee payable has been enhanced to ₹ 100,000 per meeting and the commission to ₹ 150,000 per meeting by the Board at its meeting held on 12 March 2019.

In consideration of the extra services rendered by Nanoo Pamnani, at the request of the Management, during the year 2018-19, Nanoo Pamnani will be paid ₹ 20 lakh (nil for 2017-18) as an additional commission for the year 2018-19 as approved by the Board at its meeting held on 12 March 2019.

During the year, the Company has adopted the Bajaj Finserv Employee Stock Option Scheme 2018 (BFS ESOS) for the benefit of the permanent employees and/or directors of the Company and/or its holding (if any, in future) and subsidiary company (ies) but excluding independent directors and any employee who is a promoter or belongs to the promoter group.

The Company has not granted stock options to any of its directors.

Information supplied to the Board

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

In terms of quality and importance, the information supplied by the Management to the Board of the Company is far ahead of the list mandated under regulation 17(7) read with Part A of Schedule II to SEBI Listing Regulations, 2015. As stated elsewhere, the independent directors of the Company at their meeting held on 12 March 2019 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

With a view to leveraging technology and moving towards paperless systems for the preservation of the environment, the Company has since many years, adopted a web-based application for transmitting Board/Committee meetings papers. The directors of the Company receive the Board papers in electronic form through this secured application. The application meets the high standards of security and integrity required for storage and transmission of Board/Committee papers in electronic form.

Orderly succession to Board and Senior Management

The Board is periodically updated on the orderly succession to the Board and Senior Management. It has satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.



Directorships and memberships of Board Committees

Table 2: Number of directorships/committee positions of directors as on 31 March 2019

Name of director	Directorships			Committee positions in listed and unlisted public limited companies	
	In equity listed companies	In unlisted public limited companies	In private limited companies	As Member (including as Chairman)	As Chairman
Rahul Bajaj	4	2	7	-	-
Nanoo Pamnani	4	3	-	10	3
Sanjiv Bajaj	5	5	7	7	-
Madhur Bajaj	6	-	3	-	-
Rajiv Bajaj	4	-	2	-	-
D J Balaji Rao	6	-	-	7	3
Dr. Gita Piramal	4	-	2	6	1
Dr. Naushad Forbes	4	-	8	3	-
Anami N Roy	3	1	3	1	-
Manish Kejriwal	3	1	1	5	-

Note: For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under section 8 of Companies Act, 2013, have been excluded. Only audit committee and stakeholders relationship committee are considered for the purpose of reckoning committee positions.

None of the directors holds office as a director, including as alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either a holding or subsidiary company of a public company are included and those in dormant companies are excluded.

As per the declarations received, none of the directors serves as an independent director in more than seven equity listed companies. Further, the Managing Director & CEO in the Company does not serve as an independent director in more than three equity listed companies.

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

Directorships in equity listed companies

Table 3: Name of equity listed entities where directors of the Company held directorships as on 31 March 2019

Name of director	Name of equity listed entities	Category of Director
Rahul Bajaj	a) Bajaj Auto Ltd.	Chairman, executive
	b) Bajaj Finserv Ltd.	Chairman, non-executive (up to 16 May 2019)
	c) Bajaj Finance Ltd.	Chairman, non-executive
	d) Bajaj Holdings & Investment Ltd.	Chairman, non-executive (up to 17 May 2019)
Nanoo Pamnani	a) Bajaj Finserv Ltd.	Vice Chairman, non-executive, independent
	b) Bajaj Finance Ltd.	
	c) Bajaj Auto Ltd.	Non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	
Sanjiv Bajaj	a) Bajaj Auto Ltd.	Non-executive
	b) Bajaj Finance Ltd.	Vice Chairman, non-executive
	c) Bajaj Finserv Ltd.	
	d) Bajaj Holdings & Investment Ltd.	Managing Director & CEO, executive
	e) Maharashtra Scooters Ltd.	Non-executive, nominee
Madhur Bajaj	a) Bajaj Auto Ltd.	Vice Chairman, non-executive
	b) Bajaj Finserv Ltd.	
	c) Bajaj Finance Ltd.	Non-executive
	d) Bajaj Holdings & Investment Ltd.	
	e) Bajaj Electricals Ltd.	
	f) Maharashtra Scooters Ltd.	Chairman, non-executive, nominee
Rajiv Bajaj	a) Bajaj Auto Ltd.	Managing Director & CEO, executive
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Finance Ltd.	
	d) Bajaj Holdings & Investment Ltd.	
D J Balaji Rao	a) Ashok Leyland Ltd.	
	b) Bajaj Auto Ltd.	
	c) Bajaj Finserv Ltd.	
	d) Bajaj Finance Ltd.	Non-executive, independent
	e) Bajaj Holdings & Investment Ltd.	
	f) CMI FPE Ltd.	
Dr. Gita Piramal	a) Bajaj Auto Ltd.	
	b) Bajaj Finserv Ltd.	
	c) Bajaj Finance Ltd.	Non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	
Dr. Naushad Forbes	a) Bajaj Auto Ltd.	
	b) Bajaj Finserv Ltd.	
	c) Bajaj Holdings & Investment Ltd.	Non-executive, independent
	d) Zodiac Clothing Company Ltd.	

Anami N Roy	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	
	c) Glaxo Smithkline Pharmaceuticals Ltd.	
Manish Kejriwal	a) Bajaj Finserv Ltd.	Non-executive
	b) Bajaj Holdings & Investment Ltd.	
	c) Bharti Airtel Ltd.	Non-executive, independent

Certificate from Practising Company Secretary

The Company has received a certificate from Shyamprasad D Limaye, Practising Company Secretary, to the effect that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Ministry of Corporate Affairs or any other statutory authority. This certificate is annexed to this Annual Report.

Review of legal compliance reports

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

Code of conduct

Regulation 17(5) of SEBI Listing Regulations, 2015, requires listed companies to lay down a Code of Conduct for its directors and senior management, incorporating duties of directors as laid down in Companies Act, 2013.

As required under clause 49 of erstwhile Listing Agreement (corresponding to regulation 17(5) of SEBI Listing Regulations, 2015), the Board at its meeting held on 10 September 2014 adopted a revised Code of Conduct for Directors and Senior Management of the Company and the same is placed on www.bajajfinserv.in/miscellaneous-code-of-conduct.pdf

All Directors and Senior Management personnel have affirmed compliance with the code for the year 2018-19. A declaration to this effect signed by the Managing Director & CEO is given in this Annual Report.

Maximum tenure of independent directors

The maximum tenure of independent directors is in accordance with Companies Act, 2013 and regulation 25(2) of SEBI Listing Regulations, 2015.

Formal letter of appointment to independent directors

The Company issues a formal letter of appointment to independent directors in the manner as provided in Companies Act, 2013. As per regulation 46(2) of SEBI Listing Regulations, 2015, the terms and conditions of appointment of independent directors are placed on the Company's website www.bajajfinserv.in

Performance evaluation

In terms of Regulation 19(4) read with section A(2) of Part D of Schedule II to SEBI Listing Regulations, 2015, the Company has framed a policy stipulating the criteria for evaluation of directors and the Board. In light of SEBI's Guidance Note dated 5 January 2017 on Board Evaluation, the Nomination and Remuneration Committee and Board of Directors at their meeting held on 14 March 2017 revised the Policy containing criteria for performance evaluation.

In view of the amendments to section 178(2) of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on 12 March 2018 had approved the evaluation of the performance of the Board, its Committees, the Chairperson and Individual Directors to be carried out by the Board only and would not be duplicated by the Nomination and Remuneration Committee which will only review its implementation and compliance.

Pursuant to the provisions of Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees, Chairperson and individual directors.

The manner in which formal annual evaluation of performance was made by the Board is as follows:

- With a view to evaluating the performance of the Board, its Committees, Chairperson and Individual Directors for the year 2018-19, the Company circulated amongst all the directors, the updated proforma of rating sheets, based on revised criteria as approved by the Board of Directors at its meeting held on 14 March 2017.
- Rating sheets were filled by each of the directors towards the end of the financial year with regard to evaluation of the performance of the Board, its Committees, Chairperson and Individual Directors (except for the director being evaluated) for the year under review.
- A consolidated summary of the ratings given by each of the directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, its Committees, Chairperson and Individual Directors during the year under review.
- The said report of performance evaluation was noted and discussed by the Board at its meeting held on 12 March 2019, while the Nomination and Remuneration Committee at its meeting held on the same day reviewed the implementation and compliance of the Board evaluation process followed by the Company.
- As per the report of performance evaluation, the Board determined, inter alia, whether to continue the term of appointment of the independent directors.
- During the year under review, the term of appointment of Nanoo Pamnani and D J Balaji Rao, independent directors, ended on 31 March 2019 and that of Dr. Gita Piramal, independent director of the Company, would be ending on 15 July 2019. Based on the report of performance evaluation, as recommended by the Nomination and Remuneration Committee, their re-appointments were considered and approved by the Board subject to approval of the shareholders at the ensuing AGM.

