

**BAJAJ HOLDINGS  
& INVESTMENT  
LIMITED**

**76<sup>th</sup>  
ANNUAL  
REPORT**

**2020-21**

**BAJAJ**

BAJAJ HOLDINGS & INVESTMENT LIMITED





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# CORPORATE INFORMATION

## Board of Directors

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**Niraj Bajaj**

Chairman

**Sanjiv Bajaj**

Managing Director &amp; CEO

**D J Balaji Rao****Dr. Gita Piramal****Dr. Naushad Forbes****Anami N Roy****Pradip P Shah****Rajiv Bajaj****Madhur Bajaj****Manish Kejriwal**

## Chairman Emeritus

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**Rahul Bajaj**

## Audit Committee

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**Pradip P Shah**

Chairman

**Dr. Naushad Forbes****Dr. Gita Piramal****Manish Kejriwal**

## Nomination & Remuneration Committee

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**Dr. Gita Piramal**

Chairperson

**D J Balaji Rao****Niraj Bajaj**

## Risk Management Committee

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**Pradip P Shah**

Chairman

**Sanjiv Bajaj****Anish P Amin**

## [Stakeholders' Relationship Committee](#)

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**Dr. Gita Piramal**  
Chairperson

**Dr. Naushad Forbes**

**Manish Kejriwal**

## [Corporate Social Responsibility Committee](#)

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**Sanjiv Bajaj**  
Chairman

**Dr. Naushad Forbes**

**Anami N Roy**

## [CFO](#)

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**Anant Marathe**

## [Company Secretary](#)

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**Sriram Subbramaniam**

## [Auditors](#)

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**S R B C & CO LLP**  
Chartered Accountants

## [Secretarial Auditor](#)

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**Shyamprasad D. Limaye**  
Practising Company Secretary

## [Bankers](#)

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Citibank N A  
HDFC Bank

## [Registered Office](#)

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Mumbai-Pune Road,  
Akurdi, Pune - 411 035.

**CIN: L65100PN1945PLC004656**



**Niraj Bajaj**  
Chairman



**Sanjiv Bajaj**  
Managing Director & CEO



**Anant Marathe**  
CFO

# DIRECTORS' REPORT

At the outset, your Company's Board of directors commiserates with the families of all employees, members and others who succumbed to this dreadful COVID-19 pandemic.

Your directors' present the Seventy Sixth Annual Report along with the audited standalone and consolidated financial statements for FY2021.

## Circulation of Annual Reports in electronic form

Pursuant to circulars from the Ministry of Corporate Affairs ('MCA') dated 8 April 2020, 13 April 2020, 5 May 2020 and 13 January 2021, read with SEBI Circulars dated 12 May 2020 and 15 January 2021, the ensuing 76th Annual General Meeting (AGM) is being conducted through 'Video Conferencing or Other Audio Visual Means' (VC/OAVM).

Accordingly, the financial statements (including Directors' Report, Corporate Governance Report, Management Discussion and Analysis Report, Auditors' Report and other documents to be attached therewith) are being sent through electronic mode to those members whose email addresses are registered with the Company's Registrar and Share Transfer Agent viz., KFin Technologies Pvt. Ltd. (KFin) /Depository Participants, and whose names appear in the Register of Members as on Friday, 18 June 2021. The Company has also made arrangements for those members who have not yet registered their email address to get these registered by following the procedure prescribed in the notice of AGM.

## Financial results

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

The highlights of the [Standalone Financial Results](#) are as under:

Particulars	(₹ In Crore)	
	FY2021	FY2020
Total income	431.14	2,205.86
Total expenses	121.23	157.77
Profit before tax	309.91	2,048.09
Tax expense	111.32	221.22
<b>Profit for the year</b>	<b>198.59</b>	<b>1,826.87</b>
Earnings per share (₹)	17.80	164.10

**Closing balances in reserve/other equity**

Particulars	(₹ In Crore)	
	FY2021	FY2020
Reserve fund in terms of section 45-IC(1) of Reserve Bank of India Act, 1934	2,147.06	2,107.34
Securities premium	444.42	444.42
General reserve	3,706.96	3,706.96
Retained earnings	3,647.69	3,198.67
Other reserves - Equity instruments through other comprehensive income	3,906.78	1,089.11
Other reserves- Debt instruments through other comprehensive income	52.56	34.63
Other reserves- Hedge instruments through other comprehensive income	0.01	0.07
<b>Total</b>	<b>13,905.48</b>	<b>10,581.20</b>

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

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

Particulars	(₹ In Crore)	
	FY2021	FY2020
Total income	463.07	435.69
Share of profits of associates	3,445.59	3,057.81
Profit before tax	3,765.74	3,313.67
Profit for the year	3,649.83	2,992.00
Earnings per share (₹)	327.90	268.80

**Transfer to reserve fund**

Under section 45-IC of Reserve Bank of India Act, 1934, non-banking financial companies (NBFCs) are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Accordingly, the Company has till date transferred a sum of ₹ 2,147.06 crore to its reserve fund.

**Operations**

Detailed information on the operations of the Company and details on the state of affairs of the Company are covered in the [Management Discussion and Analysis Report](#).

**Presentation of Standalone and Consolidated Financial Statements**

The financial statements of the Company for FY2021, on a standalone and consolidated basis, have been prepared in compliance with the Act, applicable Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and are disclosed in accordance with Schedule III of the Act. The consolidated financial statements incorporate the audited financial statements of the subsidiaries and associates of the Company.

## Dividend distribution policy

Pursuant to the provisions of SEBI Listing Regulations as amended, the Company has formulated a Dividend Distribution Policy. 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 members.

The policy has been uploaded on the website of the Company and can be accessed at [http://www.bhil.in/inv/codes\\_policies.html](http://www.bhil.in/inv/codes_policies.html). A copy of the policy will be made available to any shareholder on request, by email.

## Dividend

The directors recommend, for consideration of the members at the ensuing Annual General Meeting, dividend of ₹ 40 per equity share (400%) of face value of ₹ 10 for the year ended 31 March 2021. The total dividend pay-out for FY2021 is ₹ 445.17 crore.

During FY2020, Dividend income received by the Company was substantially higher as compared to FY2021 as group companies had declared an Interim Dividend in FY2020. Consequently, there was no dividend declared in FY2021 by some of these companies. In order to keep the dividend declared stable and steady, the Board has, for FY2021, recommended dividend out of the Retained Earnings outstanding at the close of the year. Such payment of dividend from retained profits was not envisaged in the Dividend Distribution policy, which will be suitably revised.

Dividend paid for FY2020 was ₹ 40 per equity share (400%) of face value of ₹ 10 each. The amount of dividend pay-out and tax thereon aggregated to ₹ 531.00 crore.

In view of the amendment to the Income Tax Act, 1961 through the Finance Act, 2020, imposition of Dividend Distribution Tax has been abolished. The dividend, if declared at the ensuing AGM will be taxable in the hands of the members of the Company. For further details on taxability, please refer to the 'Notice of 76th AGM'.

## Subsidiary/associates and joint ventures

Following are the subsidiary/associate companies of the Company:

Name of the company	% shareholding of BHIL and its subsidiaries	Status
Bajaj Auto Ltd.	35.77%	Associate
Bajaj Finserv Ltd.	41.63%	Associate
Bajaj Auto Holdings Ltd.	100%	Subsidiary
Maharashtra Scooters Ltd.	51%	Subsidiary

The financial highlights of performance of subsidiary and associates of the Company and their contribution to the overall performance of the Company during the period under Report is covered in the Management Discussion and Analysis Report.

During FY2021, no new subsidiary was incorporated/acquired. Neither the Company has entered into a joint venture with any company.

The financial statements of the subsidiary companies are also available in a downloadable format under Investors section of the Company's website at [http://www.bhil.in/inv/annual\\_reports.html](http://www.bhil.in/inv/annual_reports.html)

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

## Directors and Key Managerial Personnel

### A) Change in Directorate/Chairman:

#### i) Relinquishment of position of Chairman

Considering the increasing roles and responsibilities in various Bajaj group entities, Niraj Bajaj has relinquished his position as Chairman of the Company with effect from close of business hours of 30 April 2021. Considering his valuable performance as Chairman of the Company over the past two years and to leverage his experience, the Board at its meeting held on 29 April 2021, designated Niraj Bajaj as the Vice-chairman of the Company with effect from 1 May 2021.

#### ii) Appointment of Independent Director

The Board of Directors at its meeting held on 29 April 2021, has appointed Dr. Omkar Goswami as Independent Director for a period of five years with effect from 1 May 2021.

The Board is of the opinion that Dr. Omkar Goswami has the necessary experience and expertise concerning the business of the Company. Based on the declarations submitted by Dr. Goswami, the Board is also of the opinion that he possesses the integrity to be appointed as an Independent Director of the Company.

#### iii) Appointment of Non-executive Director and Chairman of the Company

Considering the relinquishment of position of Chairman by Niraj Bajaj, the Board at its meeting held on 29 April 2021, appointed Shekhar Bajaj as an Additional Director and Non-executive Chairman with effect from 1 May 2021.

Necessary details regarding their appointments as required under the Act and SEBI Listing Regulations including their brief profile, are given in the notice of AGM. The appointment of Dr. Omkar Goswami and Shekhar Bajaj is subject to approval of members at the ensuing AGM.

### B) Director liable to retire by rotation:

The Company as on 31 March 2021, has 10 directors - 5 independent directors, 4 non-executive, non-independent and 1 executive director. As per the provisions of Companies Act, 2013 ('the Act') at least two-third of the total number of directors (excluding independent directors) shall be liable to retire by rotation. Amongst the said 5 directors, Sanjiv Bajaj, Managing Director is a director not liable to retire by rotation. Out of the remaining 4 directors liable to retire by rotation, Madhur Bajaj, director, being the longest in office, retires from the Board by rotation this year, and, being eligible, has offered his candidature for re-appointment.

Necessary details of Madhur Bajaj, Director, who is seeking re-appointment, are given in the notice of AGM.

### C) Change in KMP:

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

## Declaration by independent directors

The independent directors have submitted a declaration of independence, stating that they meet the criteria of independence as required pursuant to the provisions of the Act, as amended, and SEBI Listing Regulations. The independent directors have also confirmed compliance with the provisions of rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

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

## Policy on directors' appointment and remuneration

The salient features of the Policy on directors' appointment and remuneration form a part of the 'Corporate Governance Report'. The said policy is placed on the Company's website at [http://www.bhil.in/inv/codes\\_policies.html](http://www.bhil.in/inv/codes_policies.html).

## Annual Return

A copy of the annual return as required under the Act in the prescribed form which will be filed with the Registrar of Companies/Ministry of Corporate Affairs within the regulatory timelines is hosted on the Company's website at [http://www.bhil.in/inv/annual\\_reports.html](http://www.bhil.in/inv/annual_reports.html)

## Number of meetings of the Board

Five meetings of the Board were held during FY2021. Details of the meetings and attendance thereat form a part of the Corporate Governance Report.

## Directors' responsibility statement

In accordance with the provisions of the Act and based on the information provided by the Management, the directors state that:

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

## Particulars of loans, guarantees or investments

During the year under review, the Company did not give loans to any person. Information regarding investments covered under the provisions of the Act are detailed in the financial statements.

## Share Capital

The paid-up equity share capital as on 31 March 2021 was ₹ 111.29 crore. There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year. The Company has not issued shares with differential voting rights or sweat equity shares, nor has it granted any stock options.

## Continued classification as Systemically Important Non-Deposit taking NBFC

The Company has been registered with the Reserve Bank of India as a Non-Banking Financial Institution (Non-Deposit taking). In terms of provisions of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company is categorised as a 'Systemically Important Non-Deposit taking Non-Banking Financial Company'. The Company has not accepted public deposits during the year under review.

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

During the year under review, no frauds were reported by the auditors to the Audit Committee or the Board pursuant to the Act.

## Related party transactions

All contracts/arrangements/transactions entered by the Company during FY2021 with related parties were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are of foreseen and repetitive nature. Pursuant to the said omnibus approval, details of related party transactions entered into are also reviewed by the Audit Committee on a quarterly basis.

All related party transactions entered during FY2021 were on arm's length basis and in the ordinary course of business of the Company under the Act and not material under the SEBI Listing Regulations or extant RBI guidelines. None of the transactions required members' prior approval under the Act or SEBI Listing Regulations.

Details of transactions with related parties during FY2021 are provided in the notes to the financial statements. There were no material related party transactions requiring disclosure as per the Act. Hence, the prescribed Form AOC-2 does not form a part of this report.

The Company has formulated a policy on materiality of related party transactions for dealing with related party transactions including clear threshold limits, duly approved by the Board. The Board has reviewed the policy and has not recommended any change to either the policy or prescribed threshold.

The said policy is placed on the Company's website at [http://www.bhil.in/inv/codes\\_policies.html](http://www.bhil.in/inv/codes_policies.html).

## Material changes and commitments

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

## Conservation of energy, technology absorption, foreign exchange earnings and outgo

### Conservation of energy

The Company has taken, *inter alia*, following measures to reduce energy consumption:

- (a) Switched from conventional lighting systems to LED lights at Mumbai location; and
- (b) Selecting and designing offices to facilitate maximum natural light utilisation.

### Technology absorption

The Company primarily being an investment company and not involved in any industrial or manufacturing activities, has no particulars to report regarding technology absorption as required under the Act and Rules made thereunder.

### Foreign exchange earnings and outgo

During the year under review, no foreign exchange was earned by the Company. No foreign exchange was earned by the Company during FY2020 as well.

The total foreign exchange outflow during the year under review was ₹ 37.04 crore (as against ₹ 36.68 crore during the previous year).

## Risk Management Policy

Information on the development and implementation of a Risk Management Policy for the Company, *inter alia*, including identification of the elements of risks, which in the opinion of the Board could significantly impact the Company, is given in the [Corporate Governance Report](#).

## Corporate Social Responsibility (CSR)

The CSR committee comprises of three directors viz., Sanjiv Bajaj as Chairman, Anami N Roy and Dr. Naushad Forbes as other members. During FY2021, the Committee met once, the attendance record of members are given in the 'Annual Report on CSR activities'.

Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially with effect from 22 January 2021.

In terms of the provisions of the Act read with amended Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR activities under the format prescribed under Annexure II of the said Rules is annexed to this Report.

In line with the said amendments, the Board, at its meeting held on 29 April 2021, amended the existing Policy. The Policy is uploaded on the website of the Company at <http://www.bhil.in/inv/corporate-social-responsibility.html>

The Chief Financial Officer has certified that the funds disbursed have been utilised for the purpose and in the manner approved by the Board for FY2021.

## Formal annual evaluation of the performance of the Board, its Committees and 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 and individual directors is given 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.

## Audit Committee

The Audit Committee comprises of Pradip P Shah as Chairman, Dr. Naushad Forbes, Dr. Gita Piramal and Manish Kejriwal as other members.

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

## 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, process owners undertake corrective action in their respective areas.

Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Reserve Bank of India, vide its circular dated 3 February 2021, has introduced Risk based Internal Audit (RBIA) for NBFCs. In terms of the said circular, applicable NBFCs shall put forth a Risk Based Internal Audit Framework by 31 March 2022.

The Board, on the recommendation of the Audit Committee has approved a policy, process and plan for internal audit as per the said RBI circular which is being implemented from 1 April 2021.

## Internal Financial Controls

The Company has in place adequate financial controls commensurate with its size, scale and complexity of operations with reference to its financial statements. These have been designed to provide reasonable assurance about recording and providing reliable financial information, ensuring integrity in conducting business, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

## Whistle blower policy/vigil mechanism

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the provisions of the Act and SEBI Listing Regulations. The Audit Committee reviews the functioning of the whistle blower policy. The policy/vigil mechanism enables directors and employees to report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and leak or suspected leak of unpublished price sensitive information. More details are given in '[Corporate Governance Report](#)'.

The whistle blower policy is uploaded on the website of the Company and can be accessed at [http://bhil.in/inv/codes\\_policies.html](http://bhil.in/inv/codes_policies.html)

## RBI guidelines

The Company continues to fulfill all the norms and standards laid down by the RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, etc. As against the RBI norm of 15%, the capital adequacy ratio of the Company was 112% as on 31 March 2021. In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an Asset Liability Management Committee, which meet yearly once to review its ALM risks and opportunities.

Your Company is in compliance with the NBFC – Corporate Governance (Reserve Bank) Directions, 2015.

## Statutory disclosures

- The financial results of the Company and its subsidiaries are placed on the Company's website at [www.bhil.in](http://www.bhil.in)
- Details as required under the provisions of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, *inter alia*, ratio of remuneration of Directors to median remuneration of employees and percentage increase in the median remuneration are annexed to this Report.
- Details as required under the provisions of the Act read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, which form part of the Directors' Report, will be made available to any member on request as per provisions of section 136(1) of the said Act.
- Pursuant to RBI Master Direction-Information Technology Framework for the NBFC sector, the Company has constituted an IT Strategy Committee to review the IT strategies in line with the corporate strategies, board policy, cyber security arrangements and any other matter related to IT governance.
- The provision of section 148 of the Act relating to maintenance of cost records and cost audit are not applicable to the Company.
- The Company has a policy on prevention of sexual harassment at the workplace.
- The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The number of complaints received, disposed-off and pending during FY2021 is given in the annexed 'Corporate Governance Report'.
- There is no change in the nature of business of the Company during FY2021.

## Corporate governance

Pursuant to the SEBI Listing Regulations, 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 the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for FY2021. 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 the CFO have certified to the Board with regard to the financial statements and other matters as required under SEBI Listing Regulations.

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

## Business Responsibility Report

According to the provisions of the SEBI Listing Regulations, a Business Responsibility Report (BRR) has been hosted on the website and can be accessed at [http://bhil.in/inv/annual\\_reports.html](http://bhil.in/inv/annual_reports.html) The BRR highlights the initiatives, actions, process and the way the Company conducts its business in line with its environmental, social and governance obligations.

## COVID-19

Towards the end of March 2020, the Prime Minister announced a Nationwide Lockdown in view of the heightened concern over the spread of Corona Virus ('COVID-19'), which had adversely affected all the industrial operations.

In line with the lockdowns announced by the Central Government, all offices of the Company were closed from 23 March 2020 providing 'Work from Home' facility to employees to ensure continuity of operations of the Company. Considering the nature of business of BHIL, i.e., being an investment company with no customer interface, the operations of the Company went uninterrupted and the impact of COVID-19 on the business was minimal.

The only cause for concern at present is the huge surge in infections that started with the second wave beginning in early March 2021. Hopefully, the outreach of vaccination drive across the country coupled with proper wearing of masks and social distancing will bring this surge down and we expect the situation to normalize soon.

## Secretarial Standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on meetings of the Board of directors (SS-1) and general meetings (SS-2) read with the MCA Circulars granting exemptions in view of the COVID-19 pandemic.

## Auditors

### Statutory auditor

Pursuant to the provisions of the Act, the members at the Annual General Meeting of the Company held on 20 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 the seventy second annual general meeting till the conclusion of the seventy seventh annual general meeting.

The statutory auditors have confirmed they are not disqualified from continuing as auditors of the Company.

The audit report by S R B C & CO LLP, for FY2021 is unmodified, i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

In terms of the RBI Master Directions – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, the auditors have also submitted an additional report dated 21 July 2020, for the financial year 2020 which has been filed with RBI. There were no comments or adverse remarks in the said report.

### Secretarial auditor

Pursuant to the provisions of the Act, the Board has appointed Shyamprasad D Limaye, practising company secretary (FCS No. 1587, CP No. 572), to undertake secretarial audit of the Company.

A report from the secretarial auditor in the prescribed Form MR-3 is annexed to this Report. It does not contain any qualification, reservation or adverse remark or disclaimer.

In addition to the above and pursuant to SEBI circular dated 8 February 2019, a report on secretarial compliance by Shyamprasad D Limaye for FY2021 has been submitted with the stock exchanges. There are no observations, reservations or qualifications in that report.

Since, the auditors i.e. statutory auditors and secretarial auditors have not reported any matter under section 143(12) of the Act, no detail is required to be disclosed under section 134(3)(ca) of the Act.

## Acknowledgement

The Board places its gratitude and appreciation for the support and cooperation from its members, the RBI and other regulators and banks. The Board also places on record its sincere appreciation for the commitment and hard work put in by the management and the employees in these trying times.

On behalf of the Board of Directors

Niraj Bajaj  
Chairman

Pune: 29 April 2021

## Annual Report on CSR activities for the financial year ended 31 March 2021

### 1. Brief outline of Company's CSR Policy

#### Introduction

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

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

Through its social investments, Bajaj Group addresses the needs of communities residing in the vicinity of its facilities by taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development, and response to natural calamities. For society, however, Bajaj is more than a corporate identity. It is a catalyst for social empowerment and the reason behind the smiles that light up a million faces.