Details on the evaluation of the Board, non-independent Directors and Chairperson of the Company as carried out by the independent directors at their meeting held on 12 March 2019 have been furnished in a separate para elsewhere in this Report.

Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a Remuneration Policy providing (a) criteria for determining qualifications, positive attributes and independence of directors, and (b) a policy on remuneration for 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 Board of Directors at its meeting held on 12 March 2019 approved increase in the sitting fee and commission payable to the directors with effect from 1 April 2019 and thereby amended the Remuneration Policy to this effect.

The revised policy is placed on the Company's website www.bajajfinserv.in/remuneration-policy_.pdf

Board Diversity Policy

In compliance with the provisions of SEBI Listing Regulations, 2015, the Board through its Nomination and Remuneration Committee has devised a Policy on Board Diversity. The objective of the Policy is to ensure that the Board comprises an adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The Board composition meets the above objective.

Familiarisation programmes

With a view to familiarising the independent directors with the Company's operations, as required under regulation 25(7) of SEBI Listing Regulations, 2015, the Company has held various familiarisation programmes for the independent directors throughout the year on an ongoing and continuous basis. The details of such familiarisation programmes are placed on www.bajajfinserv.in/miscellaneous-familiarization-program-for-independent-directors-13march.pdf

Whistle Blower Policy/Vigil mechanism

Pursuant to section 177(9) of Companies Act, 2013 and regulation 22 of SEBI Listing Regulations, 2015, the Company has framed its Whistle Blower Policy. Further in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the Board at its meeting held on 12 March 2019 amended the existing Whistle Blower Policy.

The Whistle Blower Policy/Vigil mechanism provides a mechanism for the directors/employees to report, without fear of victimisation, any unethical behaviour, suspected or actual fraud, violation of the Code of Conduct, etc. which are detrimental to the organisation's interest. The mechanism protects the whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice. The directors in all cases and employees in appropriate or exceptional cases have direct access to the Chairman of the Audit Committee. The Company affirms that no employee has been denied access to the Audit Committee. The said Policy is placed on the Company's website www.bajajfinserv.in

Dividend Distribution Policy

As mandated under regulation 43A of SEBI Listing Regulations, 2015, for the top 500 companies as on 31 March 2016 by market capitalisation, the Board of Directors of the Company at its meeting held on 27 October 2016 adopted a Dividend Distribution Policy for the Company.

The Policy sets out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders.

As a green initiative, the Dividend Distribution Policy is placed on www.bajajfinserv.in/miscellaneous-divident-policy.pdf

A physical copy of the Policy will be made available to any shareholder on request.

Subsidiary companies

The Company has Bajaj Finance Ltd. as its listed 'material subsidiary' and Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. as unlisted 'material subsidiaries' as prescribed under regulation 16(1)(c) of SEBI Listing Regulations, 2015.

A revised Policy on 'material subsidiaries' in terms of regulation 16(1)(c) of SEBI Listing Regulations, 2015, as approved by the Board of Directors at its meeting held on 12 March 2019 is placed on www.bajajfinserv.in/policy-for-material-subsiidiaries-13march.pdf

Provisions under regulation 24 and 24A of SEBI Listing Regulations, 2015, with reference to subsidiary companies were duly complied to the extent applicable.

During the year under review, the Audit Committee reviewed the financial statements of and in particular, the investments made by each of its unlisted subsidiary companies to the extent applicable. Minutes of the board meetings of these subsidiary companies were regularly placed before the Board of the Company along with a statement of significant transactions and arrangements entered into by these subsidiary companies, as applicable.

Related party transactions

All Related Party Transactions (RPTs) entered into by the Company during the year under review, were on arms' length basis and in the ordinary course of business and did not attract provisions of section 188 of Companies Act, 2013 and were also not material RPTs under regulation 23 of SEBI Listing Regulations, 2015.

During the year 2018-19, as required under section 177 of Companies Act, 2013 and regulation 23 of SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for approval.

A statement showing the disclosure of transactions with related parties as required under Ind AS 24 is set out separately in this Annual Report.

Pursuant to Regulation 23(9) of SEBI Listing Regulations, 2015, disclosures of RPTs on a consolidated basis are being submitted to the stock exchanges within the prescribed time limit and are being published on the Company's website www.bajajfinserv.in

There were no material transactions entered into with related parties, during the period under review, which may have had any potential conflict with the interests of the Company.

The revised Policy on materiality of RPTs also on dealing with RPTs has been formulated by the Board at its meeting held on 16 July 2014 and amended on 14 October 2014. The said Policy was further amended, inter alia, stipulating the threshold limits, on 12 March 2019 and the same is placed on the Company's website www.bajajfinserv.in/bfs-signed-material-rpt-policy-12-march-2019.pdf

Disclosures

Suitable disclosures have been made in the financial statements, together with the Management's explanation in the event of any treatment being different from that prescribed in the Ind AS.

Core Skills/Expertise/Competencies

As stipulated under Schedule V to SEBI Listing Regulations, 2015, core skills/expertise/competencies as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors as follows:

Table 4: List of Core Skills/Expertise/Competencies

Sr. No.	Core Skills/Expertise/Competencies
1.	Management and Strategy
2.	Global Business Leadership, Economics and Statistics
3.	Information Technology, Engineering, Systems and Computers
4.	Human Resources and Industrial Relations
5.	Infrastructure and Real Estate
6.	Finance, Taxation and Law
7.	Banking, Investment, Treasury and Forex Management
8.	Insurance, Mutual Fund and Financial Services
9.	Audit and Risk Management
10.	Commercial, Purchase, Sales, Marketing, International Business and Supply Chain
11.	Manufacturing, Operations, Automobile Engineering, Project Management and R&D
12.	Regulatory, Government and Security matters
13.	Academics, Education and Authorship
14.	CSR, Sustainability and NGO matters
15.	Corporate Governance and Ethics

Audit Committee

Constitution and composition

The Company had set up its Audit Committee on 30 January 2008 under erstwhile Companies Act, 1956 and clause 49 of erstwhile Listing Agreement.

The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under Companies Act, 2013 and SEBI Listing Regulations, 2015.

During 2018-19, in line with the provisions of SEBI Listing Regulations, 2015 and SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the terms of reference of the Committee were revised by the Board at its meeting held on 12 March 2019. The revised terms of reference are placed on www.bajajfinserv.in/miscellaneous-terms-of-reference-for-audit-committee

All members of the Audit Committee are independent, non-executive directors and are 'financially literate' as required under the provisions of Companies Act, 2013 and regulation 18(1)(c) of SEBI Listing Regulations, 2015. Moreover, the Chairman and members of the Audit Committee have 'accounting or related financial management expertise'.

Meetings and attendance

During 2018-19, the Audit Committee met four times, viz., 17 May 2018, 19 July 2018, 23 October 2018 and 29 January 2019. The meetings were scheduled well in advance. The gap between any two meetings has been less than one hundred and twenty days.

In addition to the members of the Audit Committee, these meetings were attended by the heads of finance, internal audit functions, Cost Auditor and Statutory Auditors of the Company and those executives who were considered necessary for providing inputs to the Committee.

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

Table 5: Composition of the Audit Committee and attendance record of members for 2018-19

Name of director	Category	No. of Meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	4/4
D J Balaji Rao	Non-executive, independent	4/4
Dr. Gita Piramal	Non-executive, independent	4/4
Dr. Naushad Forbes	Non-executive, independent	4/4

Pursuant to the terms of reference, the Audit Committee, inter alia, discussed and deliberated on the financial results, appointment/re-appointment and remuneration of Statutory Auditors, review of internal audit functions, review and approval of related party transactions including granting of omnibus approval for the proposed transactions, review of investment related reports of the Company, etc.

Nanoo Pamnani, Chairman of the Audit Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2018.

Nomination and Remuneration Committee

Bajaj Finserv constituted the Remuneration Committee of the Board on 30 January 2008. Subsequently, the Board of Directors, at its meeting held on 15 January 2009, extended the terms of reference of the said Committee to include nomination functions and restyled the said Committee as 'Remuneration and Nomination Committee'.

The Board of Directors, at its meeting held on 14 May 2014, renamed the Committee as 'Nomination and Remuneration Committee' and revised the terms of reference for this Committee at its meeting held on 10 September 2014 in compliance with section 178 of Companies Act, 2013 and clause 49 of erstwhile Listing Agreement (corresponding to regulation 19 of SEBI Listing Regulations, 2015).

During 2018-19, in line with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI Listing Regulations, 2015, as amended, the terms of reference of the Committee were revised by the Board at its meeting held on 19 July 2018 and 12 March 2019 respectively. The revised terms of reference are placed on www.bajajfinserv.in/miscellaneous-terms-of-reference-for-nomination-and-remuneration-committee

During the year under review, the Committee met five times, i.e., on 17 May 2018, 19 July 2018, 23 October 2018, 29 January 2019 and 12 March 2019.

The Committee also acts as Compensation Committee for implementation of BFS ESOS of the Company.

Table 6: Composition of the Nomination and Remuneration Committee and attendance record of members for 2018-19

Name of director	Category	No. of Meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	5/5
Rahul Bajaj	Non-executive	4/5
D J Balaji Rao	Non-executive, independent	5/5
Dr. Gita Piramal	Non-executive, independent	5/5

Sonal R Tiwari, Company Secretary acted as the Secretary to this Committee.

As provided under the terms of reference of this Committee, the members, inter alia, deliberated on the following:

- i) Recommendation of revision in remuneration of Sanjiv Bajaj, Managing Director & CEO w.e.f. 1 April 2018;
- ii) Approval of fresh Employee Stock Option Scheme;
- iii) Review of changes in remuneration to senior managerial personnel w.e.f. 1 April 2018;
- iv) Noting of delegation of administration of BFS ESOS to Bajaj Finserv ESOP Trust;
- v) Approval of grant of stock options under BFS ESOS;
- vi) Recommendation of appointment of Anami N Roy as an additional director and as an independent director w.e.f. 1 January 2019;
- vii) Recommendation of appointment of Manish Kejriwal as an additional director and as a non-executive non-independent director w.e.f. 1 January 2019;
- viii) Approval of second tranche of grant of stock options;
- ix) Review of the implementation and compliance of effective performance evaluation;
- x) Recommendation for revision in sitting fee and commission payable to non-executive directors w.e.f. 1 April 2019;
- xi) Noting of resignation by Rahul Bajaj as Chairman of the Company effective from 16 May 2019 after the Board meeting;
- xii) Recommendation of re-appointment of Nanoo Pamnani as an independent director for a second term of five years w.e.f. 1 April 2019 and as Chairman of the Company w.e.f. 17 May 2019;
- xiii) Recommendation of re-appointment of D J Balaji Rao as an independent director for a second term of five years w.e.f. 1 April 2019;
- xiv) Recommendation of re-appointment of Dr. Gita Piramal as an independent director for a second term of five years w.e.f. 16 July 2019;
- xv) Recommendation of approval for payment of additional commission to Nanoo Pamnani; and
- xvi) Recommendation of appointment of Rahul Bajaj as Chairman Emeritus of the Company effective from 16 May 2019 after the Board meeting.

Nanoo Pamnani, Chairman of the Nomination and Remuneration Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2018.

Risk Management Committee

As per the RBI Guidelines on Corporate Governance, the Board of Directors of the Company had constituted a Risk Management Committee in 2010, consisting of senior executives, and this Committee was functioning since 2010 with meetings being held every quarter.

SEBI subsequently, vide its circular dated 15 September 2014, revised clause 49 of the erstwhile Listing Agreement (corresponding to regulation 21 of SEBI Listing Regulations, 2015), making risk management committee applicable to the top 100 listed companies by market capitalisation as at the end of the immediate previous financial year. The list includes Bajaj Finserv Ltd.

In light of the above, the Board at its meeting held on 14 October 2014 has re-constituted the Risk Management Committee.

During 2018-19, in line with the provisions of SEBI Listing Regulations, 2015, as amended, the terms of reference of the Committee were revised by the Board at its meeting held on 12 March 2019. The revised terms of reference are placed on <https://www.bajajfinserv.in/terms-of-reference-for-risk-management-committee>

During the year under review, the Committee met twice, on 17 September 2018 and 12 March 2019.

Table 7: Composition of the Risk Management Committee and attendance record of members for 2018-19

Name of member	Category	No. of meetings attended
Nanoo Pamnani	Chairman, non-executive and independent	2/2
Sanjiv Bajaj	Managing Director & CEO, executive	2/2
S Sreenivasan	Chief Financial Officer	2/2

Sonal R Tiwari, Company Secretary acted as the Secretary to this Committee.

At these meetings, risk aspects of the Company and that of its insurance subsidiaries, viz., Bajaj Allianz General Insurance Company Ltd. and Bajaj Allianz Life Insurance Company Ltd. and the consumer finance subsidiary, Bajaj Finance Ltd., covering, inter alia, liquidity risk, cyber risk, technology risk and human resources risk, etc. were discussed at length. This Committee supplements the Risk Committees of each subsidiary of the Company.

The Committee and Board have laid down procedures to inform it of the Company's risk assessment and minimization procedures. These are periodically reviewed to ensure that the Management identifies and controls risk through a properly defined framework.

During the year under review, the Company did not trade in or have any exposure in commodities market.

Stakeholders Relationship Committee

The Board of Directors of the Company constituted its Shareholders' and Investors' Grievance Committee at its meeting held on 30 January 2008. This Committee was constituted to specifically look into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends, etc.

In addition, the Committee also looked into matters that can facilitate better investor services and relations. The Board was kept apprised of all the major developments on investors' issues through various reports and statements furnished to the Board from time to time throughout the year.

In compliance with the provisions of section 178 of Companies Act, 2013 and regulation 20 of SEBI Listing Regulations, 2015, the Board renamed the Committee as 'Stakeholders Relationship Committee' and revised the terms of reference.

During 2018-19, in line with the provisions of SEBI Listing Regulations, 2015, as amended, the terms of reference of the Committee were revised by the Board at its meeting held on 12 March 2019. The revised terms of reference are placed on <https://www.bajajfinserv.in/miscellaneous-terms-of-reference-for-stakeholders-relationship-committee>

During the year under review, the Committee met on 29 January 2019.

Table 8: Composition of the Stakeholders Relationship Committee and attendance record of members for 2018-19

Name of director	Category	Attendance at the meeting held on 29 January 2019
Dr. Gita Piramal	Chairperson, non-executive, independent	Yes
Nanoo Pamnani	Non-executive and independent	Yes
Sanjiv Bajaj	Managing Director & CEO, executive	Yes

Sonal R Tiwari, Company Secretary and the Compliance Officer, acted as the Secretary to this Committee. The Secretarial Auditor was also present.

The Committee expressed its satisfaction on the overall status of compliances and actions taken on various investors-related matters.

Dr. Gita Piramal, Chairperson of the Stakeholders Relationship Committee, was present to answer shareholders' queries at the Annual General Meeting of the Company held on 19 July 2018.

Table 9: Investors' complaints attended and resolved during 2018-19

Investors' complaints	Attended/resolved during 2018-19
Pending at the beginning of the year	Nil
Received during the year	12
Disposed of during the year	12
Remaining unresolved at the end of the year	Nil

Pursuant to circular issued by SEBI in December 2010 (corresponding to regulation 39(4) of SEBI Listing Regulations, 2015), for dealing with physical unclaimed shares, the Company has a demat account with HDFC Bank titled 'Bajaj Finserv Ltd.-Unclaimed Suspense Account', to which all the unclaimed shares stand transferred in terms of the said circular.

More details on this subject and on shareholders' related matters have been furnished in the chapter on General Shareholder Information.

Duplicate Share Certificate Issuance Committee

The Board of Directors at its meeting held on 3 February 2016, to meet the requirements of section 46 of Companies Act, 2013, read with rule 6 of the Companies (Share Capital and Debentures) Rules, 2014 and regulation 39 of SEBI Listing Regulations, 2015, constituted a Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate lost or misplaced.

During the year under review, the Committee met on 4 February 2019.

Table 10: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of members for 2018-19

Name of director	Category	Attendance at the meeting held on 4 February 2019
Rahul Bajaj	Chairman, non-executive	Yes
Sanjiv Bajaj	Managing Director & CEO, executive	Yes
Rajiv Bajaj	Non-executive	Yes

Independent Directors' meeting

In compliance with Schedule IV to Companies Act, 2013 and regulation 25(3) of SEBI Listing Regulations, 2015, the independent directors held their separate meeting on 12 March 2019, without the attendance of non-independent directors and members of the Management, inter alia, to discuss the following:

- i) Noting of appointment of Anami N Roy as an independent director;
- ii) Noting of appointment of Manish Kejriwal as non-executive non-independent director;
- iii) Noting of the report of Performance Evaluation for 2018-19 from Chairman of the Board;
- iv) Review of the performance of non-independent directors, the Board and Chairperson; and
- v) Assessment of the quality, quantity and timeliness of flow of information to the Board.

The independent directors present elected D J Balaji Rao as the Chairman for the meeting.

All independent directors were present at the meeting, deliberated on the above and expressed their satisfaction on all matters.