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

#### Guiding principles:

The Bajaj Group believes that social investments should:

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

#### Brief Contents of CSR Policy

Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially with effect from 22 January 2021. Accordingly, the CSR Policy which was framed by the Company on 14 May 2014 has got amended on 29 April 2021, with approvals of the CSR Committee and Board of Directors. The Policy, *inter alia*, covers the following:

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

## 2. Composition of CSR Committee

Sl. No.	Name of member	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Sanjiv Bajaj	Chairman		1
2.	Dr. Naushad Forbes	Member	1	1
3.	Anami N Roy	Member		1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the Website of the Company : <http://www.bhil.in/inv/corporate-social-responsibility.html>
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) : Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : Not Applicable
6. Average net profit of the Company as per section 135(5) of the Act : ₹516.22 crore
7. (a) Two percent of average net profit of the company as per section 135(5) of the Act : ₹10.32 crore
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL
- (c) Amount required to be set off for the financial year, if any : NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹10.32 crore
8. (a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the financial year (in ₹)	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
10.40 crore	Not Applicable, since there is no unspent amount				

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

(A) CSR Disbursement in FY2021 (arranged alphabetically)

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ in crore)	Amount spent in the current financial year (₹ in crore)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through Implementing Agency Name
				State	District					
1.	Reducing Child Mortality and improving maternal health	Malnutrition (i)	No	Maharashtra	Palghar	15 months	0.67	0.08	No	Action Related to the Organization of Education, Health and Nutrition (AROEHAN)
2.	Improve nutritional services and practices for tribal communities	Malnutrition (i)	No	Maharashtra	Gadchiroli	36 months	1.00	0.09	No	Amhi Amchya Arogyasathi
3.	Building Community Awareness and Action to improve Child Nutrition Practices	Malnutrition (i)	No	Maharashtra	Pune, Amaravati	12 months	1.61	0.35	No	Anusandhan Trust - Sathi
4.	Expanding high quality and low-cost health Services provided for tribal and underserved communities In South Rajasthan	Malnutrition (i)	Yes	Rajasthan	Udaipur	15 months	1.19	0.20	No	Basic Healthcare Services Trust
5.	Improving the food and nutrition security of rural communities	Malnutrition (i)	Yes	Uttarakhand	Nainital and Almora	24 months	3.03	0.40	No	Gene Campaign
6.	Arogyasakhi - Support for interior and furniture for newly constructed classrooms of Jnana Prabodhini	Education (ii)	Yes	Maharashtra	Pune	12 months	0.60	0.07	No	Jnana Prabodhini
7.	Community based approach to improve health and nutritional status of children and women	Healthcare (i)	No	Maharashtra	Amravati	39 months	3.58	0.55	No	MAHAN Trust
8.	Find, Fund and Support Social Entrepreneurs	Rural Development (ii)	No	Maharashtra	Mumbai	36 months	3.50	0.03	No	Social entrepreneurs Foundation Ind (UnLtd India)
9.	Eradicating hunger, poverty and malnutrition	Healthcare (i)	Yes	Rajasthan	Banswara	24 months	0.72	0.10	No	Vaagdhara
10.	Building resilient ecosystem against malnutrition	Healthcare (i)	No	Maharashtra	Palghar	36 months	1.50	0.30	No	Yuva Mitra
11.	Improving Nutrition of Children and Women	Healthcare (i)	No	Maharashtra	Nandurbar	36 months	1.00	0.22	No	Janarth Adivasi Vikas Sanstha
<b>Total</b>								<b>2.39</b>		

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in crore)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency Name
				State	District			
1	2	3	4	5		6	7	8
1	Business Incubation Center for Indian Army Veterans	Economic Empowerment of retired NCOs and JCOs veterans (vi)	No	Maharashtra	Ahmednagar	0.50	No	I Create India
2	Rural Healthcare Upgradation- Phase 1 / Phase 2a	Healthcare (i)	Yes	Maharashtra	Pune	3.74	No	Jankidevi Bajaj Gram Vikas Sanstha
3	Arogyasakhi - Support for interior and furniture for newly constructed classrooms of Jnana Prabodhini	Education (ii)	Yes	Maharashtra	Pune	0.80	No	Jnana Prabodhini
4	Livelihood in the Healthcare space in Pune city	Education (ii)	Yes	Maharashtra	Pune	0.47	No	SVP - Jagruti
5	Blended Learning in time of COVID-19: Provision of low-cost tabs to underprivileged children in schools	Education (ii)	Yes	Maharashtra	Pune	1.00	No	The Akanksha Foundation / Teach to Lead/ iTeach Movement
6	Creation of COVID-19 Response Funds at JBGVS	Healthcare (i)	No	Maharashtra, Rajasthan, and Uttarakhand	Pune, Aurangabad, Sikar and Udhamsingh Nagar	1.50	No	JBGVS
<b>TOTAL</b>						<b>8.01</b>		
<b>Grand Total (b + c) (₹ In crore)</b>						<b>10.40</b>		
<b>Mandatory CSR spend requirement for 2020-21 (₹ In crore)</b>						<b>10.32</b>		

**Note:**

- There is no amount transferred to unspent CSR account for any of the projects as per section 135(5) of the Act.
- Information on CSR Registration number for the implementing agencies is not given in point 8(b) and(c), since the process of registration is yet to commence at MCA's end or at initial stages.

- (d) Amount spent in Administrative Overheads Nil
- (e) Amount spent on Impact Assessment, if applicable Nil
- (f) Total amount spent for the financial Year (8b+8c+8d+8e) ₹ 10.40 crore
- (g) Excess amount for set off, if any Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years : Not Applicable
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): : Not Applicable
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:
- (asset-wise details)
- (a) Date of creation or acquisition of the capital asset(s). : None
- (b) Amount of CSR spent for creation or acquisition of capital asset. : -
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : -
- (d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : -
11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5) : Not Applicable

Sanjiv Bajaj  
 Managing Director & CEO  
 & Chairman of CSR Committee

## Annexure to Directors' Report

### Remuneration Details under rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), for the year ended 31 March 2021

Name of Director/KMP	Ratio of remuneration of director to median remuneration of employees	% Increase in financial year <sup>2</sup>
<b>(A) Managing Director</b>		
Sanjiv Bajaj - Managing Director	53.54	5.82
<b>(B) Non-Executive directors <sup>1</sup></b>		
Niraj Bajaj	0.35	40.00
Madhur Bajaj	0.25	25.00
Rajiv Bajaj	0.25	(16.66)
D J Balaji Rao	0.35	(36.36)
Manish Kejriwal	0.56	(10.00)
Dr Gita Piramal	0.66	62.50
Dr. Naushad Forbes	0.56	(37.50)
Anami N Roy	0.25	(16.66)
Pradip P Shah	0.66	N.A.
<b>(C) Key Managerial Personnel</b>		
Sanjiv Bajaj, Managing Director		5.82
Anant Marathe, CFO		11.92
Sriram Subbramaniam, CS		22.02
<b>(D) Percentage increase in the median remuneration of employees</b>		
		8.01
<b>(E) Permanent employees of the Company as on March 31 <sup>3</sup></b>		
		18

- 1) a) Remuneration payable to non-executive directors/independent directors is based on the number of meetings of the Board and its Committees attended by them as members during the year. The amount of Commission payable to Non-executive Directors is fixed at ₹ 200,000/-.
- b) Remuneration to directors does not include sitting fees paid to them for attending Board / Committee meetings.
- 2) There has been no change in the payment criteria for remuneration to non-executive / independent directors. The variation reflected in the column % increase in remuneration in FY2021 for Non-executive Directors is either due to the tenure of directorship, change in the committee composition, membership and/or chairpersonship.
- 3) The term 'Permanent employees' does not include trainees, probationers and contract employees.

#### Notes on Disclosures under Rule 5

- 1) Average percentage increase in salary of employees other than Managing Director is 6.45%.
- 2) Increase in the remuneration of the Managing Director, which was 5.82% during the year under review, was given keeping in view the trends of remuneration in industry.
- 3) The remuneration paid as above was as per the Remuneration Policy of the Company.

## Secretarial Audit Report Form no. MR-3

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

For the financial year ended 31 March 2021

To the Members,

**Bajaj Holdings & Investment Ltd.**

(CIN: L65100PN1945PLC004656)

Mumbai-Pune Road,

Akurdi, Pune - 411035.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Bajaj Holdings & Investment Ltd. (hereinafter called as 'the Company'). Subject to limitation of physical interaction and verification of records caused by COVID-19 Pandemic lock down while taking review after completion of financial year, the Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March 2021, complied with the applicable statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31 March 2021, according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 6) Rules, Regulations, Guidelines and Directions issued by the Reserve Bank of India for Non-Deposit taking NBFCs; as specifically applicable to the Company.

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

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

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

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

Adequate notices were given to all directors to schedule the Board Meetings, including Committees thereof along with agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors. The decisions were carried out unanimously.

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

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

Shyamprasad D Limaye  
FCS 1587 CP 572  
UDIN: F001587C000204834  
Pune: 29 April 2021

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## Annexure to Secretarial Audit

To,  
The Members,  
Bajaj Holdings & Investment Limited,  
Mumbai-Pune Road,  
Akurdi, Pune 411035.

My Secretarial Audit Report for Financial Year ended 31 March 2021 of even date is to be read along with this letter.

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

Shyamprasad D. Limaye  
F.C.S. No. 1587 C.P. No. 572  
Place: Pune  
Date: 29 April 2021

## Independent Auditor's Report on compliance with the conditions of Corporate Governance

[As per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

### The Members of Bajaj Holdings & Investment Ltd.

1. The Corporate Governance Report prepared by Bajaj Holdings & Investment Ltd. (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations') ('Applicable criteria') for the year ended 31 March 2021 as required by the Company for annual submission to the Stock exchange.

### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on 31 March 2021 and verified that at least one independent woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings held between 1 April 2020 to 31 March 2021:
    - (a) Board of Directors meetings;
    - (b) Audit Committee meetings;
    - (c) Annual General meeting (AGM);
    - (d) Nomination and Remuneration Committee meetings;

- (e) Stakeholders Relationship Committee meeting;
  - (f) Risk Management Committee meetings;
  - (g) IT Strategy Committee meetings; and
  - (h) Duplicate Share Certificate Issuance Committee meeting.
- v. Obtained necessary declarations from the directors of the Company.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended 31 March 2021, referred to in paragraph 4 above.

### Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares  
Partner  
Membership Number: 105754  
UDIN: 21105754AAAACK8810

Pune: 29 April 2021

## Declaration on Code of Conduct

Pursuant to SEBI Listing Regulations, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with the Code of Conduct for the year ended 31 March 2021.

Sanjiv Bajaj  
Managing Director & CEO

Pune: 21 April 2021

## Certificate

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

In the matter of Bajaj Holdings & Investment Ltd. (CIN: L65100PN1945PLC004656) having its registered Office at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune - 411035.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company, and subject to limitation of physical interaction and verification of records caused by COVID-19 Pandemic lock down;

I certify that the following persons are Directors of the Company (during April 1 2020 to March 31 2021) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

<b>Sr. No.</b>	<b>Name Of Director</b>	<b>DIN</b>	<b>Designation</b>
1	Niraj Bajaj	00028261	Chairman and Non-Executive Director
2	Sanjiv Bajaj	00014615	Managing Director & CEO
3	D J Balaji Rao	00025254	Independent Director
4	Dr. Gita Piramal	01080602	Independent Director
5	Dr. Naushad Forbes	00630825	Independent Director
6	Anami N Roy	01361110	Independent Director
7	Pradip P Shah	00066242	Independent Director
8	Rajiv Bajaj	00018262	Non-Executive Director
9	Madhur Bajaj	00014593	Non-Executive Director
10	Manish Kejriwal	00040055	Non-Executive Director

Shyamprasad D Limaye  
FCS 1587 CP 572  
UDIN: F001587C000204867  
Pune: 29 April 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## Background

Bajaj Holdings & Investment Ltd. ('BHIL' or 'the Company') is registered with the Reserve Bank of India as a Non-Banking Financial Company – Investment and Credit Company (NBFC-ICC).

BHIL is a part of BSE 200 and Nifty 200 index of top 200 companies listed in India.

BHIL is essentially a holding and investment company and does not have any other operations of its own. The Company's investments consist of:

- a. Strategic investments in group companies,
- b. Financial investments in capital markets and investment in properties.

- a. Strategic investments in group companies:

As on 31 March 2021, BHIL and its subsidiaries, held strategic stakes of:

- 35.77% in Bajaj Auto Ltd. (BAL),
- 41.63% in Bajaj Finserv Ltd. (BFS),
- 51% in Maharashtra Scooters Ltd. (MSL), and
- Other group companies such as Bajaj Electricals Ltd., Mukand Ltd. and Hercules Hoists Ltd.

- b. Financial investments in capital markets and investment in properties:

As on 31 March 2021, the Company held investments in equity and fixed income securities and investment in properties to the tune of ₹ 9,403 crore at market value.

The market value of the entire investment portfolio of BHIL stood at ₹ 109,209 crore as compared to the cost of ₹ 9,920 crore as on 31 March 2021.

BAL which manufactures and sells motorcycles and commercial vehicles is The World's Favourite Indian with presence in about 80 countries.

BFS is the holding company for various financial services businesses under the Bajaj Group. It participates in the financing business through its 52.74% holding in Bajaj Finance Ltd. (BFL) and in the protection and savings businesses through its 74% holding in two unlisted subsidiaries, Bajaj Allianz General Insurance Company Ltd. (BAGIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC).

BAL, BFS and BFL are included in the benchmark BSE Sensex and Nifty 50 index of large cap stocks.

BHIL came into existence post the demerger of erstwhile Bajaj Auto Ltd. into three entities – Bajaj Auto Ltd., Bajaj Finserv Ltd. and the erstwhile Bajaj Auto Ltd. (renamed as Bajaj Holdings & Investment Ltd.), with effect from 1 April 2007.

The demerger truly resulted in unlocking of shareholder value. The combined market capitalisation of the three entities stood at ₹ 296,740 crore as on 31 March 2021 compared to just ₹ 24,542 crore as on 31 March 2007 of erstwhile Bajaj Auto Ltd. The combined annualised return of three companies post demerger is 19.5% compared to 10% of Sensex for the corresponding period – a commendable growth over the long term.

## Economy and markets

Given the impact of the COVID-19 pandemic, FY2021 was expected to be an extremely demanding year. The degrowth in GDP was much larger than expected. For April-June 2020, real GDP contracted by a massive 24.4%. In the second quarter, July-September 2020, GDP again contracted by 7.3%. Thankfully, we began to witness early signs on resumption of economic activity in the second half of the year with several high frequency indicators suggesting that the economy was back to positive growth. The third quarter (October-December 2020) recorded a GDP growth of 0.4%. And we should

see the fourth quarter (January-March 2021) showing relatively robust growth. The second advance estimates of national income for FY2021 released by the Central Statistical Office (CSO) indicates a negative GDP growth of 8% for FY2021.

The manufacturing sector that initially suffered has since benefited from the recovery aided by the pent-up demand and shifting consumer preferences. The services sector is showing a weaker recovery especially hotels, travel and entertainment industry.

The Government of India's relief measures comprising (i) direct fiscal spending and transfers to the poor; (ii) loan and guarantee schemes; and (iii) the Reserve Bank of India's (RBI) liquidity measures aided growth in bank credit, enabled abundant liquidity in the financial sector – which was directed toward impacted segments like the industrial and services sector.

The Indian bond markets remained broadly stable during FY2021 due to proactive liquidity management by RBI. On the contrary, it was a solid year for Indian equity markets as the Sensex rebounded with a return of 68%.

In FY2021, net FII inflows into the equity markets were nearly \$37 billion, while there were net FII outflows from bonds amounting to \$7 billion as bond yields were near all-time lows.

While the RBI has maintained an accommodative stance so far, multiple factors like sticky inflation levels, elevated crude oil prices, and risks of US treasury yields will play a part in whether it can continue to maintain an ultra-accommodative stance and that may have a consequential impact on interest rates in FY2022.

The Government has taken the onus of heavy lifting to revive the investment cycle. A growth-centric and expansionary Union Budget for 2021-22 puts out hope that it will set the tone for infrastructure growth over the next few years. The fiscal deficit for 2021-22 is budgeted at 6.8% of India's GDP – though high but way below the revised estimate of 9.5% in 2020-21. Given the unprecedented economic havoc caused by the pandemic, such deficits are in line with actions taken globally. Even so, implementation of the various budget measures is now all-crucial for the economic and fiscal health of the nation.

We believe that the resilience shown by the Indian economy coupled with (i) a growth-centric Union Budget, and (ii) the RBI maintaining an accommodative stance to sustain growth on a durable basis, will see the Indian economy grow at a faster clip than other economies.

The only cause for concern at present is the huge surge in infections that started with the second wave beginning in early March 2021. Hopefully, a serious increase in the pace of vaccinations across the country coupled with proper wearing of masks and social distancing will bring this surge down. If we keep all enterprises and workers open for business, this second surge should not affect the economy in a significant manner. However, that remains to be seen. For much depends on whether state governments react to the surge by large scale lockdowns; and whether the vaccination drive can be accelerated significantly.

## Performance Highlights

Particulars	(₹ In Crore)	
	FY2021	FY2020
<b>Standalone</b>		
Total income	431.14	2,205.86
Profit for the year	198.59	1,826.87
Investments, at cost	9,920	9,390
Investments, at market value	109,209	57,062
Equity (net worth)	14,017	10,692
<b>Consolidated</b>		
Total income	463.07	435.69*
Profit for the year	3,649.83	2,992.00

\*Consolidated income is lower than standalone income due to elimination of intercompany dividends.

As explained in subsequent sections, BHIL received lower dividends in FY2021 after it had received significantly higher amount of dividends in FY2020. As a result, BHIL's standalone profit for the year stood at ₹ 198.59 crore in FY2021 v/s ₹ 1,826.87 crore in FY2020.

As at 31 March 2021, assets under management (AUM) of BHIL crossed ₹ 100,000 crore at market value.

The Company recorded an all-time high consolidated profit for the year of ₹ 3,649.83 crore in FY2021 v/s ₹ 2,992.00 crore in FY2020, mainly due to strong resilience shown by the group companies in the post-lockdown recovery phase.

## Standalone results

**Table 1: Standalone financials of BHIL**

Particulars	(₹ In Crore)	
	FY2021	FY2020
<b>[a] Statement of Profit and Loss</b>		
Interest on fixed income securities	239.41	231.01
Dividend		
From associates and subsidiaries	-	1,836.20
From others	40.23	48.74
Profit on sale of fixed income securities (net)	65.73	29.85
Rent from investment properties	19.10	17.99
Others	66.67	42.07
<b>Total income</b>	<b>431.14</b>	<b>2,205.86</b>
Total expenses	121.23	157.77
<b>Profit before tax</b>	<b>309.91</b>	<b>2,048.09</b>
Tax expense	111.32	81.22
Provision for possible non-utilisation of MAT credit	-	140.00
<b>Profit for the year</b>	<b>198.59</b>	<b>1,826.87</b>
<b>[b] Other comprehensive income</b>		
Fair value change on equity instruments	3,447.29	(1,248.38)
<b>Other comprehensive income, net of tax</b>	<b>3,125.69</b>	<b>(1,161.01)</b>
<b>[c] Total comprehensive income (a+b)</b>	<b>3,324.28</b>	<b>665.86</b>

BHIL, being an investment company, its results largely depend on the performance of stock and money markets. Sharply rising equity markets provided an opportunity to realise gains on equity investments. A decline in interest rates, too, gave an opportunity to book gains on fixed income securities.

Total income and profit of BHIL on a standalone basis for FY2021 is unlike FY2020. The Company received dividends from associates and subsidiaries of ₹ 1,836.20 crore in FY2020 and no dividends in FY2021. Additionally, in FY2020, a provision was made for possible non-utilisation of MAT credit of ₹ 140 crore.

As required by Ind AS, considering the Company's business model, mark to market gains / losses on equity (other than in associates and subsidiaries carried at cost) and a significant part of fixed income securities of BHIL are reflected in other comprehensive income and not Statement of Profit and Loss.

Realised profit on sale of equity investments was ₹ 316.51 crore in FY2021 as compared to ₹ 157.64 crore during FY2020.

As equity markets recovered significantly from a steep fall in March 2020, mark to market gain on equity investments for FY2021 stood at ₹ 3,447.29 crore as compared to mark to market loss of ₹ 1,248.38 crore for FY2020. These gains/losses are reflected in other comprehensive income.

## Investments

BHIL seeks to grow its portfolio with long-term orientation in its investments. It does not have significant liabilities and has no constraints of Asset Liability Management.

The objective of BHIL's investments portfolio is to balance risk with adequate return. Its policy allocation towards equities is capped at 60% of its surplus funds at cost (excluding strategic investments) by a Board approved investment policy. It invests mainly in listed equities, but also invests selectively in unlisted equities and alternate investment funds. The said policy also prescribes that a minimum of 40% of surplus funds at cost (excluding strategic investments) is to be invested in fixed income securities. The policy limits are reviewed periodically by the Board.