Remuneration of directors

Pecuniary relationships with non-executive directors

During the year under review, there were no material pecuniary relationships or transactions with any non-executive director of the Company.

The register of contracts is maintained by the Company under section 189 of Companies Act, 2013. The register is signed by the directors present at the respective Board meetings.

Criteria of making payments to non-executive directors

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

As stated earlier, the Remuneration Policy, inter alia, disclosing the criteria of making payments to directors, key managerial personnel and employees is placed on the Company's website www.bajajfinserv.in/remuneration-policy_.pdf

Non-executive directors

Non-executive directors are paid sitting fees and commission as separately stated in this Report.

Managing Director and Chief Executive Officer (CEO)

During the year under review, the Company has paid remuneration to Sanjiv Bajaj, Managing Director & CEO of the Company, as provided in detail in an annexure to the Directors' Report in section VI(A) of form MGT-9, i.e., extract of the Annual Return.

The Managing Director & CEO is entitled to superannuation benefits payable in the form of an annuity from an approved life insurance company, which forms part of the perquisites allowed to him. No pension is paid by the Company.

Pursuant to section 197(14) of Companies Act, 2013, Sanjiv Bajaj, Managing Director & CEO of the Company, who is also the non-executive, Vice Chairman of Bajaj Finance Ltd. (BFL) has been paid sitting fees of ₹ 8.50 lakh and is being given commission of ₹ 17 lakh from subsidiary, BFL for the year 2018-19, in the same manner as is done for the other non-executive directors of BFL.

Details of remuneration to directors

During the year, the Company has adopted BFS ESOS for the benefit of the permanent employees and/or directors of the Company and/or its holding (if any, in future) and subsidiary company (ies) but excluding independent directors and any employee who is a promoter or belongs to the promoter group.

The Company has not granted stock options to any of its directors and hence, it does not form part of the remuneration package payable to any executive and/or non-executive director. During the year under review, none of the directors, was paid any performance-linked incentive.

In 2018-19, the Company did not advance any loans to any of the non-executive directors and/or Managing Director & CEO. Details of remuneration paid/payable to directors during 2018-19 are provided in an annexure to the Directors' Report in section VI(B) of form MGT-9, i.e., extract of the Annual Return.

Shareholding of directors

Information on shares held by directors in the Company as on 31 March 2019 is provided in an annexure to the Directors' Report in section IV(v) of form MGT-9, i.e., extract of the Annual Return.

Management

Management discussion and analysis

This is given as a separate chapter in the Annual Report.

Disclosure of material transactions

Under regulation 26(5) of SEBI Listing Regulations, 2015, the Senior Management has made disclosures to the Board stating that there were no material financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

Compliances regarding insider trading

The Company had in place a 'Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices', in accordance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended. These regulations were substituted by SEBI with a new set of regulations, which have come into effect from 15 May 2015.

Accordingly, the Board at its meeting held on 23 March 2015, had approved and adopted:

- i) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and
- ii) Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons.

During the year under review, SEBI has amended SEBI (Prohibition of Insider Trading) Regulations, 2015. To comply with the said amendment effective from 1 April 2019, the Board of Directors, inter alia, at its meeting held on 12 March 2019, approved the following:

- a) Revised Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons.
- b) Revised Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.
- c) Institutional Mechanism for Prevention of Insider Trading.
- d) Revised Whistle Blower Policy of the Company.

Further, the Board at its meeting held on 16 May 2019 approved the Policy on leak of Unpublished Price Sensitive Information.

The Code referred to in (b) above is placed on the Company's website www.bajajfinserv.in

The Company duly complies with the above.

Means of Communication

Quarterly, half-yearly, annual financial results and other public notices issued for the shareholders of Company are published in numerous leading dailies, such as Financial Express, Business Standard, Sakal, Kesari, Mint, Hindu Business Line, Hindustan Times, Anand Bazaar Patrika and Economic Times. An official press release is also issued. The Company also sends the half-yearly financial results, along with a detailed write-up, to each household of shareholders.

The Company has its own website www.bajajfinserv.in which contains all important public domain information including presentations, if any, made to the media, analysts and institutional investors. The website contains information as prescribed under Companies Act, 2013 and SEBI Listing Regulations, 2015, including details of the corporate contact persons and share transfer agent of the Company, shareholding pattern, etc.

Sections 20 and 129 of Companies Act, 2013 read with Companies (Accounts) Amendment Rules, 2017, permit companies to service delivery of documents electronically on the registered members'/shareholders' email addresses. The Company, during the year under review, sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report, credit of dividend intimation letters, etc. in electronic form to the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get the same in physical form upon request.

All financial and other vital official news releases and documents under SEBI Listing Regulations, 2015, are also communicated to the concerned stock exchanges, besides being placed on the Company's website. www.bajajfinserv.in

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

During the preceding three years, the AGMs of the Company were held at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 on the following dates and time and special resolutions were passed thereat as follows:

Details of AGM	Date and time of AGM	Details of Special Resolution (s) passed at the AGMs, if any
9th AGM	26 July 2016 at 4.15 p.m.	i. Approval for increase in limit of investments, loans etc. up to ₹10,000 crore under section of Companies Act, 2013.
10th AGM	19 July 2017 at 4.15 p.m.	i. Approval of re-appointment of Sanjiv Bajaj as Managing Director of the Company and to fix his remuneration; and ii. Approval for payment of commission to non-executive directors for a period of five years commencing from 1 April 2017.
11th AGM	19 July 2018 at 4.15 p.m.	i. Approval for the Bajaj Finserv Ltd. Employee Stock Option Scheme ii. Issue and allotment of equity shares to employees of holding and subsidiary company(ies) under the Bajaj Finserv Ltd. Employee Stock Option Scheme. iii. Approval of acquisition of equity shares from secondary market for the implementation of Bajaj Finserv Ltd. Employee Stock Option Scheme to the employees of the Company and that of the employees of holding and subsidiary companies.

During the year under review, the Company did not pass any resolutions of the shareholders by postal ballot.

Details of capital market non-compliance, if any

There was no non-compliance by the Company of any legal requirements; nor has there been any penalty/stricture imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years, except: The Company had issued to its shareholders Rights Equity Shares in the year 2012. Out of this issue, 3,317 rights equity shares kept earlier in abeyance were allotted on 16 October 2017. Application for listing of these shares was filed with BSE and NSE in 30 days and 29 days respectively from the date of allotment, which was beyond the prescribed 20 days' period. The delay was due to certain interpretational issues and also for technical reasons. NSE and BSE levied a fine of ₹ 180,000 and ₹ 200,000 respectively, which the Company paid under protest in the previous year.

Compliance certificate

The Managing Director & CEO and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) read with Part B of Schedule II to SEBI Listing Regulations, 2015.

Report on corporate governance

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on corporate governance for the year 2018-19.

The Company has been regularly submitting the quarterly compliance report to the stock exchanges, as required under regulation 27 of SEBI Listing Regulations, 2015.

Auditors' certificate on corporate governance

The Company has obtained the certificate from its Statutory Auditors regarding compliance with the provisions relating to corporate governance laid down in Part E of Schedule V to SEBI Listing Regulations, 2015. This certificate is annexed to the Directors' Report and will be sent to the stock exchanges, along with the Annual Report to be filed by the Company.

Statutory Auditors

S R B C & CO LLP are the Statutory Auditors of the Company. Total fees paid by the Company and its subsidiaries, on a consolidated basis to their respective Statutory Auditors including all entities in their network firm/entity of which they are a part are as follows:

Sr. No.	Particulars	Amount in ₹	
		Statutory Audit Fee	Other Services
1.	Bajaj Finserv Ltd.	2,200,000	400,000
2.	Bajaj Allianz Life Insurance Company Ltd.	9,500,000	6,348,910
3.	Bajaj Allianz General Insurance Company Ltd.	7,600,000	1,584,913
4.	Bajaj Finance Ltd.	5,275,000	4,150,000
5.	Bajaj Housing Finance Ltd. (100% subsidiary of Bajaj Finance Ltd.)	200,000	755,000
6.	Bajaj Financial Securities Ltd. (100% subsidiary of Bajaj Finance Ltd. w.e.f. 10 August 2018)	50,000	-
7.	Bajaj Finserv Direct Ltd. (100% subsidiary of Bajaj Finserv Ltd.)	100,000	100,000

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

There was no complaint during the year under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Compliance of mandatory and discretionary requirements

Mandatory

The Company has complied with the mandatory requirements of SEBI Listing Regulations, 2015.

Discretionary

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

A. The Board

The Non-executive Chairman has an office in the Company's premises and is allowed reimbursement of expenses incurred in performance of his duties.

B. Shareholder rights

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

C. Modified opinion(s) in audit report

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

D. Separate Posts of Chairperson and Chief Executive Officer

The Company has appointed separate persons to the post of Chairman and Managing Director & CEO.

E. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION



12th Annual General Meeting (AGM)

Date	25 July 2019
Time	4.15 p.m.
Venue	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035.

Financial calendar

Approval of audited annual results for the year ending 31 March	May
Mailing of Annual Reports	June
Annual General Meeting	July
Unaudited first quarter financial results	July
Unaudited second quarter financial results	October
Unaudited third quarter financial results	January/early February

Registrar and share transfer agent

The Company has appointed Karvy Computershare Pvt. Ltd., as its registrar and share transfer agent and accordingly, processing of share transfer/dematerialisation/rematerialisation and allied activities were outsourced to it with effect from 10 July 2008.

Karvy Computershare Pvt. Ltd., effective from 17 November 2018 is Karvy Fintech Pvt. Ltd. (hereinafter referred to as 'Karvy'). All the share registry services are now handled in the name of the new entity, i.e., Karvy Fintech Pvt. Ltd.

All physical transfers, transmission, transposition, issue of duplicate share certificate(s), issue of demand drafts in lieu of dividend warrants, etc. as well as requests for dematerialisation/rematerialisation are being processed at Karvy. The work related to dematerialisation/rematerialisation is handled by Karvy through connectivity with NSDL and CDSL.

Dividend

Board of Directors of the Company has proposed a dividend of ₹ 2.50 per equity share (50%) of face value of ₹ 5 each for the year 2018-19, subject to approval by the shareholders at the ensuing AGM. Dividend paid in the previous year was ₹ 1.75 per equity share (35%).

Dates of book closure

The register of members and share transfer books of the Company will remain closed from **Saturday, 13 July 2019** to **Thursday, 25 July 2019**, (both days inclusive) for the purpose of payment of dividend.

Date of dividend payment

Subject to the provisions of section 126 of the Act, dividend on equity shares, if declared, at the AGM, will be credited/dispatched between **Tuesday, 30 July 2019** and/or **Wednesday, 31 July 2019**, as under:

- (a) to all those members holding shares in physical form as per register of members available with Karvy as on closing hours on **Friday, 12 July 2019**; and
- (b) to all those beneficial owners holding shares in electronic form, as per beneficial ownership details provided to the Company by National Securities Depository Ltd. and Central Depository Services (India) Ltd., as of the end of the day on **Friday, 12 July 2019**.

Payment of dividend

As per SEBI Listing Regulations, 2015 and SEBI circular dated 20 April 2018, companies shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the shareholders. Accordingly, dividend, if declared, will be paid through electronic mode, where the bank account details of the members are available. Where dividend is paid through electronic mode, intimation regarding such remittance would be sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same will be paid by account payee/non-negotiable instruments/warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on such payment instruments.

Pursuant to the aforesaid circular, the Company had written to shareholders holding shares in physical form requesting them to furnish details regarding their PAN and also their bank details for payment of dividend through electronic mode. Those shareholders who are yet to respond to the Company's request in this regard are once again requested to take action in the matter at the earliest.

For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish updated particulars of their bank account to Karvy along with a photocopy of a cancelled cheque of the bank account and self-attested copy of PAN card. Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and ensure that such changes are recorded by them correctly on or before Friday, 12 July 2019. The request for updating particulars of bank account should be signed as per the specimen signature registered with Karvy/depository participants, as the case may be.

Unclaimed dividends/shares

As per section 124(5) of Companies Act, 2013, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund (Fund) set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the years 2007-08 and 2008-09 was transferred by the Company to the said Fund in September 2015 and 2016 respectively.

The Ministry of Corporate Affairs (MCA) notified the commencement date as 7 September 2016 for section 124 and a few sub-sections of section 125 of Companies Act, 2013 and also notified the new Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016'), outlining the detailed procedure for implementation regarding the Fund and the Authority under the Companies Act, 2013. Accordingly, the unpaid/unclaimed dividend for the years 2009-10 and 2010-11 was transferred to the Fund in September 2017 and November 2018 respectively.

As previously provided under IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, and now under the IEPF Rules, 2016, the Company filed the necessary particulars of all the unclaimed and unpaid amounts through e-form IEPF 2 with MCA on 15 October 2018 for the year ended 31 March 2018. The details of unpaid and unclaimed dividends for the years 2010-11 to 2016-17 have been uploaded on the Company's website www.bajajfinserv.in

Unpaid/unclaimed dividend for the year 2011-12 shall become due for transfer to the said Fund in August 2019. Members are requested to verify their records and send their claim, if any, for the year 2011-12, before the amount becomes due for transfer to the Fund. Communication is being sent to the members who have not yet claimed dividend for the year 2011-12, requesting them to claim the same as well as unpaid dividend, if any, for the subsequent years.

Transfer of shares to IEPF

As informed in the previous year, under section 124(6) of Companies Act, 2013, as there has been a further provision that all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company within a period of thirty days of such shares becoming due to be transferred to the Fund.

Accordingly, in due compliance of the provisions of rule 6(3) of IEPF Rules, 2016, the Company sends individual letters through Speed Post to such shareholders, in respect of whom dividend for consecutive seven years has remained unpaid. Further, public notice is also released in newspapers to this effect.

During the year under review, the Company transferred 12,701 equity shares of the face value of ₹ 5 each in respect of 74 shareholders to the Demat Account of the IEPF Authority held with NSDL and filed necessary e-form IEPF-4 with MCA on 13 November 2018. Details of such shareholders, whose shares are transferred to IEPF and their unpaid dividends for the subsequent years are available to the concerned shareholders on the Company's website www.bajajfinserv.in

As provided under these Rules, the shareholders shall be allowed to claim such unpaid dividends and the shares transferred to the Fund by following the required procedure. The said IEPF Rules, 2016 and amendment thereunder are available on the Company's website www.bajajfinserv.in

Shareholders are requested to get in touch with the compliance officer for further details on the subject at investors@bajajfinserv.in

Share transfer system

Share transfers received by Karvy/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. The total number of shares transferred in the physical category during 2018-19 was 59,059 versus 4,994,433 during 2017-18. The details thereof were placed before the Board of Directors on a quarterly basis.

As per SEBI norms, efforts are underway to update PAN and Bank account details of concerned shareholders and communications have been sent by the Company to eligible shareholders in this regard. Members are requested to update these details with Karvy/Company at the earliest.

During 2018-19, SEBI amended regulation 40 of SEBI listing Regulations, 2015, prohibiting transfer of securities (except transmission or transposition of shares) in physical form from 1 April 2019. Accordingly, the Company has sent letters to members holding shares in physical form advising them to dematerialise their holdings.

Dematerialisation/rematerialisation of shares and liquidity

During 2018-19, 425,684 shares were dematerialised, compared to 145,372 shares during 2017-18. Total number of shares rematerialised during 2018-19 were nil. Shares held in physical and electronic mode as on 31 March 2019 are as given in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2019		Position as on 31 March 2018		Net change during 2018-19	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	9,572,885	6.02	10,006,210	6.29	(433,325)	(0.27)
Demat						
NSDL	145,531,730	91.45	145,071,910	91.16	459,820	0.29
CDSL	4,031,496	2.53	4,056,977	2.55	(25,481)	(0.02)
Sub-total	149,563,226	93.98	149,128,887	93.71	434,339	0.27
Total	159,136,111	100.00	159,135,097	100.00	1,014	

Stock code

1. Bombay Stock Exchange	532978
2. National Stock Exchange	BAJAJFINSV
3. ISIN for depositories (NSDL and CDSL)	INE918I01018
4. Bloomberg	BJFIN IN
5. Reuters	BJFS. BO

Listing on stock exchanges

Shares of the Company are currently listed on the following stock exchanges:

Name	Address
1. BSE Ltd. (BSE)	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
2. National Stock Exchange of India Ltd. (NSE)	Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051

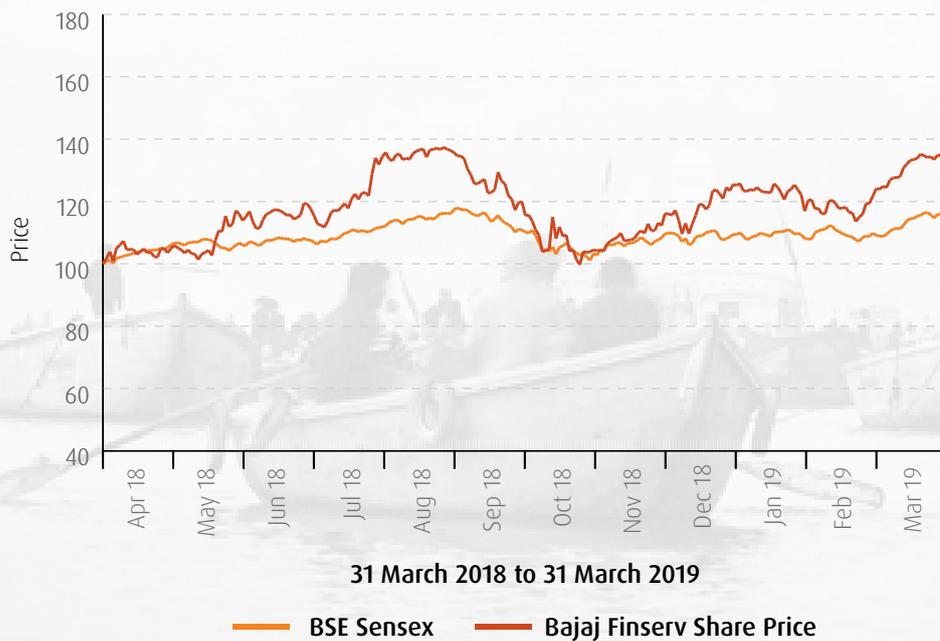
Pursuant to SEBI Listing Regulations, 2015, the Company has entered into a Uniform Listing Agreement with BSE and NSE. For the year 2018-19, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of equity shares of Bajaj Finserv Ltd. during 2018-19 (₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr 18	5,581.00	5,095.25	5,585.95	5,071.15	35,160.36
May 18	6,134.00	5,235.20	6,156.90	5,225.00	35,322.38
Jun 18	6,290.00	5,679.00	6,293.60	5,682.60	35,423.48
Jul 18	7,100.00	5,750.00	7,100.00	5,750.45	37,606.58
Aug 18	7,200.00	6,724.35	7,200.00	6,725.00	38,645.07
Sep 18	6,845.90	5,100.20	6,840.00	5,366.00	36,227.14
Oct 18	6,028.00	4,960.00	6,040.00	4,955.00	34,442.05
Nov 18	6,097.85	5,350.00	6,100.00	5,370.65	36,194.30
Dec 18	6,697.95	5,619.25	6,591.20	5,612.00	36,068.33
Jan 19	6,549.00	5,953.00	6,535.00	5,948.80	36,256.69
Feb 19	6,499.00	5,851.15	6,509.70	5,855.00	35,867.44
Mar 19	7,075.00	6,393.50	7,080.00	6,386.00	38,672.91

Bajaj Finserv Ltd. stock performance Vs BSE Sensex, during 2018-19, indexed to 100 on 31 March 2018



Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2019, while Table 4 gives the data according to size classes.

Table 3: Distribution of shareholding across categories

Categories	31 March 2019		31 March 2018	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	92,886,208	58.37	92,855,208	58.35
Friends and associates of promoters	16,190,309	10.17	16,318,335	10.25
Foreign Institutional Investors/Foreign Portfolio Investors	13,212,387	8.30	12,451,118	7.82
Public Financial Institutions	3,848,053	2.42	4,724,096	2.97
Mutual Funds	5,896,219	3.71	6,014,406	3.78
Nationalised and other banks	131,080	0.08	142,516	0.09
Alternate Investment Fund	456,653	0.29	299,109	0.19
NRIs and OCBs	1,178,494	0.74	1,076,832	0.68
Others	25,336,708	15.92	25,253,477	15.87
Total	159,136,111	100.00	159,135,097	100.00

Table 4: Distribution of shareholding according to size class as on 31 March 2019

Categories	Number of shareholders	% to total shareholders	Number of shares	% to total shares
1 to 500	94,692	95.16	4,147,738	2.61
501 to 1000	1,760	1.77	1,264,029	0.79
1001 to 2000	1,163	1.17	1,665,429	1.05
2001 to 3000	532	0.53	1,315,958	0.83
3001 to 4000	250	0.25	864,875	0.54
4001 to 5000	172	0.17	782,303	0.49
5001 to 10000	379	0.38	2,571,049	1.62
10001 and above	564	0.57	146,524,730	92.08
Total	99,512	100.00	159,136,111	100.00

Shareholders' and investors' grievances

The Board of Directors of the Company has a Stakeholders Relationship Committee to specifically look into and resolve grievances of security-holders on various matters.

Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review related to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares and change of address and/or bank particulars. As on 31 March 2019, there were no pending issues to be addressed or resolved.

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning twelve complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/Investors in the prescribed format, as the case may be and no action remained to be taken at the Company's end.

Demat suspense account with HDFC Bank for unclaimed shares

In accordance with the provisions contained in clause 5A of erstwhile Listing Agreement (corresponding to regulation 39(4) of SEBI Listing Regulations, 2015), as amended by SEBI vide circular dated 16 December 2010, the Company, during the year 2011-12, had sent three reminders to such shareholders whose shares were lying 'undelivered/unclaimed' with the Company, followed by opening of the unclaimed share suspense demat account with HDFC Bank in April 2012.

After completing the necessary formalities, 17,947 shares held by 100 shareholders were transferred to the said suspense account in April 2012. Voting rights on such shares are to remain frozen till the rightful owner claims the shares.

The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in regulation 39(4) of SEBI Listing Regulations, 2015.

The summary of this account for the year 2018-19 is as follows:

Sr. No.	Particulars	No. of shareholders	No. of shares
i.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1 April 2018	15	1,331
ii.	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2018-19	0	0
iii.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2018-19	0	0
iv.	Number of shareholders whose shares were transferred to the IEPF Authority during the year 2018-19	5	975
v.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31 March 2019	10	356

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form (SH-13) will be sent by Karvy upon such request and is also available on the Company's website www.bajajfinserv.in

Nomination facility for shares held in electronic form is also available with depository participants.

Credit Rating

The Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad. As such, the Company does not have list of credit ratings under Regulation 34 read with Schedule V to SEBI Listing Regulations, 2015.

Live Webcast of AGM

As per regulation 44(6) of SEBI Listing Regulations, 2015, top 100 listed entities shall, with effect from 1 April 2019, provide one-way live webcast of the proceedings of the AGM. Accordingly, the Company has entered into an arrangement with Karvy, to facilitate live webcast of the proceedings of the ensuing AGM scheduled on 25 July 2019.

Members who are entitled to participate in the AGM can view the proceedings of AGM by logging on the e-voting website of Karvy at <https://evoting.karvy.com/> using the secure login credentials provided for e-voting.

Voting through electronic means

Pursuant to section 108 of Companies Act, 2013 and the Rules made thereunder and provisions under SEBI Listing Regulations, 2015, every listed company is required to provide its members the facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with Karvy, the authorised agency for this purpose, to facilitate such e-voting for its members.

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of AGM through such e-voting method. Further, in accordance with the Companies (Management and Administration) Rules, 2014, the Company shall also be making arrangements to provide for e-voting facility at the venue of the AGM.

Shareholders who are attending the meeting and who have not already cast their votes by remote e-voting shall be able to exercise their right of voting at the meeting.

Cut-off date, as per the said Rules, shall be **19 July 2019** and the remote e-voting shall be open for a period of 3 (three) days, from **22 July 2019 (9.00 a.m.)** till **24 July 2019 (5.00 p.m.)**.

The Board has appointed Shyamprasad D Limaye, Practising Company Secretary, as Scrutiniser for the e-voting process.

Detailed procedure is given in the Notice of the Twelfth AGM and is also placed on the Company's website www.bajajfinserv.in

Shareholders may get in touch with the Company Secretary for further assistance.

Outstanding convertible instruments/ADRs/GDRs/Warrants

The Company does not have any outstanding convertible instruments/ADRs/GDRs/Warrants as on date.

Address for correspondence

Investors and shareholders can correspond with the office of the share transfer agent of the Company or the registered office of the Company at the following addresses:

Share transfer agent

Karvy Fintech Pvt. Ltd.

(earlier known as Karvy Computershare Pvt. Ltd.)

Unit: Bajaj Finserv Ltd.

Karvy Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda,
Hyderabad 500 032

Contact persons

M S Madhusudhan/Mohd. Mohsinuddin

Tel No: (040) 6716 2222

Fax No: (040) 2300 1153

Toll Free No: 1800 345 4001

Email: mohsin.mohd@karvy.com

Website: www.karvyfintech.com

Company

Bajaj Finserv Ltd.

Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035

Company Secretary and Compliance Officer

Sonal R Tiwari

Tel No: (020) 6610 7458

Fax No: (020) 2740 7380

Email: investors@bajajfinserv.in

Website: www.bajajfinserv.in

DIRECTORS' REPORT



The directors present their Twelfth Annual Report and audited financial statements for the year ended 31 March 2019.