The investment portfolio is managed by an Investment Committee comprising the Managing Director & CEO and members of the Management. The Committee meets at least once a month. The Company also has a professional team of fund managers, research and credit analysts that is led by Chief Investment Officer. Research analysts are devoted to various sectors in listed space and separately for private equity.

The investment portfolio of the Company is set out in Table 2.

**Table 2: Position of investments held by the Company**

(₹ In Crore)

Particulars	FY2021			FY2020		
	Cost	Market value	% to Total surplus (At cost)	Cost	Market value	% to Total surplus (At cost)
<b>[a] Strategic investments - equities</b>	3,135	99,806		3,135	49,914	
<b>[b] Financial investments</b>						
<b>1. Other equity investments</b>						
Other listed equities	2,212	4,259	33.50	2,034	2,485	33.51
Unlisted equities and funds	560	982	8.48	427	740	7.03
<b>Subtotal</b>	<b>2,772</b>	<b>5,241</b>	<b>41.98</b>	<b>2,461</b>	<b>3,225</b>	<b>40.54</b>
<b>2. Fixed income investments</b>						
Debentures and bonds	1,900	1,964	28.77	3,129	3,168	51.54
Government securities	849	844	12.85	64	64	1.05
Mutual funds	936	933	14.17	417	418	6.87
CD and CP	147	147	2.23	-	-	-
<b>Subtotal</b>	<b>3,832</b>	<b>3,888</b>	<b>58.02</b>	<b>3,610</b>	<b>3,650</b>	<b>59.46</b>
<b>Total (1 + 2)</b>	<b>6,604</b>	<b>9,129</b>	<b>100.00</b>	<b>6,071</b>	<b>6,875</b>	<b>100.00</b>
<b>[c] Investment in properties (cost net of depreciation)</b>	181	274		184	273	
<b>[d] Grand total (a+b+c)</b>	<b>9,920</b>	<b>109,209</b>		<b>9,390</b>	<b>57,062</b>	

## Equity investments

### Strategic / group investments

BHIL holds strategic / group investments, as set out in Table 3.

**Table 3: Position of strategic/group investments held by the Company as on 31 March 2021**

(₹ In Crore)

Equity shares held in	FY2021		FY2020	
	Cost	Market value	Cost	Market value
<b>[a] Bajaj Auto Ltd.</b>	<b>1,929.79</b>	<b>35,504.63</b>	<b>1,929.79</b>	<b>19,561.59</b>
<b>[b] Bajaj Finserv Ltd.</b>	<b>743.82</b>	<b>60,249.12</b>	<b>743.82</b>	<b>28,609.70</b>
<b>[c] Investments in other group companies</b>				
Bajaj Auto Holdings Ltd.	0.25	0.25	0.25	0.25
Maharashtra Scooters Ltd.	239.49	2,079.37	239.49	1,195.12
Bajaj Electricals Ltd.	176.75	1,835.41	176.75	504.52
Mukand Ltd.	32.88	67.18	32.88	10.79
Hercules Hoists Ltd.	12.34	69.64	12.34	31.88
Mukand Engineers Ltd.	0.10	0.09	0.10	0.04
Subtotal	461.81	4,051.94	461.81	1,742.60
<b>Total</b>	<b>3,135.42</b>	<b>99,805.69</b>	<b>3,135.42</b>	<b>49,913.89</b>

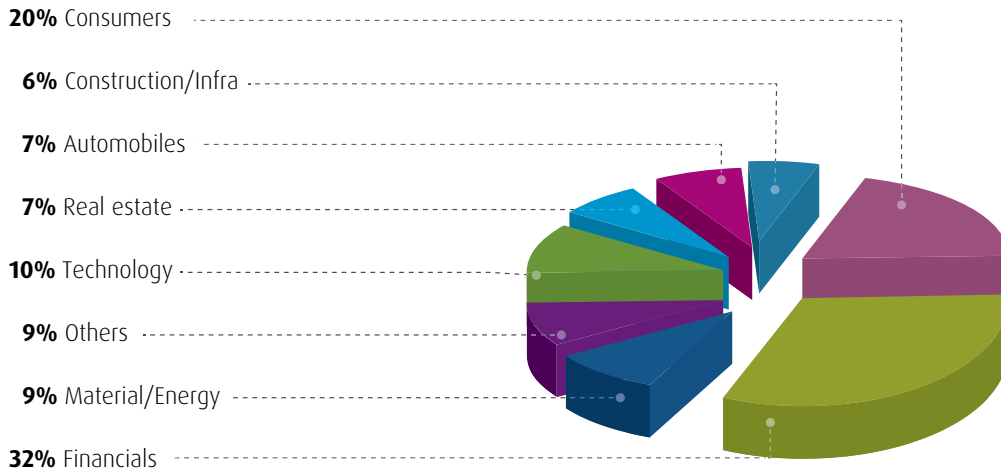
### Other equity investments

BHIL invests in equities normally with a five year holding horizon or longer, based on its views on further growth potential from public equity markets as well as opportunities in the private equity space. This helps in managing its liquidity risk while generating adequate returns.

At cost, BHIL's exposure to other equities rose to 42% by end of FY2021 from 40.5% in FY2020. At market value, exposure to other equities rose significantly to 57% from 47%.

In FY2021, BHIL rebalanced the sector weights of its equity portfolio by enhancing allocation to large caps and to companies in consumers segment. Chart A shows the sector specific stock allocation as on 31 March 2021.

**Chart A: Sectoral allocation of other equities (at cost)**



The sectors which outperformed the Sensex were banks/financials, infrastructure, technology and automobiles, while consumers and healthcare underperformed. Energy sector performed nearly in line with the Sensex. This was primarily driven by the size of stimulus and higher than neutral levels of liquidity maintained due to monetary accommodation.

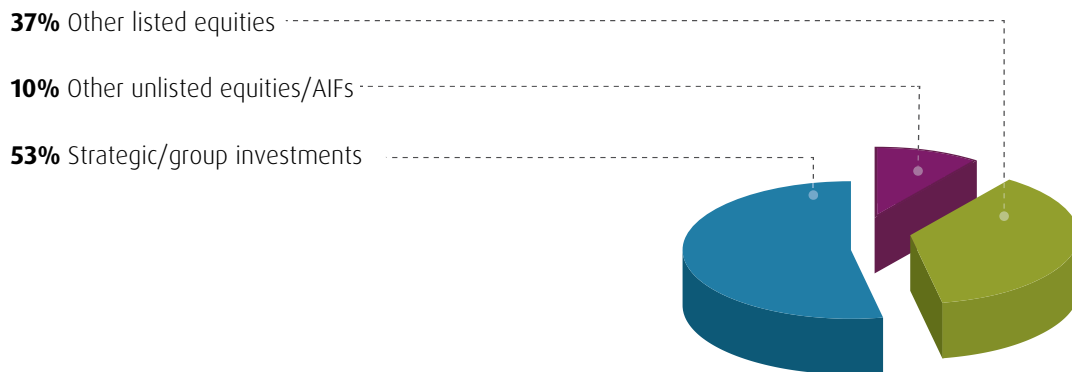
BHIL’s other equities portfolio comprises of its investments in listed and unlisted entities. Investments in listed entities dominate the pie with a 79.8% share of other equity investments, at cost.

The unlisted entities wherein BHIL continues to remain invested are National Stock Exchange (NSE), Fabindia and Indian Commodity Exchange Ltd. (ICEX). In FY2021, BHIL sold a part of its holding in NSE to realise healthy profits. Further, it has invested in several Alternative Investment Funds (AIFs) and Real Estate Investment Trusts (REITs).

BHIL’s other equities portfolio generated a return of 61% for FY2021, lower than the Sensex. This is primarily due to the fact that BHIL’s unlisted equity investments delivered much below listed investments as listed investments had an outstanding year in FY2021. Over longer horizon, BHIL’s other equities portfolio has outperformed the Sensex.

BHIL raised allocation to large caps and rebalanced the sector weights by enhancing allocation to companies in financials and consumers segment.

**Chart B: Composition of equity investments (at cost)**



## Fixed income investments

The objective of BHIL's fixed income investments portfolio is to provide safety of capital along with liquidity and a reasonable return. Therefore, the investments are heavily oriented towards government securities and high quality corporate bonds. During the year, the Company has also invested in the debt index funds and the exchange traded funds with similar underlying investments as existing investments. The fixed income portfolio, apart from providing safety, also provides regular income and cash flow.

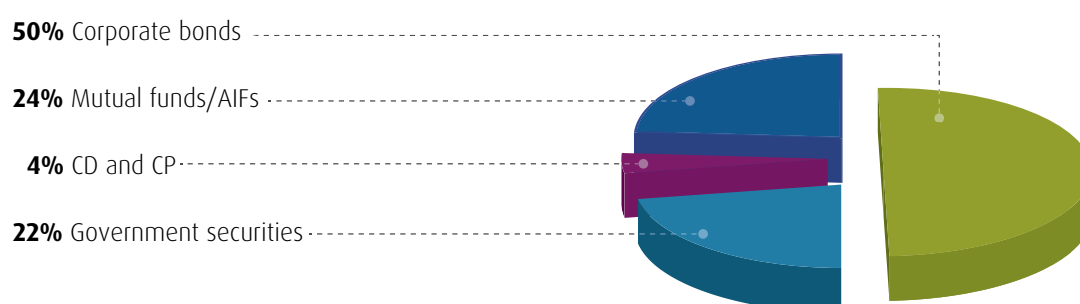
Despite the excess central government market borrowings, 10-year bond yield softened to as low as 5.70% during the fiscal year due to supportive monetary policies and Open Market Operations (OMO) of the RBI. As at the end of the FY2021, 10-year G-sec yield hardened to 6.17% tracking continued higher supply of bonds for next year.

In bond markets, key highlight was wide term spreads and narrow credit spreads which provided an opportunity to enhance portfolio yield by slight increase of portfolio duration. In this backdrop, BHIL's strategy continued to remain invested in high quality and liquid government securities and AAA rated corporate bonds backed by evaluation of internal credit team. With an expectation of yields hardening by the year end, BHIL booked capital gains upfront in H1 FY2021. As a result, debentures and bonds constitute 50% of its fixed income portfolio as at 31 March 2021 as compared to 87% as at 31 March 2020.

For FY2021, BHIL's realised yield on the portfolio was 7.5%. The total return (realised and unrealised) was 8.3% compared to CRISIL bond index return of 7.7%. At year end, BHIL's portfolio yield was 6.5% with average maturity of 4.3 years.

Break-up of fixed income portfolio is presented in Chart C given below:

**Chart C: Composition of fixed income portfolio (at cost)**



## Consolidated results

Consolidated financial results include consolidated results of the companies shown in Table 4.

**Table 4: Consolidated entity – Bajaj Holdings & Investment Ltd.**

Name of the company	% shareholding and voting power of BHIL and its subsidiaries	Consolidated as
a. Bajaj Auto Ltd. (BAL)	35.77%*	Associate
b. Bajaj Finserv Ltd. (BFS)	41.63%	Associate
c. Bajaj Auto Holdings Ltd. (BAHL)	100%	Subsidiary
d. Maharashtra Scooters Ltd. (MSL)	51%	Subsidiary

\*Equity pickup of BHIL share in BAL's profit is net of elimination of cross-holding of BAL in BHIL of 3.14%.

Bajaj Auto consolidates its 48% stake in KTM AG, Austria.

Bajaj Finserv's consolidated results include results of its lending arm Bajaj Finance Ltd. (BFL) and its two insurance subsidiaries – Bajaj Allianz General Insurance Company Ltd. (BAGIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC).

On a consolidated basis, BHIL recorded an all-time high profit for the year of ₹ 3,649.83 crore v/s ₹ 2,992.00 crore in FY2020, mainly due to strong resilience shown by the group companies in the post-lockdown recovery phase. More specifically, it was aided by robust performance of BAGIC and BALIC and better than expected performance by BFL and BAL. The intercompany dividends received by BHIL and its subsidiaries, are eliminated in the consolidated results.

**Table 5: Consolidated financials of BHIL**

Particulars	(₹ In Crore)	
	FY2021	FY2020
Total income	463.07	435.69
Share of profits of associates	3,445.59	3,057.81
Profit before tax	3,765.74	3,313.67
Profit for the year attributable to BHIL	3,649.83	2,992.00
Other comprehensive income, net of tax	5,682.98	1,347.89
Total comprehensive income attributable to BHIL	9,332.81	4,339.89

## Results of subsidiaries and associates

### Subsidiaries

#### Bajaj Auto Holdings Ltd. (BAHL)

The financials of BAHL are given below:

**Table 6: Financials of BAHL**

Particulars	(₹ In Crore)	
	FY2021	FY2020
Total income	1.22	1.62
Profit before tax	1.20	1.60
Profit for the year	1.16	1.20
Profit attributable to BHIL (100%)	1.16	1.20

## Maharashtra Scooters Ltd. (MSL)

The financials of MSL are given below:

**Table 7: Financials of MSL**

Particulars	(₹ In Crore)	
	FY2021	FY2020
Total income	30.71	213.83
Profit before tax	9.04	191.80
Profit for the year	8.81	179.94
Profit attributable to BHIL (51%)	4.49	91.75

## Associates

### Bajaj Auto Ltd. (BAL)

The consolidated financials of BAL are given below:

**Table 8: Consolidated financials of BAL**

Particulars	(₹ In Crore)	
	FY2021	FY2020
Total income	29,017.54	31,443.22
Profit before tax	6,241.43	6,692.13
Profit for the year	4,857.02	5,211.91
Profit attributable to BHIL (35.77%*)	1,584.52	1,671.97

\* Equity pickup of BHIL share in BAL's profit is net of elimination of cross-holding of BAL in BHIL of 3.14%.

### Bajaj Finserv Ltd. (BFS)

The consolidated financials of BFS are given below:

**Table 9: Consolidated financials of BFS**

Particulars	(₹ In Crore)	
	FY2021	FY2020
Total income	60,591.57	54,351.47
Profit before tax	9,862.34	8,301.66
Profit for the year	4,470.46	3,369.13
Profit attributable to BHIL (41.63%)	1,861.07	1,385.84

## Significant ratios

The key financial ratios and details of significant changes in these ratios, to the extent applicable, as required by SEBI (LODR) (Amendment) Regulations, 2018 are given below:

**Table 10: Significant ratios – BHIL standalone**

Particulars	(₹ In Crore)	
	FY2021	FY2020
Current ratio	2	2
Operating profit margin %	71.9%	92.8%
Net profit margin %	46.1%	82.8%
Return on net worth %	1.6%	16.9%

Net profit margin and Return on net worth are significantly higher in FY2020 due to higher profit.

### **Cautionary statement**

*Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global economy, political stability, stock performance on stock markets, changes in government regulations, tax regimes, economic developments and other incidental factors. Except as required by law, the Company does not undertake to update any forward-looking statements to reflect future events or circumstances. Investors are advised to exercise due care and caution while interpreting these statements.*

# CORPORATE GOVERNANCE

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

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (SEBI Listing Regulations), given below are the corporate governance policies and practices of Bajaj Holdings & Investment Ltd. ('the Company' or 'BHIL') for FY2021.

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

## Philosophy

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

## Key elements of BHIL's Corporate Governance

- Compliance with applicable laws.
- Number of Board meetings more than the statutory requirement, including meetings dedicated to discussing on investment strategy and risk.
- Board is composed of directors from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management as required.
- Panel of independent directors with outstanding track record and reputation.
- Pre-Audit Committee meetings of Audit Committee Chair with Statutory auditors, Internal auditor and members of executive management who are the process owners.
- Separate meeting of independent directors without presence of non-independent directors or executive management.
- Confidential Board evaluation process where each Board member evaluates the performance of every other Director, Committees of the Board, the Chairman of the Board and the Board.
- Presentations by key senior management team members of the Company to familiarize the directors about the investment activities/strategies.
- Complete and detailed information provided to Board members in advance to enable them to evaluate matters brought to the Board for meaningful discussions.
- Adoption of key governance policies and codes by the Board, which are made available to stakeholders for viewing from the Company's website. These include whistle blower policy/vigil mechanism, Policy of materiality of related party transactions specifying thresholds, Dividend Distribution policy and Policy on prevention of sexual harassment, which are in line with best practice.
- Half-yearly letter from the Chairman to all members of the Company giving an update on the Company's performance.

## Board of Directors

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

### Composition

In compliance with the provisions of the SEBI Listing Regulations, the Company has an optimum combination of executive and non-executive directors with a woman independent director on the Board. The Company has a non-executive Chairman. The Company also has a Chairman Emeritus who is not on the Board. According to provisions of the SEBI Listing Regulations, if 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 2021, the Board of the Company consisted of ten directors, of whom one was executive (Managing Director), five were non-executive, independent (including woman independent director) and four were non-executive and non-independent. The Board has no institutional nominee director. As Table 1 shows, the Company is in compliance with the SEBI Listing Regulations.

### Number of meetings of the Board

As per the relaxation given by MCA due to COVID-19 pandemic, all the board and committee meetings of the Company during the year under review were held through VC means.

During FY2021, the Board met five (5) times, viz. 21 May 2020, 22 July 2020, 22 October 2020, 21 January 2021 and 16 March 2021. The intervening gap between any two consecutive meetings was less than one hundred and twenty days.

### Attendance record of directors

**Table 1: Composition of the Board and attendance record of directors for FY2021**

Name of Director	Category	Relationship with other directors	No. of shares held by Directors	No. of Board meetings held and attended		Whether attended last AGM
				Held	attended	
Niraj Bajaj	Chairman, Non-executive	Brother of Madhur Bajaj	1,435	5	5	Yes
Sanjiv Bajaj	Managing Director & CEO	Brother of Rajiv Bajaj, Brother-in-law of Manish Kejriwal	1,000	5	5	Yes
D J Balaji Rao	Non-executive, independent	-	-	5	5	Yes
Dr. Gita Piramal	Non-executive, independent	-	-	5	5	Yes
Dr. Naushad Forbes	Non-executive, independent	-	3,500	5	5	Yes
Anami N Roy	Non-executive, independent	-	-	5	5	Yes
Pradip P Shah	Non-executive, independent	-	-	5	5	Yes
Rajiv Bajaj	Non-executive	Brother of Sanjiv Bajaj, Brother-in-law of Manish Kejriwal	1,000	5	5	Yes
Madhur Bajaj	Non-executive	Brother of Niraj Bajaj	1,000	5	5	Yes
Manish Kejriwal	Non-executive	Brother-in-law of Rajiv Bajaj and Sanjiv Bajaj	100	5	5	Yes

## Board diversity

In compliance with the provisions of the SEBI Listing Regulations, the Board, through Nomination and Remuneration Committee (NRC), has devised a policy on Board Diversity. The board comprises of adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The directors are persons of eminence in areas such as global business leadership, finance and taxation, corporate governance and ethics, audit and risk management, law, administration, research, etc. and bring with them experience / skills which add value to the performance of the Board. The directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender or nationality.

## Core skills/expertise/competencies

A brief profile of directors is available on the website of the Company at [http://bhil.in/aboutus/board\\_director.html](http://bhil.in/aboutus/board_director.html)

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

The chart/matrix of such core skills/expertise/competencies, along with the names of directors who possess such skills, is on the website of the Company at <http://bhil.in/inv/miscellaneous.html>

## Opinion of the Board

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

## Non-executive directors' compensation

During FY2021, sitting fee of ₹ 100,000 per meeting was paid to non-executive directors (independent and non-independent) for every meeting of the Board and/or Committee of the Board, attended by them as a member.

The members of the Company vide ordinary resolution passed at the annual general meeting of the Company held on 27 July 2016 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 section 197 and 198 of the Act, to the non-executive directors as may be decided by the Board of Directors at its discretion from time to time during the five year term up to 31 March 2021. It is now proposed to seek the approval of members at the ensuing AGM for renewal of the resolution for payment of commission for a period of another five years commencing from 1 April 2021.

In terms of the said approval and as approved by the Board at its meeting held on 14 March 2019, non-executive directors of the Company are being paid commission at the rate of ₹ 200,000 per meeting of the Board and its Committees attended by them as member.

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

The Company currently does not have a stock option programme for any of its directors.

## Information furnished 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 the SEBI Listing Regulations. The independent directors of the Company met on 16 March 2021, expressed satisfaction on the quality, quantity and timeliness of flow of information between the Company 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 environment, the Company has for some years now adopted a web-based application for transmitting Board / Committee agenda notes. The Directors of the Company receive the agenda in electronic form through this secure application. The application meets high standards of security and integrity required for storage and transmission of Board / Committee agenda in electronic form.