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 follows:

(₹ In Crore)

Particulars	FY2019	FY2018
Total income	448.56	252.26
Total expenses	122.57	85.05
Profit before tax	325.99	167.21
Tax expense	18.82	25.59
Profit for the year	307.17	141.62
Earnings per share (₹)	19.3	8.9

Closing balances in reserve/other equity

Particulars	FY2019	FY2018
Securities premium account	929.18	929.11
General Reserve	1,197.14	1,197.14
Share based payments reserve	3.04	-
Retained earnings	951.98	673.93
Total	3,081.34	2,800.18

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

The highlights of the **Consolidated Financial Results** are as follows:

(₹ In Crore)

Particulars	FY2019	FY2018
Total income	42,605.57	32,862.66
Total expenses	34,452.19	26,765.24
Profit before tax	8,154.74	6,098.71
Tax expense	2,780.89	1,922.36
Profit after tax	5,373.85	4,176.35
Profit attributable to non-controlling interests	2,154.81	1,526.09
Profit for the year	3,219.04	2,650.26
Earnings per share (₹)	202.3	166.5

Dividend

Your directors recommend for consideration of the shareholders at the ensuing Annual General Meeting (AGM), payment of a dividend of ₹ 2.50 per equity share (50%) of face value of ₹ 5 each for the year ended 31 March 2019. The amount of dividend and the tax thereon to the extent applicable aggregate to ₹ 39.79 crore.

For the year ended 31 March 2018, the dividend paid was ₹ 1.75 per equity share (35%) of face value of ₹ 5 each. The amount of dividend and the tax thereon to the extent applicable aggregated to ₹ 27.85 crore.

Share capital

The paid-up equity share capital as on 31 March 2019 was ₹ 79.57 crore consisting of 159,136,111 fully paid-up equity shares of face value of ₹ 5 each. During the Rights Issue of equity shares made by the Company in 2012, certain shares had been kept in abeyance as required by law. With resolution of a few cases during the year under review, the Company has allotted 1,014 equity shares of the face value of ₹ 5 each at the original Rights Issue price of ₹ 650 per share to the eligible shareholders.

There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year under review. The Company has not issued shares with differential voting rights or sweat equity shares.

Classification of the Company as a Core Investment Company (CIC)

The Company having satisfied the criteria specified for being a CIC, not requiring registration with RBI pursuant to the provisions of section 45-IA of RBI Act, 1934, had applied to RBI in this regard on 26 June 2015.

In response to the above, RBI vide its Order dated 23 October 2015 has cancelled the certificate of registration to carry on the business of NBFC issued to the Company and has confirmed the eligibility of the Company as a CIC, not requiring registration with RBI, pursuant to the provisions of section 45-IA of the RBI Act, 1934. The Company is thus a CIC under the said provisions.

Operations

Detailed information on the operations of the different business lines of the Company and details on the state of affairs of the Company are covered in the Management Discussion and Analysis Report.

Inclusion in BSE SENSEX 50

With effect from 24 December 2018, the Company has been included in the BSE Sensex 50 of BSE Ltd.

Adoption of Confederation of Indian Industry (CII) Charters

Your Company, being a member of CII, has adopted the following Code/Charters:

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 Contact Labour.

Extract of annual return

The extract of annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed form MGT-9 is annexed to this Report.

Number of meetings of the Board

Six meetings of the Board were held during the year. Detailed information is given in the Corporate Governance Report.

Directors' responsibility statement

As required under clause (c) of sub-section (3) of section 134 of the Companies Act, 2013, directors, to the best of their knowledge and belief, state that:

- in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the directors had 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 and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of frauds reported by auditors under section 143(12)

During the year under review, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

Declaration by independent directors

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of Companies Act, 2013, stating that they meet the criteria of independence as provided in section 149(6) of the said Act and regulation 16 of SEBI Listing Regulations, 2015.

The Board took on record the declaration and confirmation submitted by the independent directors regarding their meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same as required under regulation 25 of SEBI Listing Regulations, 2015.

Directors' Remuneration Policy and criteria for matters under section 178

The Board, at its meeting held on 12 March 2019, have revised the sitting fees from ₹ 50,000 to ₹ 100,000 and commission from ₹ 50,000 to ₹ 150,000 payable per meeting to all non-executive directors (including independent directors) for meetings of the Board and/or committees thereof attended by them from 1 April 2019 onwards.

The salient features and changes to the Policy on directors' appointment and remuneration forms a part of the 'Corporate Governance Report'. The said policy is placed on the Company's website www.bajajfinserv.in

Particulars of loans, guarantees or investments

Information regarding loans, guarantees and investments covered under section 186 of Companies Act, 2013 are detailed in the financial statements.

Related party transactions

No Related Party Transactions (RPTs) were entered into by the Company during the year under review which attracted the provisions of section 188 of Companies Act, 2013. There being no 'material' RPTs as defined under regulation 23 of SEBI Listing Regulations, 2015, there are no details to be disclosed in form AOC-2 in that regard.

During the year 2018-19, pursuant to section 177 of Companies Act, 2013, and regulation 23 of SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

The revised Policy on materiality of RPTs and also on dealing with RPTs has been formulated by the Board at its meeting held on 16 July 2014 and amended on 14 October 2014. The said Policy was further amended, inter alia, stipulating the threshold limits on 12 March 2019 and the same is placed on the Company's website www.bajajfinserv.in

Material changes and commitments

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year and the date of this Report.

Conservation of energy and technology absorption

The Company is engaged in wind-farm activities in addition to its financial services activities. 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. Being essentially a financial services Company, no particulars regarding technology absorption are required to be given in this Report.

Particulars regarding conservation of energy are as follows:

- a) Steps taken to conserve energy and utilise alternate sources of energy:

The Company has installed a renewable energy (wind) project with a capacity of 65.2 MW. During the year under review, it generated 876 lakh units which it sold to third parties.

It, however, is unable 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 failed tube lights and CFL, thereby reducing energy consumption in lighting by around 11,405 KWh units during the year.

b) Capital investment on energy conservation equipment:

Not applicable, since BFS is a non-manufacturing Company and not coming under the notified industries covered under Energy Conservation Act, 2001. Also, energy demand/ connected load of building utilised for the Company's corporate/commercial activities, etc. is less than 500 KW, which is the minimum threshold for applicability of the Energy Conservation Act, 2001.

Foreign exchange earnings and outgo

Total foreign exchange earned by the Company was ₹ Nil during the year under review, as well as during the previous year.

Total foreign exchange outflow during the year under review was ₹ 0.85 crore, as against ₹ 0.67 crore during the previous year.

Risk Management Policy

Information on the development and implementation of a Risk Management Policy for the Company including identification therein 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)

Detailed information on the CSR Policy developed and implemented by the Company on CSR initiatives taken during the year pursuant to section 135 of Companies Act, 2013, is given in the annexed Annual Report on CSR activities.

Formal annual evaluation of the performance of the Board, its Committees, Chairperson and Individual Directors

Information on the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees, Chairperson and Individual Directors is given in the Corporate Governance Report.

Subsidiary and Joint Venture

Following are the subsidiary and joint venture companies of the Company as at 31 March 2019

Name of the company	% Shareholding	Status
Bajaj Allianz Life Insurance Company Ltd.	74%	Subsidiary
Bajaj Allianz General Insurance Company Ltd.	74%	Subsidiary
Bajaj Finance Ltd.	54.99%	Subsidiary
Bajaj Housing Finance Ltd. (100% subsidiary of Bajaj Finance Ltd.)	-	Subsidiary
Bajaj Financial Securities Ltd. (100% subsidiary of Bajaj Finance Ltd. w.e.f. 10 August 2018)	-	Subsidiary
Bajaj Finserv Direct Ltd. (100% subsidiary of Bajaj Finserv Ltd.)	100%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.	50%	Joint Venture
Bajaj Allianz Staffing Solutions Ltd. (100% subsidiary of Bajaj Allianz Financial Distributors Ltd.)	-	Joint Venture

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.

Directors and Key Managerial Personnel-Changes

A. Change in Directorate

i. Cessation as non-executive Chairman

Rahul Bajaj, (DIN 00014529), vide his letter dated 15 February 2019, has tendered resignation as the non-executive Chairman of the Company to be effective from 16 May 2019 after the Board meeting.

The Board places on record its sincere appreciation for the invaluable advice and guidance provided by Rahul Bajaj as the non-executive Chairman of the Company since its inception.

ii. Appointment/re-appointment of directors

(a) The Board at its meeting held on 23 October 2018, pursuant to the recommendation of Nomination and Remuneration Committee appointed the following as additional directors:

- Anami N Roy (DIN 01361110) as an Independent Director for a first term of five consecutive years with effect from 1 January 2019.
- Manish Kejriwal (DIN 00040055) as non-executive and non-independent director with effect from 1 January 2019.

(b) Further, the Board at its meeting held on 12 March 2019, after taking into account the report of their performance evaluation and the recommendation of the Nomination and Remuneration Committee, re-appointed the following Independent Directors for a second term of five consecutive years:

Name of Independent Director	Tenure of Second Term
Nanoo Pamnani (DIN 00053673)*	Five years from 1 April 2019
D J Balaji Rao (DIN 00025254)**	Five years from 1 April 2019
Dr. Gita Piramal (DIN 01080602)	Five years from 16 July 2019

* Consent of the members by way of Special Resolution is sought by the Company in compliance with regulation 17(1A) of SEBI Listing Regulations, 2015, for continuance of Nanoo Pamnani as an independent director of the Company beyond 26 February 2020, on account of his attaining the age of 75 years on 26 February 2020.

** Consent of the Members by way of Special Resolution is sought by the Company in compliance with regulation 17(1A) of SEBI Listing Regulations, 2015, for continuance of D J Balaji Rao beyond 1 April 2019, on account of his having already attained the age of 75 years as on 1 April 2019.

(c) Continuation as Director

As required under regulation 17(1A) of SEBI Listing Regulations, 2015, consent of the members by way of Special Resolution is sought by the Company in compliance with regulation 17(1A) of SEBI Listing Regulations, 2015, for continuance of Rahul Bajaj, (DIN 00014529) as non-executive director and Chairman of the Company beyond the age of 75 years with effect from 1 April 2019 up to 16 May 2019.

(d) Appointment of Chairman

The Board of Directors at its meeting held on 12 March 2019 appointed Nanoo Pamnani as Chairman of the Company with effect from 17 May 2019.

(e) Appointment as Chairman Emeritus

Rahul Bajaj has made a huge contribution to the spectacular success of the Company and the Group over five decades. Considering his tremendous experience, the interest of the Company to avail his services and benefit from his valuable knowledge and wisdom from time to time in an advisory and mentoring role in future as well, the Board of Directors at its meeting held on 12 March 2019, as recommended by the Nomination and Remuneration Committee, approved the appointment of Rahul Bajaj as Chairman Emeritus of the Company with effect from the conclusion of the Board meeting held on 16 May 2019. While giving his consent to act as such, Rahul Bajaj stated that he would not accept any emoluments (sitting fee and commission) as Chairman Emeritus.

Necessary details regarding their appointment and re-appointment as required under Companies Act, 2013 and SEBI Listing Regulations, 2015 are given in the Notice of AGM. The aforesaid appointments are subject to approval of shareholders at the ensuing AGM.

iii. Retirement by Rotation

The independent directors hold office for a fixed term not exceeding five years from the date of their appointment and are not liable to retire by rotation.

Companies Act, 2013, mandates that at least two-thirds of the total number of directors (excluding independent directors) shall be liable to retire by rotation and one-third of such directors shall retire from office at every AGM. Accordingly, Madhur Bajaj (DIN 00014593), director, being the longest in the office amongst the four directors liable to retire by rotation, retires from the Board by rotation this year and, being eligible, has offered his candidature for re-appointment.

Prescribed details of Madhur Bajaj, director, who is seeking re-appointment are given in the Notice of AGM.

B. Change in KMP

There was no change in Key Managerial Personnel during the year under review.

Detailed information on the directors is provided in the Corporate Governance Report.

Significant and material orders passed by the regulators or courts

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals, which may impact the going concern status of the Company and its operations in future.

Internal audit

At the beginning of each financial year, an audit plan is rolled out after the same has been approved by Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

Details of internal financial controls with reference to the financial statements

The Company has documented its internal financial controls considering the essential components of various critical processes. This includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance, which are commensurate with the nature of its business and the size and complexity of its operations.

This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The internal financial controls with reference to the financial statements were adequate and operating effectively.

Maintenance of cost records

Provisions relating to maintenance of cost records as specified by the Central Government under section 148 of Companies Act, 2013, are applicable to the Company and the same have been complied with for the financial year 2018-19.

Presentation of financial statements

As per notification no. G.S.R. 365 (E) dated 30 March 2016, issued by Ministry of Corporate Affairs (MCA) in exercise of power conferred to it under section 133 read with section 469 of the Companies Act, 2013, NBFCs having net worth of rupees five hundred crore or more are required to comply with the Indian Accounting Standards (Ind AS) in preparation of their financial statements and quarterly financial results for the accounting periods beginning on or after 1 April 2018 with effective transition date of 1 April 2017.

Further, MCA, in exercise of its power under sub-section (1) of section 467 of the Companies Act, 2013, amended Schedule III to Companies Act, 2013. Vide the amendment, a new division, viz. 'Division III' financial statement format was introduced for Non-Banking Financial Companies effective from 11 October 2018.

Accordingly, the financial statements of the Company for the year ended 31 March 2019 and corresponding figures for the year ended 31 March 2018 have been re-casted and prepared as per the revised Schedule III to Companies Act, 2013.

Consolidated financial statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries and joint ventures, and as prepared in compliance with the Companies Act, 2013, applicable Ind AS and SEBI Listing Regulations, 2015.

A separate statement containing the salient features of our subsidiaries and joint ventures in the prescribed form AOC-1 is annexed.

Employee stock option scheme

During the year 2018-19, the Company adopted BFS ESOS on 19 July 2018 and since then there has been no change in the BFS ESOS. The BFS ESOS is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ('the SBEB Regulations').

Disclosures pertaining to the ESOP Scheme pursuant to the SBEB Regulations are placed on the Company's website www.bajajfinserv.in/miscellaneous

Grant wise details of options are provided in the notes to the standalone financial statements.

Statutory disclosures

- The summary of the key financial of the Company's subsidiaries and joint venture in form AOC-1 is included in this Annual Report. A copy of the audited financial statements for each of the subsidiary companies will be made available to members of the Company seeking such information at any point of time. The audited financial statements for each of the subsidiaries will be kept for inspection by any member of the Company at its registered office during business hours. The same are placed on the Company's website www.bajajfinserv.in
- Details as required under section 197(12) of Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report.
- Details as required under section 197(12) of Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of the Directors' Report, will be made available to any shareholder on request, as per the provisions of section 136(1) of the said Act.
- A Cash Flow Statement for the year 2018-19 is attached to the Balance Sheet.
- 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 the year under review under the said Policy.

Corporate governance

Pursuant to SEBI Listing Regulations, 2015, a separate chapter titled Corporate Governance has been included in this Annual Report, along with the reports on Management Discussion and Analysis and General Shareholder Information.

All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2018-19. A declaration to this effect signed by the Managing Director & CEO of the Company is contained in this Annual Report.

The Managing Director & CEO and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of SEBI Listing Regulations, 2015.

The Certificate from the Statutory Auditors of the Company regarding compliance of conditions of corporate governance is annexed to this Report.

Business Responsibility Report

Regulation 34(2) of SEBI Listing Regulations, 2015, inter alia, provides that the annual report of the top 500 listed entities based on market capitalisation (calculated as on 31 March of every financial year) shall include a Business Responsibility Report (BRR).

Since BFS is one of the top 500 listed entities, the Company, as in the previous years, has presented its BRR for the year 2018-19, which is part of this Annual Report. As a green initiative, the BRR has been hosted on the Company's website www.bajajfinserv.in

A physical copy of the BRR will be made available to any shareholder on request.

Secretarial standards of ICSI

Pursuant to the approval given on 10 April 2015 by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India (ICSI), the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1 July 2015. The said standards were amended with effect from 1 October 2017. The Company is in compliance with the same.

Auditors

Statutory Auditor

Pursuant to the provisions of section 139 of the Companies Act, 2013, the members at the 10th AGM of the Company held on 19 July 2017 appointed S R B C & CO LLP, Chartered Accountants (firm registration No. 324982E/E300003) as Statutory Auditors of the Company from the conclusion of 10th AGM till the conclusion of 15th AGM, covering one term of five consecutive years.

The Statutory Audit Report for the year 2018-19, being unmodified, does not contain any qualification, reservation or adverse remark or disclaimer by the Statutory Auditors.

Secretarial Auditor

Pursuant to the provisions of section 204 of Companies Act, 2013, and the Rules made thereunder, the Company has re-appointed Shyamprasad D Limaye, Practising Company Secretary (membership no. 1587), to undertake the secretarial audit of the Company. The Secretarial Audit Report for the year 2018-19 as issued by him in the prescribed form MR-3 is annexed to this Report.

Pursuant to amendments under SEBI Listing Regulations, 2015 and SEBI circular dated 8 February 2019, a certificate on secretarial compliance report as required under regulation 24A is being submitted to stock exchanges as obtained from him for the year 2018-19.

The said Reports do not contain any qualification, reservation or adverse remark or disclaimer by the Secretarial Auditor.

Cost Auditor

Pursuant to section 148 of the Companies Act, 2013, and the Rules made thereunder, the Board of Directors had, on the recommendation of the Audit Committee, re-appointed Dhananjay V Joshi & Associates (firm registration no. 000030), Cost Accountants, to audit the cost accounts of the Company for the financial year 2019-20 on a remuneration of ₹ 60,000 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.

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Pune: 16 May 2019