Pursuant to the various regulatory requirements, and in compliance with applicable laws, and keeping in view the business requirements, the Board is, *inter alia*, apprised on the following:

- Succession planning and organization structure.
- Supervisory and observation letters issued by the Reserve Bank of India (RBI).
- Status of compliance with Companies Act, 2013, SEBI regulations and shareholder related matters.
- Investment, risk management system, risk management policy and strategy followed.
- Compliance with corporate governance standards.
- Minutes of meetings of Risk Management, Asset-Liability and IT Strategy Committees.

## Directors and Officers liability insurance (D&O Policy)

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

## Orderly succession to Board and Senior Management

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

Pursuant to SEBI Listing Regulations, the framework of succession planning for appointment of Board member/ management was placed before the Board for its review.

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

## Directorships and memberships of board committees

**Table 2: Number of directorships/committee positions of directors for FY2021 (including the Company)**

Name of the director	Directorships			Committee positions in listed and unlisted public companies	
	In equity listed companies	In unlisted public companies	In private limited companies	As Member (including as Chairperson)	As Chairperson
Niraj Bajaj	4	4	10	1	1
Sanjiv Bajaj	5	5	9	7	-
D J Balaji Rao	5	-	-	4	2
Dr. Gita Piramal	4	-	2	7	3
Dr. Naushad Forbes	5	-	9	6	1
Anami N Roy	6	3	2	5	2
Pradip P Shah	7	2	6	7	3
Rajiv Bajaj	5	-	3	-	-
Madhur Bajaj	5	-	4	-	-
Manish Kejriwal	3	1	1	6	-

**Notes:** None of the directors hold 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 holding or subsidiary company of a public company are included and directorships in dormant companies are excluded. For the purpose of reckoning the directorships in listed companies, only equity listed companies have been considered.

As per declarations received, none of the directors serve as an independent director in more than seven equity listed companies. Further, the Managing Director of the Company does not serve as an independent director in any company. None of the director was a member in more than ten committees, nor a chairman in more than five committees across all companies in which he/she was a director.

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

For the purpose of considering the limit of the committees in 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 the Act have been excluded. Only audit committee and stakeholders relationship committee are considered for the purpose of reckoning committee positions.

**Table 3: Name of equity listed entities where directors of the Company held directorships for FY2021 (including the Company)**

Name of the director	Name of listed entities	Category
Niraj Bajaj	a) Bajaj Holdings & Investment Ltd.	Chairman, Non-executive
	b) Mukand Ltd.	Chairman & Managing Director
	c) Mukand Engineers Ltd.	Non-executive
	d) Bajaj Auto Ltd.	Non-executive
Sanjiv Bajaj	a) Bajaj Holdings & Investment Ltd.	Managing Director & CEO
	b) Bajaj Finserv Ltd.	Chairman & Managing Director
	c) Maharashtra Scooters Ltd.	Chairman, Non-executive
	d) Bajaj Finance Ltd.	Chairman, Non-executive
	e) Bajaj Auto Ltd.	Non-executive
D J Balaji Rao	a) Bajaj Auto Ltd.	Non-executive, Independent
	b) Bajaj Finserv Ltd.	Non-executive, Independent
	c) Bajaj Finance Ltd.	Non-executive, Independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, Independent
	e) John Cockrill India Ltd.	Non-executive, Independent
Dr. Gita Piramal	a) Bajaj Auto Ltd.	Non-executive, Independent
	b) Bajaj Finserv Ltd.	Non-executive, Independent
	c) Bajaj Finance Ltd.	Non-executive, Independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, Independent
Dr. Naushad Forbes	a) Bajaj Auto Ltd.	Non-executive, Independent
	b) Bajaj Finserv Ltd.	Non-executive, Independent
	c) Bajaj Finance Ltd.	Non-executive, Independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, Independent
	e) Zodiac Clothing Company Ltd.	Non-executive, Independent

<b>Name of the director</b>	<b>Name of listed entities</b>	<b>Category</b>
Anami N Roy	a) Bajaj Auto Ltd.	Non-executive, Independent
	b) Bajaj Finance Ltd.	Non-executive, Independent
	c) Bajaj Finserv Ltd.	Non-executive, Independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, Independent
	e) Glaxosmithkline Pharmaceuticals Ltd.	Non-executive, Independent
	f) Finolex Industries Ltd.	Non-executive, Independent
Pradip P Shah	a) Bajaj Auto Ltd.	Non-executive, Independent
	b) Bajaj Holdings & Investment Ltd.	Non-executive, Independent
	c) Kansai Nerolac Paints Ltd.	Chairman, Non-executive, Independent
	d) Pfizer Ltd.	Non-executive, Independent
	e) KSB Ltd.	Non-executive, Independent
	f) BASF Ltd.	Non-executive, Independent
	g) Sonata Software Ltd.	Chairman, Non-executive, Independent
Rajiv Bajaj	a) Bajaj Auto Ltd.	Managing Director & CEO
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Finance Ltd.	Non-executive
	d) Bajaj Holdings & Investment Ltd.	Non-executive
	e) Bajaj Electricals Ltd.	Non-executive
Madhur Bajaj	a) Bajaj Auto Ltd.	Vice-Chairman, Non-executive
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Finance Ltd.	Non-executive
	d) Bajaj Holdings & Investment Ltd.	Non-executive
	e) Bajaj Electricals Ltd.	Non-executive
Manish Kejriwal	a) Bajaj Finserv Ltd.	Non-executive
	b) Bajaj Holdings & Investment Ltd.	Non-executive
	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 has 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. The same certificate forms part of this Annual Report.

## Review of legal compliance reports

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

## Code of conduct

The SEBI Listing Regulations require listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors as laid down in the Act.

Accordingly, the Company has a Board approved code of conduct for Board members and senior management of the Company and the same has been placed on the Company's website at [http://bhil.in/inv/codes\\_policies.html](http://bhil.in/inv/codes_policies.html)

All the Board members and Senior Management personnel have affirmed compliance with the Code for the year ended 31 March 2021. 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 the Act and SEBI Listing Regulations.

## Formal letter of appointment to independent directors

The Company issues a formal letter of appointment/re-appointment to independent directors in the manner as provided in the Act. As per the SEBI Listing Regulations, the terms and conditions of appointment of independent directors are placed on the Company's website at <http://bhil.in/inv/miscellaneous.html>

## Performance Evaluation

Pursuant to the provisions of the Act and the SEBI Listing Regulations, 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 carried out by the Board is given below:

- The Nomination and Remuneration Committee at its meeting held on 16 March 2017, had approved the revised criteria for evaluation of the Board, its Committees, Chairperson and individual directors, which is available on the website of the Company at [http://bhil.in/inv/board\\_evaluation\\_criteria.html](http://bhil.in/inv/board_evaluation_criteria.html)
- Based on the said criteria, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking feedback of the directors with regards to the performance of the Board, its Committees, the Chairperson and individual directors.
- From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation of the Board, its Committees, Chairperson and individual directors for the year 2020-21 and a consolidated report thereof were arrived at.
- The report of performance evaluation so arrived at was then noted and discussed by the Board at its meeting held on 16 March 2021.
- The NRC reviewed the implementation and compliance of the performance evaluation at its meeting held on 16 March 2021.
- Under the law, as per the report of performance evaluation, the Board shall determine, *inter alia*, whether to continue the term of appointment of an independent director. Based on the report and evaluation, the Board and NRC at their meeting held on 16 March 2021, determined that the appointment of all independent directors may continue.
- Details on the evaluation of Board, non-independent directors and Chairperson of the Company as carried out by the independent directors at their separate meeting held on 16 March 2021 have been furnished in a separate paragraph elsewhere in this Report.
- During FY2021, the criteria and process followed by the Company was reviewed by the NRC and the Board, which opined these to be satisfactory.

No director other than the Chairperson of the Board and NRC have access to any other Director's evaluation of individuals.

## Remuneration Policy

The Board on the recommendation of the Nomination and Remuneration Committee has framed a Remuneration Policy. The policy, *inter alia*, provides (a) the 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 remuneration policy is placed on the Company's website at [http://bhil.in/inv/codes\\_policies.html](http://bhil.in/inv/codes_policies.html)

## Familiarisation Programme

With a view to familiarize the independent directors with the Company's operations, as required under the SEBI Listing Regulations, the Company has held various familiarisation programmes for the independent directors throughout the year on an ongoing and continuous basis.

The details of familiarisation programmes are placed at <http://bhil.in/inv/miscellaneous.html>

## Whistle Blower Policy/Vigil Mechanism

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the requirements of the Act and the SEBI Listing Regulations.

The whistle blower policy/vigil mechanism enables a director or employee to report confidentially to the management, without fear of victimisation, any unacceptable work behaviour, any unethical behaviour, suspected or actual fraud, violation of the Company's Code of Conduct or ethics policy and instances of leak or suspected leak of unpublished price sensitive information which are detrimental to the organisation's interest. It provides safeguards against victimisation of directors/employees who avail of the mechanism and allows for direct access to the Chairman of the Audit Committee in exceptional cases.

The policy has been appropriately communicated to the employees within the organisation and has also been hosted on the Company's website and can be accessed at [http://bhil.in/inv/codes\\_policies.html](http://bhil.in/inv/codes_policies.html)

During the year under review, there were no complaints received under the above mechanism nor was any employee denied access to the Audit Committee.

## Subsidiary companies

The Company has Bajaj Auto Holdings Ltd. as its unlisted subsidiary company and Maharashtra Scooters Ltd. (MSL) as its listed subsidiary company which, however, is not a 'material subsidiary' as per SEBI Listing Regulations.

The revised Policy on 'material subsidiaries' in terms of SEBI Listing Regulations as approved by the Board at its meeting held on 14 March 2019 is placed at [http://bhil.in/inv/codes\\_policies.html](http://bhil.in/inv/codes_policies.html)

Provisions to the extent applicable, as required under SEBI Listing Regulations, with reference to subsidiary companies were duly complied with.

During the year under review, the Audit Committee reviewed the financial statements of and in particular, the investments made by its unlisted subsidiary company i.e. Bajaj Auto Holdings Ltd., to the extent applicable. Minutes of the board meetings of the subsidiary company as well as a statement of significant transactions and arrangements entered into by the subsidiary, as applicable, were regularly placed before the Board of the Company.

## Related party transactions

All related party transactions which were entered into during FY2021 were on an arm's length basis and in the ordinary course of business under the Act and not material under the SEBI Listing Regulations.

All related party transactions during FY2021 were entered with the approval of the Audit Committee pursuant to provisions of Act and the SEBI Listing Regulations. The details of such transactions were placed before the Audit Committee for noting/review, on a quarterly basis.

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

During FY2021, there were no materially significant related party transactions that had potential conflict with the interest of the Company at large.

In line with amendment to the SEBI Listing Regulations, the Board, at its meeting held on 14 March 2019, amended the Policy on Materiality of Related Party Transactions. The revised policy is given below as required pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and the same has also been hosted on the Company's website and can be accessed at [http://bhil.in/inv/codes\\_policies.html](http://bhil.in/inv/codes_policies.html)

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

### **Quote**

#### **Background:**

Pursuant to clause 49 of the erstwhile Listing Agreement, the Board at its meeting held on 15 October 2014, [which meets the criteria of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] had approved a Policy on Materiality of Related Party Transactions. Vide circular dated 9 May 2018, SEBI has notified certain amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) effective from 1 April 2019 requiring certain changes to be made in the Policy.

1. Related Party Transactions (RPTs) of the Company covered under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations will be approved by the audit committee of the Board from time to time.
2. Consent of the Board and the Members would be taken in respect of all RPTs, except in the following cases:
  - i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules thereunder or the SEBI Listing Regulations, as may be applicable; or
  - ii. Where the transactions are entered into by the Company in its ordinary course of business and are on arms' length basis; or
  - iii. Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the company.
  - iv. Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

3. Notwithstanding the above, approval of the Board and members would be necessary, where the transaction(s) with a related party exceed the following threshold limits:

Sr. No.	Description	Threshold limits (₹ in crore)
1.	Sale, purchase or supply of any goods or materials or securities	95.00
2.	Selling or otherwise disposing off or buying of any property including by way of lease and license arrangement	
3.	Availing or rendering of any services	

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

## Unquote

### Audit Committee

Pursuant to the Act, SEBI Listing Regulations and NBFC Regulations, the Company has constituted an Audit Committee. All members are financially literate and have accounting or related financial expertise.

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

The terms of reference of the Committee are in accordance with the Act, SEBI Listing Regulations and NBFC Regulations. These broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions with related parties, review compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended. More details on the terms of reference of the Committee are placed at <http://bhil.in/inv/miscellaneous.html>

### Meetings and attendance

During FY2021, the Audit Committee met five times viz. on 21 May 2020, 22 July 2020, 22 October 2020, 21 January 2021 and 16 March 2021. The meetings were scheduled well in advance and the intervening gap between two consecutive meetings was 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 and the statutory auditor 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 4: Composition of Audit Committee and attendance record of members for FY2021**

<b>Name of member</b>	<b>Category</b>	<b>No. of meetings attended</b>
Pradip P Shah	Chairman, Non-executive, Independent	5/5
Dr. Naushad Forbes	Non-executive, Independent	5/5
Dr. Gita Piramal	Non-executive, Independent	5/5
Manish Kejriwal	Non-executive	5/5

During FY2021, the Board had accepted all recommendations of the Committee.

Pursuant to the terms of reference, the Audit Committee, *inter alia*, discussed and deliberated on the financial results, appointment / re-appointment of Statutory Auditors, remuneration of 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.

Pradip P Shah, the Chairman of the Audit Committee, was present at the annual general meeting of the Company held on 22 July 2020 to answer members' queries.

## Nomination and Remuneration Committee

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

The terms of reference of the Committee, *inter alia*, includes formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and senior management, devising a policy on Board diversity, specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of remuneration policy for directors, key managerial personnel and other employees, etc. The Committee also reviews the remuneration of the senior management team. More details on the terms of reference of the Committee are placed at <http://bhil.in/inv/miscellaneous.html>

The Committee acts as a Nomination Committee, as per the NBFC Regulations, to ensure 'fit and proper' status of the directors to be appointed/re-appointed and recommend their appointment/re-appointment to the Board.

## Meetings and attendance

During FY2021, the Committee met twice on 21 May 2020 and 16 March 2021.

The Company Secretary acted as the secretary to the Nomination and Remuneration Committee.

**Table 5: Composition of Nomination and Remuneration Committee and attendance record of members for FY2021**

<b>Name of member</b>	<b>Category</b>	<b>No. of meetings attended</b>
Dr. Gita Piramal	Chairperson, Non-executive, Independent	2/2
D J Balaji Rao	Non-executive, Independent	2/2
Niraj Bajaj	Non-executive	2/2

During FY2021, the Board had accepted all recommendations of the Committee.

Dr. Gita Piramal, the Chairperson of the Nomination and Remuneration Committee, was present at the annual general meeting of the Company held on 22 July 2020, to answer members' queries.

## Risk Management Committee

Pursuant to the NBFC Regulations and the SEBI Listing Regulations, the Company has constituted a Risk Management Committee consisting of composition as specified therein.

The terms of reference of the Committee, *inter alia*, include, to manage the integrated risk, to lay down procedures to inform the Board about risk assessment and minimisation procedures in the Company, to frame, implement, monitor the risk management plan for the Company and perform such other functions as the board may deem necessary including cyber security etc.

The Company has a Board approved Risk Management framework duly approved by the Board. The Committee and the Board periodically review the Company's risk assessment and minimisation procedures to ensure that the Management identifies and controls risk through a properly defined framework.

During FY2021, the Company did not trade in nor had any exposure in commodities market.

## Meetings and attendance

During FY2021, the Committee met thrice on 21 May 2020, 22 October 2020 and 16 March 2021.

**Table 6: Composition of Risk Management Committee and attendance record of members for FY2021**

Name of member	Category	No. of meetings attended
Pradip P Shah	Chairman, Non-executive, Independent	3/3
Sanjiv Bajaj	Executive	3/3
Anish Amin	Member	3/3

## Stakeholders Relationship Committee

Pursuant to the Act and the SEBI Listing Regulations, the Company has constituted a Stakeholders Relationship Committee. This Committee specifically looks into the grievances of equity shareholders of the Company.

The terms of reference of the Committee, *inter alia*, includes review of measures taken for effective exercise of voting rights by members and review of adherence to the service standards in respect of various services being rendered by the registrar and share transfer agent. More details on the terms of reference of the Committee are placed at <http://bhil.in/inv/miscellaneous.html>

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

## Meeting and attendance

During FY2021, the Committee met once on 21 January 2021 to, *inter alia*, review the status of investors' services rendered. The secretarial auditor as well as the Company Secretary were present at the said meeting.

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

During FY2021, meeting of senior executives of KFin Technologies Pvt. Ltd. (KFin) with few Committee members was organised to discuss on service standards and operations at KFin.

**Table 7: Composition of Stakeholders Relationship Committee and attendance record of members for FY2021**

<b>Name of member</b>	<b>Category</b>	<b>Attendance at the meeting held on 21 January 2021</b>
Dr. Gita Piramal	Chairperson, Non-executive, Independent	Yes
Dr. Naushad Forbes	Non-executive, Independent	Yes
Manish Kejriwal	Non-executive	Yes

The Company Secretary of the Company acts as the Compliance Officer.

Dr. Gita Piramal, Chairperson of the Stakeholders Relationship Committee, was present at the annual general meeting of the Company held on 22 July 2020, to answer members queries.

**Table 8: Investors' complaints attended and resolved during FY2021**

<b>Investors' complaints</b>	<b>Attended/resolved during FY2021</b>
Pending at the beginning of the year	1
Received during the year	3
Disposed-off during the year	4
Remaining unresolved at the end of the year	Nil
Complaints not solved to the satisfaction of members	None

## Duplicate Share Certificate Issuance Committee

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

### Meeting and attendance

During FY2021, the Committee met once on 21 January 2021.

**Table 9: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of members for FY2021.**

<b>Name of member</b>	<b>Category</b>	<b>Attendance at the meeting held on 21 January 2021</b>
Niraj Bajaj	Chairman, Non-executive	No
Sanjiv Bajaj	Executive	Yes
Rajiv Bajaj	Non-executive	Yes

## IT Strategy Committee

Pursuant to Master Direction - Information Technology Framework for NBFC Sector, the Company has constituted an IT Strategy Committee. The Committee comprises of Dr. Naushad Forbes, Independent Director as its Chairman and other members being Sanjiv Bajaj, Anurag Chottani, Vivek Likhite, Anish Amin and Anant Marathe.

As per the above Master Direction, the Committee is required to meet atleast once in 6 months.

The Committee met twice during FY2021.

**The terms of reference of the Committee includes the following:**

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

Minutes of the IT Strategy Committee are placed before the Board.

**Independent Directors' Meeting**

Pursuant to the Act and the SEBI Listing Regulations, the independent directors must hold at least one meeting in a year without attendance of non-independent directors and members of the management. Accordingly, independent directors of the Company met on 16 March 2021, without the attendance of non-independent directors and members of the Management and :

- noted the report of Performance Evaluation from the Chairman of the Board for FY2021;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive director and non-executive directors; and
- assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All independent directors were present at the meeting. The independent directors present elected Pradip P Shah as Chairman for the meeting.

**Remuneration of directors****Pecuniary relationship/transaction with non-executive directors**

During the year under review, there were no pecuniary relationship/transactions with any non-executive directors of the Company.

**Criteria of making payments to non-executive directors**

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

The criteria of making payments to non-executive directors, are placed on the Company's website and can be accessed at [http://bhil.in/inv/codes\\_policies.html](http://bhil.in/inv/codes_policies.html)

**Details of remuneration of directors**

All non-executive directors are paid sitting fees and commission as per the details provided in the Form MGT-7 (annual return) which is hosted on the website of the Company at [www.bhil.in](http://www.bhil.in)

**Managing Director and Chief Executive Officer**

During FY2021, the Company paid remuneration to Sanjiv Bajaj, Managing Director & CEO of the Company as provided in annual return in MGT-7 which is hosted on the website of the Company.

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

The Company has no stock option plans for the directors and hence, it does not form a part of the remuneration package payable to any executive and/or non-executive director. During the year under review, no director was paid any performance-linked incentive.

Pursuant to the provision of the Act, Sanjiv Bajaj, Managing Director & CEO of the Company, who is also the non-executive, Chairman of Maharashtra Scooters Ltd. (MSL) has been paid sitting fees of ₹ 2.50 lakh from MSL.

During FY2021, the Company did not advance any loans to any of the non-executive directors and/or Managing Director. Details of remuneration paid/payable to directors FY2021 are provided in the annual return.

## Management

### Management discussion and analysis

This is given as separate chapter in the Annual Report.

### Disclosure of material transactions

Pursuant to the SEBI Listing Regulations, the senior management is required to make disclosures to the Board relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest that might have been in potential conflict with the interest of the Company. As per the disclosures submitted by the senior management, there were no such transactions during FY2021.

## Compliances regarding insider trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has a Board approved code of conduct to regulate, monitor and report trading by insiders ('code of conduct') and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('code of fair disclosure').

During the year 2018-19, the Board had revised the Code of Conduct to regulate, monitor and report trading by Insiders in line with the amended SEBI PIT Regulations. Wherever non-compliance by the employees/designated person concerned was observed, penalty was levied and the amount was remitted to the stipulated fund.

The Company also, by frequent communication, makes aware the designated employees of the obligations under the insider trading regulations.

The status of compliance with SEBI PIT Regulations are reviewed by Audit Committee and Board.

## Means of Communication

Quarterly, half-yearly and annual financial results and other public notices issued for the members are published in Business Standard and Kesari. The Company also sends the half-yearly financial results, along with a detailed write-up, to members.

The Company has its own website, [www.bhil.in](http://www.bhil.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 the Act and SEBI Listing Regulations including details of the corporate contact persons and share transfer agent of the Company, shareholding pattern etc.

Section 20 and 129 of the Act, read with Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically on the registered members' 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 at the email addresses provided by the members and made available by them to the Company through the depositories. Members 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 the SEBI Listing Regulations are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

## Information on Annual General Meetings and details of special resolution(s) passed

During the previous three years, the annual general meetings (AGM) of the Company were held/deemed to be held at the registered office of the Company at Mumbai-Pune Road, Akurdi, Pune 411 035 on the following dates and time:

<b>Details of AGM</b>	<b>Date and time of AGM</b>	<b>Details of special resolution(s) passed at the Annual General Meetings, if any</b>
73rd AGM	20 July 2018 at 4.00 p.m.	None
74th AGM	26 July 2019 at 4.00 p.m.	1. Re-appointment of Nanoo Gobindram Pamnani as an Independent Director of the Company for a second term of five consecutive years with effect from 1 April 2019 2. Re-appointment of Balaji Rao Jagannathrao Doveton as an Independent Director of the Company for a second term of five consecutive years with effect from 1 April 2019 3. Re-appointment of Dr. Gita Piramal as an Independent Director of the Company for a second term of five consecutive years with effect from 17 July 2019 4. Approval for continuation of Rahulkumar Kamalnayan Bajaj as a Non-Executive and Non- Independent Director of the Company from 1 April 2019 to 17 May 2019
75th E-AGM	22 July 2020 at 4.00 p.m.	None

All resolutions proposed by the Board have been passed with overwhelming majority by the members.

### Special resolutions passed through postal ballot

During FY2021, no Special Resolution was passed by way of postal ballot.

### Details of capital market non-compliance, if any

There were 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.

### Compliance Certificate

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

### Report on corporate governance

This chapter, read together with the information given in the Directors' Report, the section on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on Corporate Governance during FY2021. The Company has been regularly submitting the quarterly compliance report to the Stock exchanges as required under SEBI Listing Regulations.

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

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

a. number of complaints filed during the financial year	Nil
b. number of complaints disposed of during the financial year	Nil
c. number of complaints pending as on end of the financial year	Nil

## Statutory Auditors

S R B C & Co. LLP is the Statutory Auditor of the Company and one of its wholly owned subsidiary while Kirtane & Pandit LLP is the Statutory Auditors of Maharashtra Scooters Ltd., a subsidiary of the Company. Total fees paid by the Company and its subsidiaries, on a consolidated basis to the Auditors including all entities in their network firm/entity of which they are a part is given below:

Sr. No.	Particulars	Amount (In ₹)			
		Statutory audit Fee	Limited review fee	Tax audit fee	Other Services
1	S R B C & Co. LLP	850,000	300,000	300,000	75,000
2	S R B C & Associates	-	-	-	11,56,750
3	E&Y LLP	-	-	-	50,000
4	Kirtane & Pandit LLP	750,000	125,000	-	70,000

## Auditors' certificate on corporate governance

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

This certificate is annexed to the Directors' Report.

## Compliance of mandatory and discretionary requirements

### Mandatory

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

### Discretionary

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

#### 1. Shareholder rights

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

#### 2. Modified opinion(s) in audit report

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

#### 3. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

# GENERAL SHAREHOLDER INFORMATION

## 76th Annual General Meeting

Date	22 July 2021
Time	4.15 p.m.
Venue/Mode	The Company is conducting meeting through video conferencing ('VC') / other audio visual means ('OAVM') pursuant to Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) circulars. For details, please refer to the Notice of AGM.
Financial Year	1 April to 31 March

MCA vide its circular dated 8 April 2020, 13 April 2020, 5 May 2020 and 13 January 2021 read with SEBI circulars dated 12 May 2020 and 15 January 2021 has provided an option to companies to conduct AGM through 'VC or OAVM' and send financial statements (including Directors' Report, Auditors Report and other documents to be attached therewith) through email.

Accordingly, like in the previous year, this year as well, the Annual report of the Company for FY2021 along with the Notice of AGM are being sent by email to the members, and all other persons/entities entitled to receive the same and the 76th AGM will be convened through VC or OAVM. The Company has also made arrangements for those members who have not yet registered their email address to get the same registered by following the procedure prescribed in the notice of AGM.

## Tentative meeting schedule for considering financial related matters for FY2022

Unaudited first quarter financial results	July
Unaudited second quarter financial results	October
Unaudited third quarter financial results	January/early February 2022
Approval of audited annual results for year ending 31 March	April 2022/early May 2022

## Registrar and share transfer agent

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations'), KFin Technologies Pvt. Ltd. (referred to as 'KFin') continues to be the Registrar and Share Transfer Agent; and handle all relevant share registry services.

All physical transfers (to the extent permitted), 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 processed at KFin. The work related to dematerialisation/rematerialisation is handled by KFin through connectivity with NSDL and CDSL.

## Dates of book closure

The register of members and share transfer books of the Company will remain closed from Saturday, 10 July 2021 to Thursday, 22 July 2021 (both days inclusive) for the purpose of payment of dividend.

## Dividend and date of dividend payment

The Board of directors has proposed a dividend of ₹ 40/- per equity share (400%) of the face value of ₹ 10/- for FY2021, subject to approval of members at the ensuing AGM as against ₹ 40/- per equity share (400%) for the previous year.

Dividend on equity shares, if declared, at the AGM, will be credited/ dispatched between Monday, 26 July 2021 and/or Tuesday, 27 July 2021 as under:

- a) to all those members holding shares in physical form, as per the details provided to the Company by the share transfer agent of the Company i.e. KFin, as on closing hours on Friday, 9 July 2021; and
- b) to all those beneficial owners holding shares in electronic form as per beneficial ownership details provided to the Company by NSDL and CDSL, as of the closing hours of the day on Friday, 9 July 2021.

## Payment of dividend

The SEBI Listing Regulations read with SEBI circular dated 20 April 2018, require companies to use any electronic mode of payment approved by the Reserve Bank of India (RBI) for making payment to members. Accordingly, the dividend, if declared will be paid through electronic mode, where the bank account details of the members are available. Where dividend payments are made through electronic mode, intimation regarding such remittance will be sent separately to the members.

In cases where the dividend cannot be paid through electronic mode, it 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 circular mentioned above, the Company has written to members 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 members who are yet to respond to the Company's appeal in this regard, are again requested to take action in the matter at the earliest.

To enable payment of dividend through electronic mode, members holding shares in physical form, are requested to furnish, on or before 9 July 2021, updated particulars of their bank accounts to KFin 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 before 9 July 2021. The request to update particulars of bank account should be signed as per the specimen signature registered with KFin /depository participants, as the case may be.

## Tax deducted at source (TDS) on dividend

As per the amended Income Tax Act, 1961, there will be no Dividend Distribution Tax payable by the Company. The dividend, if declared will be taxable in the hands of the members. For details, members are requested to refer to the 'Notice of AGM.'

## Unclaimed dividends

Unclaimed dividends up to 1994-95 have been transferred to the general revenue account of the Central Government. Those who have not encashed their dividend warrants for the period prior to and including 1994-95 are requested to claim the amount from Registrar of Companies, Maharashtra, Pune, situated at Akurdi, Pune 411 035.

As per section 124(5) of Companies Act, 2013 (referred to as 'the Act'), 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 a fund called the Investor Education and Protection Fund (the 'Fund') set up by the Central Government. Accordingly, unpaid/unclaimed dividend for the financial years 2007-08 to 2012-13 has been already transferred by the Company to the said Fund from September 2015 onwards.

Unpaid/unclaimed dividend for the financial year 2013-14 shall be due for transfer to the Fund in August 2021. Members are requested to verify their records and send their claim, if any, for 2013-14, before such amount become due for transfer. Communications are being sent to members, who have not yet claimed dividend for 2013-14, requesting them to claim the same as well as unpaid dividend, if any, for subsequent years.

The following are the details of unclaimed dividends which are due to be transferred to the Fund in the coming years, including current year. Once again, members who have not claimed the dividends till date are requested to verify their records and send their claim, if any, before the same becomes due for transfer as per the table given below:

<b>Year</b>	<b>Dividend Type</b>	<b>Date of Declaration AGM Date</b>	<b>Last date for claiming dividend</b>	<b>Due date for transfer</b>
2013-2014	Final	17 July 2014	14 August 2021	14 September 2021
2014-2015	Final	23 July 2015	21 August 2022	20 September 2022
2015-2016	Interim	23 March 2016	22 April 2023	21 May 2023
2015-2016	Final	27 July 2016	25 August 2023	24 September 2023
2016-2017	Final	20 July 2017	18 August 2024	17 September 2024
2017-2018	Final	20 July 2018	18 August 2025	17 September 2025
2018-2019	Final	26 July 2019	24 August 2026	23 September 2026
2019-2020	Interim (Confirmed as Final)	09 March 2020	07 April 2027	06 May 2027

The Company has uploaded the details of unclaimed dividend on the Company's website at [http://bhil.in/inv/stock\\_history.html#Unclaimed-Dividend](http://bhil.in/inv/stock_history.html#Unclaimed-Dividend) and also on website specified by the Ministry of Corporate Affairs <http://www.iepf.gov.in/IEPF/services.html>

## Transfer of shares to IEPF

Pursuant to section 124(6) of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (the 'IEPF Rules'), 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 to the IEPF, within 30 days of such shares becoming due for transfer.

Accordingly, the Company will send individual letters through ordinary/speed post/e-mail to such members, whose dividend from the year 2013-14 has remained unclaimed, requesting them to claim the amount of unpaid dividend on or before the Company must transfer the related shares to the demat account of IEPF. The Company also publishes, on an annual basis, a notice in the newspapers intimating the members regarding the said transfer. These details will also be made available on the Company's website at [http://bhil.in/inv/stock\\_history.html#Unclaimed-Dividend](http://bhil.in/inv/stock_history.html#Unclaimed-Dividend)

During the year under review, the Company transferred 3,270 equity shares of the face value of ₹ 10/- each in respect of 23 members to the Demat Account of the IEPF Authority held with NSDL. Details of such members, whose shares are transferred to IEPF and their unpaid dividends for the subsequent years are available to the concerned members on the website of the Company at [http://bhil.in/inv/stock\\_history.html#Unclaimed-Dividend](http://bhil.in/inv/stock_history.html#Unclaimed-Dividend)

As provided under these Rules, the shareholder would 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 at [http://bhil.in/inv/stock\\_history.html#Unclaimed-Dividend](http://bhil.in/inv/stock_history.html#Unclaimed-Dividend)

Members are requested to get in touch with the compliance officer for further details on the subject at [investors@bhil.in](mailto:investors@bhil.in) or [ssubbramaniam@bhil.in](mailto:ssubbramaniam@bhil.in)

## Share transfer system

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

During FY2021, as confirmed to us by KFin, there were no transfer of shares effected in physical form.

Further, SEBI vide its circular has fixed 31 March 2021 as the cut-off date for re-lodgment and that such transferred shares shall be issued only in demat mode and provided operational guidelines for effecting demat to the transferee's account.

The details of physical transfer/transmission were placed before the Board of Directors on a quarterly basis.

## Investor grievances redressal mechanism

SEBI has issued a circular SEBI/HO/OIAE/IGRD/CIR/P/2020/152 dated 13 August 2020, laying down the mechanism for redressal of investor complaints by companies and stock exchanges effective from 1 September 2020. This outlines the procedure for handling complaints by stock exchanges as well as standard operating procedure for actions to be taken against listed companies for failure to redress investor grievances.

An investor can raise complaints in the nature of non-receipt of bonus shares, non-receipt of dividend, non-receipt of duplicate share certificate, delay in demat/remat, etc. Complaints pertaining to deposits and IEPF matters will not be governed by this circular.

For further details Shareholders are advised to refer the aforesaid circular.

## E-Voting Facility provided by Listed Entities

SEBI has issued a circular dated 9 December 2020 for increase in the participation by the public non-institutional shareholders/retail shareholders. It has been decided to enable e-voting to all the demat account holders, via a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders will be able to cast their vote without having to register again with the e-voting service providers (ESPs). This will not only facilitate seamless authentication but also enhance the ease and convenience of participating in the e-voting process.

Shareholders are advised to refer to the notice of AGM for the ways in which they may register to cast their votes.

## Dematerialisation/rematerialisation of shares and liquidity

During FY2021, 30,894 shares were dematerialised, compared to 222,842 shares during FY2020. No shares were rematerialised during the year 2020-21.

Shares held in physical and electronic mode as on 31 March 2021 are as given in Table 1.

**Table 1: Shares held in physical and electronic mode**

Particulars	Position as on 31 March 2021		Position as on 31 March 2020		Net change during 2020-2021	
	No. of shares	% of total shareholding	No. of shares	% of total shareholding	No. of shares	% of total shareholding
Physical	8,705,134	7.82	8,735,941	7.85	-30,807	-0.03
Demat:						
NSDL	99,153,329	89.09	99,250,931	89.18	-97,602	-0.09
CDSL	3,435,047	3.09	3,306,638	2.97	128,409	0.12
Sub Total	102,588,376	92.18	102,557,569	92.15		
Total	111,293,510	100.00	111,293,510	100.00	--	--

## Stock code

BSE, Mumbai	500490
National Stock Exchange	BAJAJHLDNG
Reuters	BJAT.BO
Bloomberg	BJHI.IN
ISIN for Depositories (NSDL and CDSL)	INE118A01012

## Listing on stock exchanges

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

Name	Address
1. BSE Ltd.	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 the SEBI Listing Regulations, the Company has entered into a Uniform Listing Agreement with BSE and NSE.

For FY2021, the listing fees payable to these stock exchanges have been paid in full.

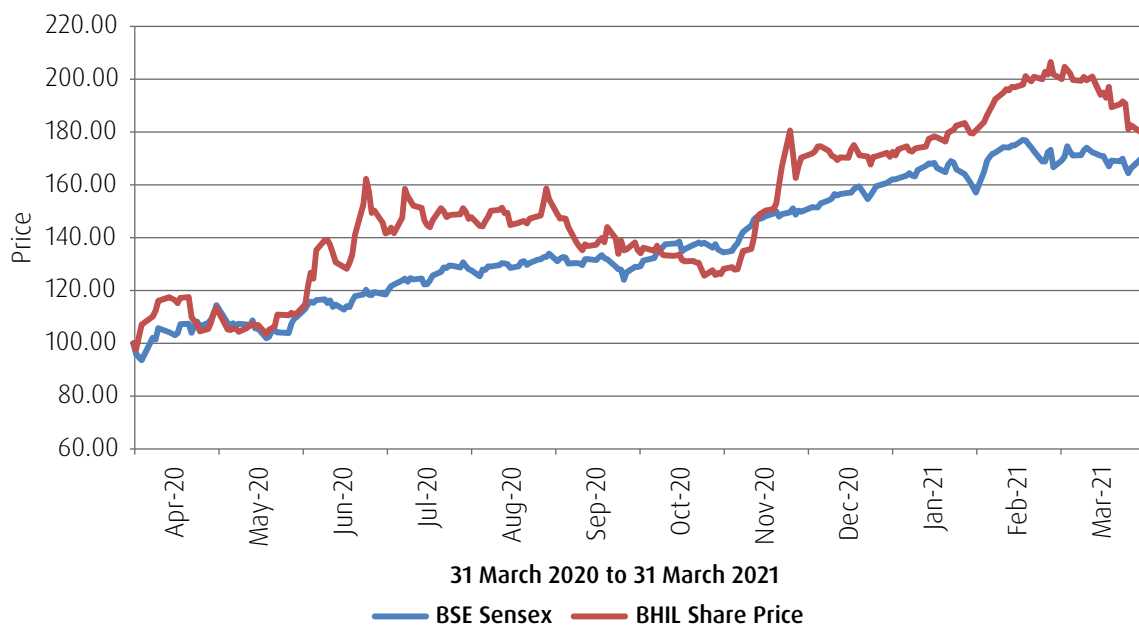
## Market price data

Table 2 gives the monthly highs and lows of the Company's shares on the BSE Ltd. (BSE), the National Stock Exchange (NSE) for the full year 2020-21.

**Table 2: Monthly highs and lows of equity shares of Bajaj Holdings & Investment Ltd. during 2020-21**  
(₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex (₹)
	High (₹)	Low(₹)	High(₹)	Low(₹)	
Apr-2020	2,148.00	1,706.25	2,154.95	1,700.00	33,717.62
May-2020	2,028.65	1,850.05	2,030.40	1,850.35	32,424.10
Jun-2020	2,995.00	2,016.05	3,005.00	2,010.60	34,915.80
Jul-2020	2,895.20	2,520.00	2,897.95	2,534.00	37,606.89
Aug-2020	2,890.00	2,542.65	2,880.00	2,545.10	38,628.29
Sep-2020	2,720.25	2,371.80	2,727.70	2,385.10	38,067.93
Oct-2020	2,483.95	2,219.00	2,489.00	2,212.65	39,614.07
Nov-2020	3,351.00	2,261.00	3,348.85	2,299.15	44,149.72
Dec-2020	3,170.95	2,657.70	3,199.00	2,850.20	47,751.33
Jan-2021	3,317.25	3,050.00	3,330.00	3,050.00	46,285.77
Feb-2021	3,784.80	3,189.80	3,757.15	3,190.05	49,099.99
Mar-2021	3,710.00	3,145.00	3,724.85	3,141.00	49,509.15

### Bajaj Holdings & Investment Ltd. stock performance vs BSE Sensex, during 2020-21 indexed to 100 on 31 March 2020



## Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2021, while Table 4 gives the data according to size classes.

**Table 3: Distribution of shareholding across categories as on**

Categories	31 March 2021		31 March 2020	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	55,596,367	49.95	55,544,458	49.91
Foreign Institutional Investors / Foreign Portfolio Investors	17,640,330	15.85	17,425,100	15.66
Public financial institutions	275,797	0.25	351,287	0.32
Mutual Funds	2,123,813	1.91	1,171,474	1.05
Nationalised and other Banks	20,346	0.02	51,595	0.04
NRIs and OCBS	741,786	0.67	720,540	0.65
Others	34,895,071	31.35	36,029,056	32.37
<b>Total</b>	<b>111,293,510</b>	<b>100.00</b>	<b>111,293,510</b>	<b>100.00</b>

**Table 4: Distribution of shareholding according to size class as on 31 March 2021**

Category	No. of shares	% to total capital	No. of shares	% to total capital
1 to 500	57,591	93.63	2,668,458	2.40
501 to 1000	1,490	2.42	1,100,812	0.98
1001 to 2000	954	1.55	1,363,919	1.23
2001 to 3000	440	0.72	1,090,994	0.98
3001 to 4000	181	0.29	642,450	0.58
4001 to 5000	162	0.27	742,372	0.67
5001 to 10000	275	0.45	1,906,340	1.71
10001 And Above	415	0.67	101,778,165	91.45
<b>Total</b>	<b>61,508</b>	<b>100.00</b>	<b>111,293,510</b>	<b>100.00</b>

## Members' and investors' grievances

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

Routine queries/complaints received from members 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 2021, there were no pending issues to be addressed or resolved.

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning 3 complaints filed by the members 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.

## Green initiative

The Company believes in driving environmental initiatives. As a step in this direction, it availed of special services offered by NSDL/ CDSL to update email addresses of members, holding shares with depository participant registered with NSDL/ CDSL and who have not registered their email addresses. This would enable such members to immediately receive various email communication from the Company from time to time including the Annual Report, dividend credit intimation, half-yearly communication etc. Members who have not updated their email, are requested to update their email id, by sending a request to the Company/ KFin or their respective depository participant.

## Demat suspense account with HDFC Bank for unclaimed shares

There are no shares which remain in the Demat suspense account as on 31 March 2021. All the shares lying in the demat suspense account has been transferred to IEPF Account as required by the Act.

## Nomination

Individual members 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 the share transfer agent of the Company upon such request and is also available on the Company's website <http://bhil.in/inv/downloads.html>

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

## KPRISM- Mobile service application by KFin

Members should note that our Registrar and Share Transfer Agent – KFin has launched a new mobile app KPRISM and a website <https://kprism.kfintech.com/> for our investors. Members can download the mobile app and see their portfolios serviced by KFin; check their dividend status; request for annual reports; register change of address; register change in the bank account or update the bank mandate; and download the standard forms. This android mobile application can be downloaded from Google Play Store.

## Webcast of AGM

Pursuant to the SEBI Listing Regulations, top 100 listed entities shall, w.e.f. 1 April 2019, provide one-way live webcast of the proceedings of the Annual General Meetings (AGM).

However, the Company has gone out of the list of top 100 listed entities as on 31 March 2021 and hence, the above provision with respect to providing live-webcast of proceedings of the ensuing 76th AGM does not apply to the Company this year. However, the Company voluntarily will continue to provide the Live-webcast of the AGM.

## Voting through electronic means

Pursuant to the provisions of the Act and the Rules made thereunder and provisions under the SEBI Listing Regulations 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 KFin, the authorised agency for this purpose, to facilitate such e-voting for its members.

The members would therefore, be able to exercise their voting rights on the items put up in the Notice of AGM, through such e-voting method. The Company will also provide facility to members attending the AGM through VC or OAVM to vote at the meetings, in accordance with the Companies (Management and Administration) Rules, 2014 and MCA circulars for conducting AGM through VC or OAVM.

Members, who are attending the meeting through VC or OAVM and who have not already cast their votes by remote e-voting shall only be able to exercise their right of voting at the meeting.

Cut-off date, as per the said Rules, shall be 15 July 2021 and the remote e-voting shall be open for a period of three days, from 19 July 2021 (9.00 a.m.) till 21 July 2021 (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 Seventy Sixth (76th) AGM and is also placed on the Company's website.

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

## Credit Rating

Since, the Company had no borrowings during the year under review, no credit ratings were obtained by the Company from any credit rating agencies.

## 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 members 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

#### **KFin Technologies Pvt. Ltd.**

Unit: Bajaj Holdings & Investment Ltd.  
Tower B, Plot 31-32, Selenium Building,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad - 500 032.

### Company

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

### Contact persons

M.S. Madhusudan/Mohd. Mohsinuddin  
Tel No: (040) 6716 2222  
Fax No: (040) 2300 1153  
Toll Free No: 1800 345 4001  
E-mail: mohsin.mohd@kfintech.com  
Website: [www.kfintech.com](http://www.kfintech.com)

### Company Secretary and Compliance Officer

Sriram Subbramaniam  
Tel No: (020) 6610 7150  
Fax No: (020) 2740 7380  
E-mail: investors@bhil.in  
Website: [www.bhil.in](http://www.bhil.in)

# **STANDALONE FINANCIAL STATEMENTS**

## Independent Auditors' Report on the Standalone Financial Statements

To the Members of **Bajaj Holdings & Investment Ltd.**

### Opinion

We have audited the accompanying standalone financial statements of Bajaj Holdings & Investment Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

## Independent Auditors' Report on the Standalone Financial Statements (Contd.)

Key audit matter	How our audit addressed the key audit matter
<p><b>(a) Accounting for investments in open ended target maturity funds ('Funds') (as described in Note 5B of the standalone financial statements)</b></p> <p>The Company has investments aggregating to ₹ 552.46 crore in open ended target maturity funds as at 31 March 2021. These investments are 'subsequently measured at amortised cost' based on fulfilment of solely payments of principal and interest ('SPPI') test and business model requirement as per Ind AS 109 - 'Financial instruments'.</p> <p>These types of investments being significant during the year, were an area of significant audit attention and hence has been considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read the minutes of the Investment Committee meetings.</li> <li>• Performed test of controls on a sample basis on the operating effectiveness of internal controls related to accounting of investments.</li> <li>• Read the terms and conditions of scheme information document/key information memorandum of the funds invested by the Company.</li> <li>• Tested on a sample basis, the investments underlying the funds to assess whether those investments would satisfy the conditions of amortised cost accounting as per Ind AS 109.</li> <li>• Read and assessed the related disclosures included in the standalone financial statements.</li> <li>• Obtained management representations relating to accounting for the investments in the funds.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

### Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance and Directors' Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Independent Auditors' Report on the Standalone Financial Statements (Contd.)

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended 31 March 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes

## Independent Auditors' Report on the Standalone Financial Statements (Contd.)

public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit we give in the 'Annexure 1' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;
  - (g) In our opinion, the managerial remuneration for the year ended 31 March 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 25 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP  
ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per Paul Alvares  
Partner  
Membership Number: 105754  
UDIN: 21105754AAAACG5290  
Pune: 29 April 2021

## Annexure 1 to Independent Auditors' Report

### Annexure 1 referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date

#### Re: Bajaj Holdings & Investment Ltd. (the 'Company')

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification designed to cover all items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment; and investment property are held in the name of the Company except for freehold land aggregating to ₹ 0.00\* crore (\* amounts less than ₹ 0.01 crore) and leasehold land aggregating to ₹ 1.12 crore (net block of ₹ 1.10 crore) where titles transfer are pending in the name of the Company as disclosed in Note 9B to the standalone financial statements of the Company.
2. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
3. According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of sections 185 and 186 of the Act are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments made have been complied with by the Company.
5. The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) rules, 2014 (as amended). Accordingly, the provisions of clause 3 (v) of the Order are not applicable and hence not commented upon.
6. To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company and hence not commented upon.
7. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, goods and service tax, cess and other statutory dues on account of any dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of the dues	Amount	Period to which amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	392.69	Various financial Years from 1989-90 to 2006-07	ITAT
	Income tax	4.77	Financial Year 2013-14	CIT(A)
The Maharashtra Municipal Corporation Act, 1949	Property tax	0.05	Financial Year 2017-18	Bombay Municipal Corporation

## Annexure 1 to Independent Auditors' Report (Contd.)

8. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
9. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
11. According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
13. According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
14. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
15. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
16. According to the information and explanations given to us and audit procedures performed by us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S R B C & CO LLP  
ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per Paul Alvares  
Partner  
Membership Number: 105754  
UDIN: 21105754AAAACG5290  
Pune: 29 April 2021

## Annexure 2 to Independent Auditors' Report

### Annexure 2 referred to in paragraph 2 (f) under the heading 'Report on other legal and regulatory requirements' to the independent auditor's report of even date on the standalone financial statements of Bajaj Holdings & Investment Ltd.

#### Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls with reference to standalone financial statements of Bajaj Holdings & Investment Ltd. ('the Company') as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's responsibility for internal financial controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

#### Meaning of internal financial controls with reference to these standalone financial statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Annexure 2 to Independent Auditors' Report (Contd.)

### **Inherent limitations of internal financial controls with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP  
ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per Paul Alvares  
Partner  
Membership Number: 105754  
UDIN: 21105754AAAACG5290  
Pune: 29 April 2021

## Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2021	2020
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	21.75	20.09
Bank balances other than cash and cash equivalents	4	5.10	10.15
Investment in subsidiaries and associates	5A	2,913.35	2,913.35
Other investments	5B	11,106.65	7,421.60
Other financial assets	6	103.64	121.03
		<b>14,150.49</b>	<b>10,486.22</b>
<b>Non-financial assets</b>			
Current tax assets (net)		23.90	34.67
Deferred tax assets (net)	7	-	45.17
Investment properties	8	180.55	183.87
Right-of-use asset	9A	139.95	167.94
Property, plant and equipment	9B	7.04	7.24
Other non-financial assets	10	1.27	1.27
		<b>352.71</b>	<b>440.16</b>
<b>Total</b>		<b>14,503.20</b>	<b>10,926.38</b>

**Balance Sheet** (Contd.)

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2021	2020
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1.05	3.92
Lease liability	29	136.18	167.77
Other financial liabilities	11	33.68	39.62
		<b>170.91</b>	<b>211.31</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)		8.96	12.78
Deferred tax liabilities (net)	7	295.74	-
Provisions	12	6.28	6.01
Other non-financial liabilities	13	4.54	3.79
		<b>315.52</b>	<b>22.58</b>
<b>EQUITY</b>			
Equity share capital	14	111.29	111.29
Other equity	15	13,905.48	10,581.20
		<b>14,016.77</b>	<b>10,692.49</b>
<b>Total</b>		<b>14,503.20</b>	<b>10,926.38</b>
Summary of significant accounting policies followed by the Company	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Pune: 29 April 2021

Anant Marathe  
Chief Financial Officer

Sriram Subbramaniam  
Company Secretary

On behalf of the Board of Directors

Sanjiv Bajaj  
Managing Director & CEO

Madhur Bajaj  
Director

## Statement of Profit and Loss

Particulars	Note No.	For the year ended 31 March	
		₹ In Crore)	
		2021	2020
<b>Revenue from operations</b>			
Interest income	16	239.41	231.01
Dividend income		40.23	1,884.94
Rental income		19.10	17.99
Net gain on fair value changes	17	65.73	29.85
Other investment income	18	3.00	-
<b>Total revenue from operations</b>		<b>367.47</b>	<b>2,163.79</b>
Other income	19	63.67	42.07
<b>Total income</b>		<b>431.14</b>	<b>2,205.86</b>
<b>Expenses</b>			
Employee benefits expenses	20	36.17	35.90
Finance costs - interest on operating lease liability	29	3.80	12.54
Depreciation, amortisation and impairment	21	31.68	31.51
Other expenses	22	49.58	77.82
<b>Total expenses</b>		<b>121.23</b>	<b>157.77</b>
<b>Profit before tax</b>		<b>309.91</b>	<b>2,048.09</b>
Tax expense			
Current tax		101.25	80.38
Tax debits pertaining to earlier years		-	4.28
Deferred tax		10.07	(3.44)
Provision for possible non-utilisation of MAT credit		-	140.00
Total tax expense	23	111.32	221.22
<b>Profit for the year</b>		<b>198.59</b>	<b>1,826.87</b>

## Statement of Profit and Loss (Contd.)

Particulars	Note No.	For the year ended 31 March	
		2021	2020
(₹ In Crore)			
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		0.60	(1.07)
Tax impacts on above		(0.21)	0.37
Net (loss)/gain on equity instruments designated at FVTOCI		3,447.29	(1,248.38)
Tax impacts on above		(339.86)	53.37
Items that will be reclassified to profit or loss			
Net gain on debt instruments designated at FVTOCI		20.29	39.19
Tax impacts on above		(2.36)	(4.56)
Valuation gains on derivative hedging instruments		(0.09)	0.11
Tax impacts on above		0.03	(0.04)
<b>Other comprehensive income for the year (net of tax)</b>		<b>3,125.69</b>	<b>(1,161.01)</b>
<b>Total comprehensive income for the year</b>		<b>3,324.28</b>	<b>665.86</b>
Basic and diluted Earnings per share (in ₹)	24	17.8	164.1
(Nominal value per share ₹ 10)			
Summary of significant accounting policies followed by the Company	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Pune: 29 April 2021

Anant Marathe  
Chief Financial Officer

Sriram Subbramaniam  
Company Secretary

On behalf of the Board of Directors

Sanjiv Bajaj  
Managing Director & CEO

Madhur Bajaj  
Director

## Statement of Changes in Equity

### A Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March	
		2021	2020
At the beginning of the year		111.29	111.29
Changes in equity share capital during the year		-	-
<b>At the end of the year</b>	14	<b>111.29</b>	<b>111.29</b>

### B Other equity

(₹ In Crore)

Particulars	Note No.	Reserves and surplus				Other reserves		Total other equity
		Securities premium	General reserve	Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	Retained earnings	Equity instruments through other comprehensive income	Debt and Hedge instruments through other comprehensive income	
<b>Balance as at 31 March 2019</b>	15	444.42	3,706.96	1,741.97	2,543.02	2,441.76	-	10,878.13
Profit for the year		-	-	-	1,826.87	-	-	1,826.87
Other comprehensive income (net of tax)		-	-	-	(0.70)	(1,195.01)	34.70	(1,161.01)
<b>Total comprehensive income for the year ended 31 March 2020</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,826.17</b>	<b>(1,195.01)</b>	<b>34.70</b>	<b>665.86</b>
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	-	365.37	(365.37)	-	-	-
Reclassification of gain on sale of FVTOCI equity instruments		-	-	-	157.64	(157.64)	-	-
Final dividend, declared and paid during the year		-	-	-	(361.70)	-	-	(361.70)
Tax on final dividend		-	-	-	(70.39)	-	-	(70.39)
Interim dividend, declared and paid during the year		-	-	-	(445.17)	-	-	(445.17)
Tax on interim dividend		-	-	-	(85.53)	-	-	(85.53)
<b>Balance as at 31 March 2020</b>	15	<b>444.42</b>	<b>3,706.96</b>	<b>2,107.34</b>	<b>3,198.67</b>	<b>1,089.11</b>	<b>34.70</b>	<b>10,581.20</b>
Profit for the year		-	-	-	198.59	-	-	198.59
Other comprehensive income (net of tax)		-	-	-	0.39	3,107.43	17.87	3,125.69
<b>Total comprehensive income for the year ended 31 March 2021</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>198.98</b>	<b>3,107.43</b>	<b>17.87</b>	<b>3,324.28</b>
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	-	39.72	(39.72)	-	-	-
Reclassification of gain on sale of FVTOCI equity instruments		-	-	-	289.76	(289.76)	-	-
<b>Balance as at 31 March 2021</b>	15	<b>444.42</b>	<b>3,706.96</b>	<b>2,147.06</b>	<b>3,647.69</b>	<b>3,906.78</b>	<b>52.57</b>	<b>13,905.48</b>
Summary of significant accounting policies followed by the Company	2							

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Pune: 29 April 2021

On behalf of the Board of Directors

Anant Marathe  
Chief Financial Officer

Sanjiv Bajaj  
Managing Director & CEO

Sriram Subbramaniam  
Company Secretary

Madhur Bajaj  
Director

## Statement of Cash Flows

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
<b>I. Operating activities</b>		
Profit before tax	309.91	2,048.09
Adjustments to reconcile profit before tax to net cash flows		
Add		
i) Depreciation, amortisation and impairment	31.68	31.51
ii) Finance costs - interest on operating lease liability	3.80	12.54
iii) Unrealised foreign exchange loss on revaluation	-	6.85
	35.48	50.90
Less		
i) Provision for diminution in value of investments written back	3.00	-
ii) Profit on sale of investments, net	52.80	18.80
iii) Distribution received from other funds	12.93	11.05
iv) Unrealised foreign exchange gain on revaluation	4.96	-
v) Amortisation of premium/discount on acquisition of debt securities	2.63	0.99
	76.32	30.84
	269.07	2,068.15
Change in assets and liabilities		
i) (Increase)/decrease in loans and other assets	17.30	228.08
ii) (Increase)/decrease in other bank balances	4.90	(3.44)
iii) Increase/(decrease) in liabilities and provisions	(2.00)	5.52
	20.20	230.16
(Purchase)/sale of money market mutual funds, etc., net *	41.86	(375.85)
Net cash flow from/(used in) operating activities before income-tax	331.13	1,922.46
Income-tax paid (net of refund)	(105.85)	(73.59)
<b>Net cash flow from operating activities</b>	<b>225.28</b>	<b>1,848.87</b>
Carried forward	225.28	1,848.87

## Statement of Cash Flows (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Brought forward	225.28	1,848.87
<b>II. Investing activities</b>		
i) Purchase of property, plant and equipment	(0.17)	(1.20)
ii) Investment in joint venture *	-	(239.25)
iii) Sale of investments *	2,315.02	2,479.54
iv) Purchase of investments *	(2,502.99)	(3,082.88)
<b>Net cash used in investing activities</b>	<b>(188.14)</b>	<b>(843.79)</b>
<b>III. Financing activities</b>		
i) Dividend paid	(5.05)	(803.43)
ii) Corporate dividend tax paid	-	(155.92)
iii) Cash payment for principal portion of operating lease liability	(26.63)	(24.78)
iv) Cash payment for interest portion of operating lease liability	(3.80)	(4.16)
<b>Net cash used in financing activities</b>	<b>(35.48)</b>	<b>(988.29)</b>
<b>Net change in cash and cash equivalents</b>	<b>1.66</b>	<b>16.79</b>
Cash and cash equivalents as at the beginning of the year	20.09	3.30
Cash and cash equivalents as at the end of the year	21.75	20.09

\* As the Company is an investment company, dividend received and interest earned are considered as part of cash flow from operating activities. Purchase and sale of investments has been classified into operating and investing activity based on the intention of the Management at the time of purchase of securities or subsequent reassessment of intention and transfers made inter se between long-term and current investments, in accordance with the prudential norms specified by RBI.

Summary of significant accounting policies followed by the Company

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Pune: 29 April 2021

On behalf of the Board of Directors

Anant Marathe  
Chief Financial Officer

Sanjiv Bajaj  
Managing Director & CEO

Sriram Subbramaniam  
Company Secretary

Madhur Bajaj  
Director

Notes to standalone financial statements for the year ended 31 March 2021

**1** Bajaj Holdings & Investment Ltd. (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1913. The Company operates as an Investment Company and consequently is registered as a Non-Banking Financial Institution – Investment and Credit Company ('NBFC-ICC') with the Reserve Bank of India (RBI) vide registration number N-13.01952. The Company's registered office is at Bajaj Auto Ltd. Complex, Mumbai-Pune road, Pune, Maharashtra, India. Its shares are listed on two recognised stock exchanges in India.

## 2 Summary of significant accounting policies followed by the Company

### 2A Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

The financial statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

### 2B Summary of significant accounting policies followed by the Company

#### 1. Use of estimates

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

#### 2. Revenue recognition

##### Income

The Company recognises income (including rent, etc.) on accrual basis to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. However, where the ultimate collection of revenue lacks reasonable certainty, revenue recognition is postponed.

##### 1. Interest income

Interest income from debt instruments is recognised using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument. Hence, it recognises the effect of potentially different interest rates charged at various stages, if any, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Balance Sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of Profit and Loss.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

### 2. Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, and it is probable that the economic benefits associated with the dividend will flow to the Company and that the amount of the dividend can be measured reliably.

### 3. Rent and other income

The Company recognises income (including rent) on accrual basis.

### 3. Property, plant and equipment and depreciation/amortisation

#### A. Property, plant and equipment

- i) Property, plant and equipment, capital work in progress except land are carried at cost of acquisition or construction as the case may be, less accumulated depreciation and amortisation. Land is carried at cost of acquisition. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by the Management. Changes in the expected useful life, if any, are accounted for by changing the amortisation period and treated as changes in accounting estimates. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.
- ii) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

#### B. Depreciation and amortisation

##### a. Leasehold land

Premium on leasehold land is amortised over the period of lease.

##### b. On other tangible assets

- i.
  - a. Depreciation is provided on the straight line method over the useful lives of the assets.
  - b. Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, the component is depreciated over such shorter life.
  - c. Useful life of assets are determined by the Management by internal technical assessments.
- ii. Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are, as follows
  - Buildings – 25 to 40 years
  - Computers – 3 years
  - Others – furniture, electric fittings and office equipment – 2 to 10 years

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

- iii. Assets which are depreciated over useful life/residual value different than those indicated by Schedule II to the Companies Act, 2013 are as under:

<b>Assets given on lease in relation to investment properties</b>	<b>as per schedule II</b>	<b>useful life</b>
Building (interior)	60 years	5 years
Computers	6 years	5 years
Furniture	10 years	5 years
Electric fittings	10 years	5 years

### **Assets given on lease in relation to investment properties having nil residual value**

Computers
Furniture
Office equipment
Electric fittings

- iv. Depreciation on additions is being provided on pro rata basis from the month of such additions.
- v. Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.
- vi. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **C. Impairment of property, plant and equipment**

An assessment is done at each balance sheet date as to whether there are any indications that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/Cash Generating Unit (CGU) is made. Where the carrying value of the asset/CGU exceeds the recoverable amount, the carrying value is written down to the recoverable amount.

### **4. Investment properties**

Land and buildings which are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment properties. Investment properties are measured initially at their cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed when incurred. Depreciation on investment properties is provided on a pro rata basis on straight line method over the estimated useful lives. Useful life of assets, as assessed by the Management, corresponds to those prescribed by Schedule II- Part 'C'.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

### 5. Investments and financial assets

#### A. Investment in subsidiaries and associates

Interest in subsidiaries and associates are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments.

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

#### B. Other investments and financial assets

##### i. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVTOCI), or
- those to be measured subsequently at fair value through profit or loss (FVTPL), and
- those to be measured subsequently at amortised cost

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as 'measured at fair value', gains and losses will either be recorded in profit or loss or other comprehensive income, as elected.

##### Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

##### The SPPI test (Solely Payments of Principal and Interest)

As a second step of its classification process the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

### ii. Measurement

#### Initial Measurement

Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset at its fair value including, in the case of 'a financial asset not at FVTPL', transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 'FVTPL' are expensed in profit or loss.

#### Subsequent Measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Company classifies its financial instruments:

#### Subsequently measured at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

#### Subsequently measured at FVTPL

Financial assets that do not meet the criteria for amortised cost, are measured at FVTPL e.g. investments in mutual funds. A gain or loss on a financial asset that is subsequently measured at FVTPL is recognised in profit or loss and presented net in the Statement of Profit and Loss as revenue from operations with other gains/(losses) in the period in which it arises.

#### Equity instruments subsequently measured at FVTOCI

The Company subsequently measures all equity investments at FVTPL, unless the Company's Management has elected to classify irrevocably some of its equity investments as equity instruments at FVTOCI, when such instruments meet the definition of equity under Ind AS 32 Financial Instruments: Presentation. Such classification is determined on an instrument-by-instrument basis

Gains and losses on these equity instruments are never recycled to Statement of Profit and Loss. Dividends are recognised in Statement of Profit and Loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment.

#### Debt instruments subsequently measured at FVTOCI

Debt instruments are measured at FVTOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss and recognised in other gains/(losses). Interest income from these financial assets is included in investment income using the effective interest rate method. Impairment expenses are presented as separate line item in the Statement of Profit and Loss.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

### iii. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and if so, assess the need to provide for the same in the Statement of Profit and Loss.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Since the Company makes investments in highly rated fixed income securities, which are categorised as 'subsequently measured at FVTOCI', the risk parameters such as tenor, the probability of default corresponding to the credit rating by rating agency (viz. CRISIL, ICRA), for each of these instruments is considered in estimating the probable credit loss over life time of such securities.

ECL impairment loss allowance (or reversal) is recognised during the period only if material and is recognised as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Financial assets measured at amortised cost and revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### iv. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line or changes its business model. Financial liabilities are never reclassified. However, such reclassifications, if any, are done prospectively.

### v. Derecognition of financial assets

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

## 6. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

## 7. Employee benefits

### a. Compensated absences and long-term incentive plan

Compensated absences entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment the liability is recognised on the basis of an independent actuarial valuation.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

The Company's liability towards long-term incentive plan, being a defined benefit plan, is accounted for on the basis of an independent actuarial valuation.

They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

### b. Gratuity

Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which covers the same under Cash Accumulation Policy and Debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the liability on the basis of an independent actuarial valuation is recognised as a liability.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method in conformity with the principles and manner of computation specified in Ind AS 19.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

### c. Defined contribution plans

The Company has three defined contribution plans for its employees:

- Contribution to superannuation fund as per the scheme of the Company
- Contribution to provident fund is made to Government Provident Fund Authority
- Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority

The Company recognises contribution payable to these fund/schemes as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

## 8. Taxation

- a. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
- b. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

- c. Minimum Alternate Tax (MAT) in respect of a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax and thereby utilising MAT credit during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and utilised. In the year in which the Company recognises MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The Company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.
- d. Deferred tax is provided using the asset-liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- e. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.
- f. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
- g. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- h. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 9. Goods and service tax/value added taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets, goods or services is not eligible for recovery from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

## 10. Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources is remote, no provision or disclosure is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

### 11. Operating leases including investment properties

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As a lessee

##### a. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to note 2B clause 3C for accounting policies on impairment of non-financial assets.

##### b. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

##### c. Short term leases

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

#### As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income

### 12. Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## **2B Summary of significant accounting policies followed by the Company (Contd.)**

### **13. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### **14. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Core Management Committee which includes the Managing Director who is the Chief Operating Decision Maker. The Core Management Committee examines performance both from product and a geographical perspective.

### **15. Foreign currency translation**

#### **Functional and presentational currency**

The standalone financial statements are presented in INR which is also functional currency of the Company.

#### **Transactions and balances**

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

### **16. Derivative financial instruments and hedge accounting**

The Company enters into forward contracts to hedge the foreign currency risk of firm commitments. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company enters into derivative financial instruments viz. foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. The Company does not hold derivative financial instruments for speculative purposes.

#### **Hedge accounting:**

The Company designates certain hedging instruments in respect of foreign currency risk as cash flow hedges. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Company (Contd.)

expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. The effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in other equity relating to (effective portion as described above) are re-classified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss.

### 17. Dividends on equity shares

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 18. Fair value measurement

The Company measures financial instruments, such as, investment in mutual funds at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company has set policies and procedures for both recurring and non-recurring fair value measurement of financial assets, which includes valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

### 3 Cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Balances with banks	21.75	20.09
	21.75	20.09

### 4 Bank balances other than cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Unclaimed dividend accounts	5.10	10.15
	5.10	10.15

### 5 Investments

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>A Investment in subsidiaries and associates</b>		
<b>Investment in equity instruments carried at cost</b>		
In subsidiaries		
Bajaj Auto Holdings Ltd.	0.25	0.25
Maharashtra Scooters Ltd. *	239.49	239.49
<b>Cost</b>	<b>239.74</b>	<b>239.74</b>
In associates		
Bajaj Auto Ltd.	1,929.79	1,929.79
Bajaj Finserv Ltd.	743.82	743.82
<b>Cost</b>	<b>2,673.61</b>	<b>2,673.61</b>
<b>Total (A)</b>	<b>2,913.35</b>	<b>2,913.35</b>

\* The Company has on 17 June 2019 acquired 3,085,712 equity shares representing 27% stake in Maharashtra Scooters Ltd. (MSL) from Western Maharashtra Development Corporation Ltd. (WMDC), pursuant to the Supreme Court Order dated 9 January 2019 for a total consideration of ₹ 239.25 crore, comprising of a price of ₹ 232 per share aggregating ₹ 71.59 crore along with interest at 18% p.a. from the date of the arbitral award i.e. 14 January 2006 up to the date of payment amounting to ₹ 167.66 crore (gross of TDS). Upon this acquisition, the Company holds 51% of the share capital of MSL and MSL has since become a subsidiary.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**5 Investments (Contd.)**

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2021</b>	<b>2020</b>
<b>B Other investments</b>		
<b>Investments carried at amortised cost</b>		
<b>In preference shares</b>		
Mukand Ltd.	0.12	0.16
<b>Amortised cost</b>	<b>0.12</b>	<b>0.16</b>
<b>In certificate of deposits</b>		
Axis Bank Ltd.	49.12	-
Export Import Bank Of India	48.72	-
<b>Amortised cost</b>	<b>97.84</b>	<b>-</b>
<b>In commerical papers</b>		
National Bank For Agriculture And Rural Development Of India	49.57	-
<b>Amortised cost</b>	<b>49.57</b>	<b>-</b>
<b>In open ended target maturity funds #</b>		
Bharat Bond ETF Series 2025	101.97	-
Bharat Bond ETF Series 2030	283.51	-
Edelweiss Nifty PSU Bond Plus SDL Index Fund 2026	50.10	-
Nippon India ETF Nifty CPSE Bond Plus SDL 2024	101.86	-
Nippon India ETF Nifty SDL 2026	15.02	-
<b>Amortised cost</b>	<b>552.46</b>	<b>-</b>
<b>Investments carried at fair value through other comprehensive income</b>		
<b>In government debt securities</b>		
Government of India securities	567.59	63.64
State Development Loans (SDLs)	276.62	-
<b>Fair value</b>	<b>844.21</b>	<b>63.64</b>

# The open ended target maturity funds have a pre-determined maturity date. The Company intends to hold its investments in these funds till maturity. These funds follow a passive buy and hold strategy. The existing underlying investment bonds in these funds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements and can invest only in plain vanilla INR bonds with fixed coupon and maturity, as stated in the scheme information document. Thus, these investments meet the requirement of SPPI test as per Ind AS 109 and are accordingly measured at amortised cost.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**5 Investments** (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>In debt securities</b>		
Bajaj Finance Ltd.	156.19	153.57
Bajaj Housing Finance Ltd.	153.36	147.98
Britannia Industries Ltd.	0.66	0.66
Export Import Bank Of India	96.47	95.84
HDB Financial Services Ltd.	-	144.84
Hero Fincorp Ltd.	-	100.26
Housing Development Finance Corporation Ltd.	308.75	299.44
Indian Railway Finance Corporation Ltd.	196.57	273.78
JM Financial Credit Solutions Ltd.	25.19	24.10
Kotak Mahindra Prime Ltd.	20.66	20.05
LIC Housing Finance Ltd.	-	300.82
National Bank For Agriculture And Rural Development Of India	287.82	316.16
National Highway Authority Of India	108.65	107.08
NTPC Ltd.	79.35	130.31
Power Finance Corporation Ltd.	86.62	255.07
Power Grid Corporation Of India Ltd.	64.06	166.32
Rural Electrification Corporation Ltd.	51.79	286.08
State Bank Of India	197.98	150.70
Sundaram Finance Ltd.	129.48	145.16
Tata Motor Finance Ltd.	-	50.18
<b>Fair value</b>	<b>1,963.60</b>	<b>3,168.40</b>
<b>In equity instruments</b>		
Bajaj Electricals Ltd. (Group company)	1,835.41	504.52
Hercules Hoists Ltd. (Group company)	69.64	31.88
Mukand Engineers Ltd. (Group company)	0.09	0.04
Mukand Ltd. (Group company)	67.18	10.79
Bajaj Hindusthan Sugar Ltd.	8.10	3.46
Bandhan Bank Ltd.	63.54	-
Bata India Ltd.	147.88	129.46
Berger Paints India Ltd.	82.45	68.81
Bharti Infratel Ltd.	-	14.17
Bharti Airtel Ltd.	61.57	-
Britannia Industries Ltd.	103.83	69.71

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**5 Investments (Contd.)**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Care Ratings Ltd.	17.20	13.70
Container Corporation Of India Ltd.	67.74	37.57
Dabur India Ltd.	52.68	-
Dr. Lal Pathlabs Ltd.	-	32.44
Godrej Agrovet Ltd.	40.53	23.37
HDFC Bank Ltd.	524.88	302.88
Heidelberg Cement India Ltd.	81.91	49.74
Housing Development Finance Corporation Ltd.	180.61	40.83
Housing Development Finance Corporation Ltd. (warrants)	10.27	-
ICICI Bank Ltd.	670.90	468.94
Indusind Bank Ltd.	45.09	16.60
Infosys Ltd.	234.89	121.24
Kotak Mahindra Bank Ltd.	108.34	41.93
L&T Technology Services Ltd.	65.71	20.11
Larsen & Toubro Ltd.	249.40	129.16
Lupin Ltd.	-	22.32
Marico Ltd.	249.48	150.54
Maruti Suzuki India Ltd.	143.40	84.43
Minda Industries Ltd.	100.47	41.33
Mrs. Bectors Food Specialities Ltd.	34.60	-
Narayana Hrudayalaya Ltd.	-	30.29
Pilani Investment & Industries Corporation Ltd.	0.27	0.13
Reliance Industries Ltd.	293.14	206.13
Reliance Industries Ltd. (Partly paid)	13.76	-
SBI Card & Payments Services Ltd.	40.23	1.03
South Indian Bank Ltd.	-	5.27
Spandana Sphoorty Financial Ltd.	16.78	41.18
Tech Mahindra Ltd.	268.74	136.43
Tree House Education & Accessories Ltd.	1.76	0.78
Ujjivan Financial Services Ltd.	15.73	29.15
Ultratech Cement Ltd.	197.74	90.36
UPL Ltd.	-	61.09
Yes Bank Ltd.	65.00	-

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**5 Investments** (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Fabindia Overseas Pvt. Ltd.	90.43	125.00
Indian Commodity Exchange Ltd.	25.44	30.53
National Stock Exchange Of India Ltd.	563.10	424.47
<b>Fair value</b>	<b>6,909.91</b>	<b>3,611.81</b>
<b>In other funds</b>		
BPEA India Credit Investment Trust II	50.37	47.46
Brookfield India Real Estate Trust REIT	60.87	-
Embassy Office Parks REIT	56.46	24.63
Fireside Ventures Fund II	6.25	-
IFMR FImpact Medium Term Opportunities Fund 2	25.41	25.43
India Real Estate Investment Fund	19.47	18.73
J M Financial Property Fund - I	0.86	1.53
Kedaara Capital Advisors- LLP AIF	35.25	35.69
Mindspace Business Parks REIT	33.56	-
Trifecta Venture Debt Fund - II	30.30	25.32
Urban Infrastructure Venture Capital Ltd.	2.19	2.83
V.E.C. Strategic Advantage Scheme II	7.93	3.19
<b>Fair value</b>	<b>328.92</b>	<b>184.81</b>
<b>Investments carried at fair value through profit and loss</b>		
<b>In mutual funds</b>		
IDFC Cash Fund Direct Growth	-	100.04
Nippon India Dynamic Bond Fund - Direct Growth Plan	171.25	-
Nippon India Liquid Fund Direct Growth	163.82	150.65
Nippon India Overnight Fund - Direct Growth Plan	24.95	74.48
Sundaram Money Fund - Direct Plan - Growth	-	67.61
<b>Fair value</b>	<b>360.02</b>	<b>392.78</b>
<b>Total (B)</b>	<b>11,106.65</b>	<b>7,421.60</b>
<b>Total Investments (C) = (A) + (B)</b>	<b>14,020.00</b>	<b>10,334.95</b>

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**6 Other financial assets**

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Interest receivable on investments, considered good	88.24	106.35
Interest receivable on investments, doubtful	1.18	1.18
Less: Impairment loss allowance	1.18	1.18
Security deposits	14.25	14.41
Derivative asset	0.02	0.11
Others	1.13	0.16
	<b>103.64</b>	<b>121.03</b>

**7 Deferred tax assets/(liabilities) - net**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Deferred tax liabilities</b>		
On account of timing difference in Property, plant and equipment	1.43	1.33
Financial instruments		
Amortisation of discount on acquisition of fixed income securities	4.52	3.15
Movement in fair value of financial assets designated at FVTPL	0.52	0.32
Movement in fair value of financial assets designated at FVTOCI	330.14	11.26
Lease assets	1.32	-
<b>Gross deferred tax liabilities</b>	<b>337.93</b>	<b>16.06</b>
<b>Deferred tax assets</b>		
On account of timing difference in Retiral and other employee benefits		
Provision for compensated absences	0.27	0.29
Defined benefit plan provisions - OCI	0.46	0.67
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	1.05	0.36
Impairment allowance for financial asset	0.40	2.53
Lease assets	-	5.62
Other temporary differences	0.03	0.03
MAT credit entitlement	39.98	191.73
Less: Provision for possible non-utilisation of MAT credit *	-	140.00
<b>Gross deferred tax assets</b>	<b>42.19</b>	<b>61.23</b>
<b>Deferred tax assets/(liabilities) - net</b>	<b>(295.74)</b>	<b>45.17</b>

\* On an assessment of its ability to utilise the available MAT credit, the Management had determined MAT credit of ₹ Nil (previous year ₹ 140 crore) may be unlikely to be set off/adjusted in the future periods due to significant changes in the Income Tax Act, 1961. Hence, the MAT credit of a similar amount was provided for in the Statement of Profit and Loss.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**7 Deferred tax assets/(liabilities) - net** (Contd.)

Movement in deferred tax assets/(liabilities)

(₹ In Crore)

Particulars	Property, plant and equipment	Financial instruments	Retiral and other employee benefits	MAT credit entitlement and others	Total
<b>At 31 March 2019</b>	(1.42)	(63.96)	0.71	204.06	139.39
(Charged)/credited					
to profit and loss	0.09	(2.17)	(0.12)	(144.61)	(146.81)
to other comprehensive income	-	54.29	0.37	(2.07)	52.59
<b>At 31 March 2020</b>	(1.33)	(11.84)	0.96	57.38	45.17
(Charged)/credited					
to profit and loss	(0.10)	(3.01)	(0.02)	(18.69)	(21.82)
to other comprehensive income	-	(318.88)	(0.21)	-	(319.09)
<b>At 31 March 2021</b>	(1.43)	(333.73)	0.73	38.69	(295.74)

**8 Investment properties**

(₹ In Crore)

Particulars	As at 31 March	
	2021	2020
<b>Gross carrying amount</b>		
Opening balance	218.48	218.48
Additions	-	-
Closing balance	218.48	218.48
<b>Accumulated depreciation</b>		
Opening balance	34.61	31.29
Depreciation charge	3.32	3.32
Closing balance	37.93	34.61
<b>Net carrying amount</b>	180.55	183.87

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 8 Investment properties (Contd.)

### i) Amounts recognised in profit or loss for investment properties

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Rental income	19.10	17.99
Direct operating expenses from properties that generated rental income	(2.46)	(6.16)
Profit from investment properties before depreciation	16.64	11.83
Depreciation	(3.32)	(3.32)
Profit from investment properties	13.32	8.51

### ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment properties.

### iii) Leasing arrangements

Certain investment properties are leased out to tenants under operating leases. Disclosure on future rent receivable is included in Note 29.

### iv) Fair value

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Investment properties	273.63	273.42

### Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Investment properties leased out by the Company are cancellable leases. The market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**9A Right-of-use asset**

Current year

(₹ In Crore)

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
Aircraft - operating lease	195.93	-	-	195.93	27.99	-	27.99	55.98	139.95
Total	195.93	-	-	195.93	27.99	-	27.99	55.98	139.95

Previous year

(₹ In Crore)

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions/ adjustments	For the year	As at 31 March 2020	As at 31 March 2020
Aircraft - operating lease	195.93	-	-	195.93	-	-	27.99	27.99	167.94
Total	195.93	-	-	195.93	-	-	27.99	27.99	167.94

The Company has adopted Ind AS 116 - Leases with effect from 1 April 2019 using the Modified Retrospective Approach (See note 29).

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**9B Property, plant and equipment**

Current year

Particulars	Gross block (a) (c)				Accumulated depreciation			Net block	
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year (c)	As at 31 March 2021	As at 31 March 2021
	Land freehold (d) (f)	-	-	-	-	-	-	-	-
Land leasehold (f)	1.12	-	0.02 (e)	1.10	-	-	-	-	1.10
Buildings (b)	8.18	-	-	8.18	3.26	-	0.14	3.40	4.78
Electric fittings	0.06	-	-	0.06	-	-	0.01	0.01	0.05
Furniture	0.85	0.02	-	0.87	0.01	-	0.08	0.09	0.78
Vehicle	-	0.11	-	0.11	-	-	0.01	0.01	0.10
Computers	0.33	0.04	-	0.37	0.03	-	0.11	0.14	0.23
Total	10.54	0.17	0.02	10.69	3.30	-	0.35	3.65	7.04

(₹ In Crore)

Previous year

Particulars	Gross block (a) (c)				Accumulated depreciation			Net block	
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions/ adjustments	For the year (c)	As at 31 March 2020	As at 31 March 2020
	Land freehold (d) (f)	-	-	-	-	-	-	-	-
Land leasehold (f)	1.14	-	0.02 (e)	1.12	-	-	-	-	1.12
Buildings (b)	8.18	-	-	8.18	3.12	-	0.14	3.26	4.92
Electric fittings	-	0.06	-	0.06	-	-	-	-	0.06
Furniture	-	0.85	-	0.85	-	-	0.01	0.01	0.84
Computers	0.04	0.29	-	0.33	-	-	0.03	0.03	0.30
Total	9.36	1.20	0.02	10.54	3.12	-	0.18	3.30	7.24

(₹ In Crore)

(a) At cost, except leasehold land which is at cost, less amounts written off.

(b) i Includes premises on ownership basis in Co-operative Society ₹ 7.34 crore and cost of shares therein ₹ 1,000.

ii Excludes premises held as investment properties and given on lease disclosed as an investment. Cost of investment properties includes premises on ownership basis ₹ 5.61 crore represented by 1,770 equity shares and 182 debentures of the face value of ₹ 17,700 and ₹ 18,900,000 respectively. Correspondingly depreciation for the year on investment properties amounting to ₹ 3.32 crore (previous year ₹ 3.32 crore) has been reduced from the said Investments under note 8.

(c) Refer note 2B clause 3) of summary of significant accounting policies.

(d) Includes land at cost of ₹ 47,782.

(e) Represents amount amortised over lease period.

(f) Titles/rights pending transfer in the name of the Company post change in the name of the Company consequent to demerger of erstwhile Bajaj Auto Ltd. (now, Bajaj Holdings &amp; Investment Ltd.).

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**10 Other non-financial assets**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Pre-paid expenses	1.02	1.06
Others	0.25	0.21
	1.27	1.27

**11 Other financial liabilities**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Unclaimed dividend	5.10	10.15
Directors' remuneration and commission payable	15.85	15.36
Employee benefits payable	2.11	3.56
Security deposits	10.62	10.55
	33.68	39.62

**12 Provisions**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Provision for employee benefits [See note 27]		
Provision for gratuity	0.30	0.80
Provision for compensated absences	0.78	0.82
Provision for long-term incentive plan	5.20	4.39
	6.28	6.01

**13 Other non-financial liabilities**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Taxes and duties payable	4.23	3.47
Other payables	0.31	0.32
	4.54	3.79

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 14 Equity share capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Authorised</b>		
150,000,000 equity shares of ₹ 10 each	150.00	150.00
<b>Issued, subscribed and fully paid-up shares</b>		
111,293,510 equity shares of ₹ 10 each	111.29	111.29
	111.29	111.29

### a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Nos.	₹ In Crore	Nos.	₹ In Crore
<b>Equity shares</b>				
At the beginning of the year	111,293,510	111.29	111,293,510	111.29
Equity shares issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	111,293,510	111.29	111,293,510	111.29

### b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2021		As at 31 March 2020	
	Nos.	% Holding	Nos.	% Holding
<b>Equity shares of ₹ 10 each fully paid</b>				
Jamnallal Sons Pvt. Ltd.	19,823,377	17.81%	19,823,377	17.81%
Jaya Hind Industries Ltd.	5,905,401	5.31%	5,905,401	5.31%

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**15 Other equity**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>a. Reserves and surplus</b>		
<b>Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934</b>		
Balance as at the beginning of the year	2,107.34	1,741.97
Add: Transferred from surplus in Statement of Profit and Loss	39.72	365.37
Balance as at the end of the year	2,147.06	2,107.34
<b>Securities premium account</b>		
Balance as at the beginning and end of the year	444.42	444.42
<b>General reserve</b>		
Balance as at the beginning and end of the year	3,706.96	3,706.96
<b>Retained earnings</b>		
Balance as at the beginning of the year	3,198.67	2,543.02
Profit for the year	198.59	1,826.87
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/losses of defined benefit plans	0.39	(0.70)
Reclassification of gain on sale of FVTOCI equity instruments (net of tax impacts)	289.76	157.64
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	39.72	365.37
Final dividend, declared and paid during the year	-	361.70
Tax on final dividend	-	70.39
Interim dividend, declared and paid during the year	-	445.17
Tax on interim dividend	-	85.53
Total appropriations	39.72	1,328.16
Balance as at the end of the year	3,647.69	3,198.67
<b>Other reserves</b>		
<b>Equity instruments through other comprehensive income</b>		
Balance as at the beginning of the year	1,089.11	2,441.76
Add: Net gain/(loss) on equity instruments designated at FVTOCI for the year (net of tax impacts)	3,107.43	(1,195.01)
Less: Reclassification of gain on sale of FVTOCI equity instruments (net of tax impacts)	289.76	157.64
	3,906.78	1,089.11

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 15 Other equity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Debt instruments through other comprehensive income</b>		
Balance as at the beginning of the year	34.63	-
Add: Net gain on debt instruments designated at FVTOCI for the year (net of tax impacts)	57.63	43.01
Less: Reclassification of gain on sale of FVTOCI debt instruments	39.70	8.38
	52.56	34.63
<b>Hedge instruments through other comprehensive income</b>		
Balance as at the beginning of the year	0.07	-
Add: Net gain on hedge instruments designated at FVTOCI for the year (net of tax impacts)	(0.06)	0.07
Less: Reclassification of gain on settlement of FVTOCI hedge instruments	-	-
	0.01	0.07
	13,905.48	10,581.20

### b. Nature and purpose of reserve

#### Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with section 52 and other provisions of the Companies Act, 2013.

#### General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013.

#### FVTOCI equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

#### FVTOCI debt instruments

The Company recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVTOCI debt instruments reserve within equity. The Company transfers amounts from this reserve to the Statement of Profit and Loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the Statement of Profit and Loss.

#### Hedge instruments through other comprehensive income

It represents the effective portion of the fair value of forward contracts designated as cashflow hedge.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**16 Interest income**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Interest income on		
Investments (at amortised cost)	12.64	1.25
Investments (at FVTOCI)	225.68	229.09
Others	1.09	0.67
	<u>239.41</u>	<u>231.01</u>

**17 Net gain on fair value changes**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Net gain/(loss) on financial instruments at fair value through profit or loss		
On financial instruments designated at fair value through profit or loss	9.10	10.42
Others		
Distribution received from other funds	12.93	11.05
Gain/(Loss) on sale of debt instrument at amortised cost	4.00	-
Gain/(Loss) on sale of debt instrument at FVTOCI	39.70	8.38
Total net gain on fair value changes	<u>65.73</u>	<u>29.85</u>
Fair value changes		
Realised	65.16	28.94
Unrealised	0.57	0.91
	<u>65.73</u>	<u>29.85</u>

**18 Other investment income**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Provision for diminution in value of investments written back	3.00	-
	<u>3.00</u>	<u>-</u>

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 19 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Business support service	58.07	42.04
Unrealised foreign exchange gain on revaluation	4.96	-
Provision no longer required	0.16	0.02
Miscellaneous receipts	0.48	0.01
	<u>63.67</u>	<u>42.07</u>

## 20 Employee benefits expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Salaries, wages and bonus to employees	33.34	33.38
Contribution to provident and other funds	2.79	2.48
Staff welfare expenses	0.04	0.04
	<u>36.17</u>	<u>35.90</u>

## 21 Depreciation, amortisation and impairment

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Depreciation on property, plant and equipment	0.35	0.18
Depreciation of right-of-use assets	27.99	27.99
Depreciation on investment properties	3.32	3.32
Amount written off against leasehold land	0.02	0.02
	<u>31.68</u>	<u>31.51</u>

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**22 Other expenses**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Repairs to buildings	1.55	5.05
Repairs to machinery and others	3.21	4.39
Rent	0.01	0.98
Rates and taxes	2.27	2.17
Insurance	1.20	0.82
Payment to auditor	0.15	0.15
Directors' fees and travelling expenses	0.81	1.97
Unrealised foreign exchange loss on revaluation	-	6.85
Commission to non-executive directors	1.54	2.24
Business support service expenses	0.90	0.54
Expenditure towards Corporate Social Responsibility (CSR) activities	10.40	12.10
Legal and professional charges	0.29	0.50
Contribution to electoral bonds	-	10.00
Aircraft operation expenses	21.88	22.77
Miscellaneous expenses	5.37	7.29
	49.58	77.82
<b>Payment to auditor</b>		
<b>As auditor</b>		
Audit fee	0.08	0.08
Tax audit fee	0.03	0.03
Limited review	0.03	0.03
Other services (certification fees and other matters)	0.01	0.01
Reimbursement of expenses [₹ 8,059 (Previous year ₹ 82,338)]		
	0.15	0.15
<b>Expenditure towards Corporate Social Responsibility (CSR) activities</b>		
Gross amount required to be spent by the Company during the year	10.32	12.02
Amount spent in cash during the year on		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	10.40	12.10
	10.40	12.10

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**23 Tax expense**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
<b>(a) Tax expense</b>		
Current tax		
Current tax on profit for the year	101.25	80.38
Total current tax expense	101.25	80.38
Deferred tax		
Decrease/(increase) in deferred tax assets	8.40	(4.84)
(Decrease)/increase in deferred tax liabilities	1.67	1.40
Total deferred tax expenses/(benefit)	10.07	(3.44)
Tax debits pertaining to earlier years	-	4.28
Provision for possible non-utilisation of MAT credit	-	140.00
Tax expense	111.32	221.22
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by Statutory tax rate</b>		
Profit before tax	309.91	2,048.09
Tax at the statutory tax rate of 34.944% (Previous year - 34.944%)	108.29	715.68
Tax on expenditure not considered for tax provision	13.01	20.07
Tax on income not subject to tax	(9.98)	(658.81)
Provision for possible non-utilisation of MAT credit	-	140.00
Tax debits pertaining to earlier years	-	4.28
Tax expense	111.32	221.22

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 24 Earnings per share (EPS)

Particulars	For the year ended 31 March	
	2021	2020
Profit for the year (₹ In Crore)	198.59	1,826.87
Weighted average number of shares outstanding during the year (Nos)	111,293,510	111,293,510
Earnings per share (Basic and Diluted) ₹	17.8	164.1
Face value per share ₹	10.0	10.0

## 25 Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Claims against the Company not acknowledged as debts	0.11	0.11
Income-tax matters under dispute		
Appeal by Company	4.00	4.00
Appeal by the Department	391.75	391.75
Service tax matters under dispute	25.29	25.29

In all the cases mentioned above, outflow is not probable and hence, not provided by the Company. It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

## 26 Capital and other commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Commitment towards partly paid investments and other funds	97.00	33.75

There are no capital and other commitments outstanding as on 31 March 2021 and 31 March 2020, except as disclosed above.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 27 Employee benefit plans

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

### Funded schemes

The Company provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Company is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Company makes contributions to approved gratuity fund.

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Amount recognised in Balance Sheet</b>		
Present value of funded defined benefit obligation	7.50	7.71
Fair value of plan assets	7.20	6.91
<b>Net funded obligation</b>	<b>0.30</b>	<b>0.80</b>
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	0.94	0.67
Interest on net defined benefit liability/(asset)	0.03	0.06
<b>Total expense charged to Statement of Profit and Loss</b>	<b>0.97</b>	<b>0.73</b>
<b>Amount recorded as Other Comprehensive Income</b>		
Opening amount recognised in OCI outside Statement of Profit and Loss	1.92	0.85
Remeasurements during the period due to		
Changes in financial assumptions	-	0.69
Experience adjustments	(0.70)	0.45
Actual return on plan assets less interest on plan assets	0.10	(0.07)
<b>Closing amount recognised in OCI outside Statement of Profit and Loss</b>	<b>1.32</b>	<b>1.92</b>
<b>Reconciliation of net liability/(asset)</b>		
Opening net defined benefit liability/(asset)	0.80	1.12
Expense charged to Statement of Profit and Loss	0.97	0.73
Amount recognised outside Statement of Profit and Loss	(0.60)	1.07
Employer contributions	(0.88)	(2.12)
<b>Closing net defined benefit liability/(asset)</b>	<b>0.30</b>	<b>0.80</b>

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**27 Employee benefit plans** (Contd.)**Funded schemes** (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	<b>2021</b>	<b>2020</b>
<b>Movement in benefit obligation</b>		
Opening of defined benefit obligation	7.71	5.06
Current service cost	0.94	0.67
Interest on defined benefit obligation	0.52	0.39
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	-	0.69
Actuarial loss/(gain) arising on account of experience changes	(0.70)	0.44
Benefits paid	-	-
Liabilities assumed/(settled) *	(0.97)	0.46
<b>Closing of defined benefit obligation</b>	<b>7.50</b>	<b>7.71</b>
* On account of business combination or inter group transfer		
<b>Movement in plan assets</b>		
Opening fair value of plan assets	6.91	3.94
Employer contributions	0.88	2.11
Interest on plan assets	0.49	0.33
Remeasurements due to		
Actual return on plan assets less interest on plan assets	(0.10)	0.07
Benefits paid	-	-
Assets acquired/(settled) *	(0.98)	0.46
<b>Closing fair value of plan assets</b>	<b>7.20</b>	<b>6.91</b>
* On account of business combination or inter group transfer		
<b>Disaggregation of assets</b>		
<b>Category of assets</b>		
Insurer managed funds	7.20	6.91
Others	-	-
<b>Grand Total</b>	<b>7.20</b>	<b>6.91</b>

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 27 Employee benefit plans (Contd.)

### Funded schemes (Contd.)

#### Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	As at 31 March 2021		As at 31 March 2020	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
<b>Senior staff</b>				
Impact of increase in 50 bps on DBO	(4.49%)	4.60%	(4.95%)	5.09%
Impact of decrease in 50 bps on DBO	4.76%	(4.38%)	5.28%	(4.83%)
<b>Junior staff</b>				
Impact of increase in 50 bps on DBO	(8.62%)	9.24%	(8.80%)	9.45%
Impact of decrease in 50 bps on DBO	9.58%	(8.42%)	9.79%	(8.59%)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

#### Funding arrangement and policy

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to fund under the plan next year is ₹ 0.79 crore

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 27 Employee benefit plans (Contd.)

### Funded schemes (Contd.)

#### Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan

Particulars	Less than a year	Between 1 - 2 years	Between 2 -5 years	Over 5 years	Total
<b>31 March 2021</b>					
Senior staff	0.65	0.06	0.22	13.11	14.04
Junior staff	0.01	0.01	0.02	1.76	1.80
<b>31 March 2020</b>					
Senior staff	0.07	0.64	0.23	14.70	15.64
Junior staff	-	-	0.02	1.46	1.48

Particulars	As at 31 March	
	2021	2020
<b>Weighted average duration of defined benefit obligation (in years)</b>		
Senior staff	9.24	10.26
Junior staff	18.16	18.64

#### Principal Actuarial Assumptions (Expressed as Weighted Averages)

Particulars	As at 31 March	
	2021	2020
Discount rate (p.a.)	6.80%	6.80%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 27 Employee benefit plans (Contd.)

### Unfunded Schemes

(₹ In Crore)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Compensated absences	Long-term incentive plan	Compensated absences	Long-term incentive plan
Present value of unfunded obligations	0.78	5.20	0.82	4.39
Expense recognised in the Statement of Profit and Loss	0.86	2.45	0.90	1.82
Amount recorded as Other Comprehensive Income	-	-	-	-
Discount rate (p.a.)	6.80%	6.80%	6.80%	6.80%
Salary escalation rate (p.a.) - senior staff	10.00%	N.A	10.00%	N.A
Salary escalation rate (p.a.) - junior staff	10.00%	N.A	10.00%	N.A

### Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	As at 31 March	
	2021	2020
<b>Defined contribution plans</b>		
Provident fund paid to Government authorities	1.06	1.00
Superannuation paid to trust	0.72	0.72
Pension fund paid to Government authorities	0.02	0.02
<b>Defined benefit plans</b>		
Gratuity	0.97	0.73
Others	0.02	0.01
<b>Total</b>	<b>2.79</b>	<b>2.48</b>

## 28 Segment information

The Company is essentially a holding and investment company focusing on earning income through dividends, interest and gains on investments held. Hence, the Company's business activity falls within a single business segment i.e. investments.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 29 Lease

### As a lessor

The Company has given premises on operating leases. These lease arrangements range for a period between one to five years and include both cancellable and non cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
i) Premises		
Gross carrying amount	218.48	218.48
Depreciation for the year	3.32	3.32
Accumulated depreciation	37.93	34.61
ii) The total future minimum lease rentals receivable at the balance sheet date is as under		
<b>Receivable</b>		
Within one year	20.35	18.86
After one year but not more than five years	27.72	47.66
More than five years	-	-
	<b>48.07</b>	<b>66.52</b>

### As a lessee

The Company has taken an aircraft on operating lease. This lease arrangement is for a period of seven years and is a cancellable lease. This lease agreement is renewable for further period on mutually agreeable terms and also includes escalation clause.

Set out below are the carrying amounts of right-of-use asset recognised and the movement during the year

Particulars	(₹ In Crore)	
	Right-of-use asset	
As at 1 April 2019		195.93
Additions		-
Depreciation expense		27.99
<b>As at 31 March 2020</b>		<b>167.94</b>
Additions		-
Depreciation expense		27.99
<b>As at 31 March 2021</b>		<b>139.95</b>

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 29 Lease (Contd.)

Set out below are the carrying amounts of lease liability pertaining to aircraft on lease and the movements during the year

Particulars	(₹ In Crore)	
	Lease liability	
As at 1 April 2019	179.64	
Additions	-	
Accretion of interest	12.54	
Payments/Adjustment against advance	(31.26)	
Unrealised foreign exchange loss	6.85	
<b>As at 31 March 2020</b>	<b>167.77</b>	
Additions	-	
Accretion of interest	3.80	
Payments/Adjustment against advance	(30.43)	
Unrealised foreign exchange gain	(4.96)	
<b>As at 31 March 2021</b>	<b>136.18</b>	

The maturity analysis of lease liability is disclosed in note 34.

The following are the amounts recognised in Statement of Profit and Loss

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Depreciation expense of right-of-use asset	27.99	27.99
Interest expense on lease liability	3.80	12.54
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>31.79</b>	<b>40.53</b>

The Company had total cash outflow for leases of ₹ 30.43 crore for the year ended 31 March 2021 (Previous year ₹ 28.94 crore).

The Company expects to exercise the extension option for the lease term and cancellation clause shall not be invoked. Hence, the disclosure requirement pertaining to undiscounted potential future rental payments on account of 'extension options expected not to be exercised' and 'termination options expected to be exercised' are not disclosed.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**30 Disclosure of transactions with related parties as required by Ind AS 24**

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2020-21		2019-20	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
<b>A. Subsidiaries:</b>					
Bajaj Auto Holdings Ltd. (Fully owned subsidiary)	Contribution to equity (24,500 shares of ₹ 100 each)	-	0.25	-	0.25
Maharashtra Scooters Ltd. (51% shares held by Bajaj Holdings & Investment Ltd.)	Contribution to equity (5,828,560 shares of ₹ 10 each)	-	239.49	-	239.49
	Dividend received	-	-	48.38	-
	Shares of BHIL held by MSL (3,387,036 shares of ₹ 10 each)	-	(3.39)	-	(3.39)
	Dividend paid	-	-	24.56	-
<b>B. Associates and investing parties:</b>					
Bajaj Auto Ltd. (An associate - 33.43% shares held by Bajaj Holdings & Investment Ltd.)	Contribution to equity [96,727,050 shares of ₹ 10 each]	-	1,929.79	-	1,929.79
	Shares of BHIL held by BAL (3,500,000 shares of ₹ 10 each)	-	(3.50)	-	(3.50)
	Dividend received	-	-	1,741.09	-
	Dividend paid	-	-	25.38	-
	Business support services rendered	42.27	-	26.18	-
	Business support services received	0.03	-	0.03	-
	Revenue expenses reimbursement received	0.49	-	0.43	-
	Revenue expenses reimbursement paid	1.04	-	0.01	-
Bajaj Finserv Ltd. (An associate - 39.16% shares held by Bajaj Holdings & Investment Ltd.)	Contribution to equity (62,314,214 shares of ₹ 5 each)	-	743.82	-	743.82
	Dividend received	-	-	46.74	-
	Business support services rendered	0.13	-	0.12	-
	Business support services received	0.51	-	-	-
	Revenue expenses reimbursement received	0.54	-	0.48	-
<b>C. Key management personnel and their relatives:</b>					
Rahul Bajaj (Chairman Emeritus)	Sitting fees	-	-	0.02	-
	Commission	-	-	0.04	(0.04)
Madhur Bajaj	Sitting fees	0.05	-	0.04	-
	Commission	0.10	(0.10)	0.08	(0.08)
Rajiv Bajaj	Sitting fees	0.05	-	0.06	-
	Commission	0.10	(0.10)	0.12	(0.12)
Sanjiv Bajaj (Managing Director & CEO) (Also Key management personnel)	Short-term employee benefits (including Commission)	19.48	(14.31)	18.31	(13.12)
	Post-employment benefits	1.69	-	1.69	-
Shekhar Bajaj	Nil	-	-	-	-
Niraj Bajaj (Chairman)	Sitting fees	0.07	-	0.05	-
	Commission	0.14	(0.14)	0.10	(0.10)

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**30 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)**

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2020-21		2019-20	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
<b>D. Other entities/persons:</b>					
Bajaj Allianz General Insurance Co. Ltd.	Insurance premium paid	0.99	0.10	0.66	0.15
	Revenue expenses reimbursement received	0.05	-	0.04	-
Bajaj Allianz Life Insurance Co. Ltd.	Revenue expenses reimbursement received	0.05	-	0.04	-
Bajaj Finance Ltd.	Shares of BHIL held by BFL (75 shares of ₹ 10 each - ₹ 750)	-	-	-	-
	Investment/(Redeemed) in non-convertible debentures/Commercial Paper	-	150.00	-	150.00
	Business support services rendered	15.67	-	15.75	-
	Business support services received	0.36	-	0.51	-
	Dividend paid ₹ Nil (Previous year - ₹ 5,438)	-	-	-	-
	Interest received on non-convertible debentures	12.98	-	-	-
	Revenue expenses reimbursement received	0.05	-	0.04	-
	Interest accrued but not due	-	10.80	-	10.81
Bajaj Housing Finance Ltd.	Investment/(Redeemed) in non-convertible debentures/Commercial Paper	-	150.00	-	150.00
	Interest received on non-convertible debentures	10.41	-	-	-
	Interest accrued but not due	-	0.20	-	0.20
Bajaj Electricals Ltd.	Contribution to equity (18,793,840 shares of ₹ 2 each)	-	176.75	64.98	176.75
	Dividend received	-	-	5.84	-
	Purchase of electrical part	0.03	-	-	-
Hindustan Housing Co. Ltd.	Shares of BHIL held by Hindustan Housing (15,391 shares of ₹ 10 each)	-	(0.02)	-	(0.02)
	Dividend paid	-	-	0.11	-
	Maintenance charges paid	1.43	0.14	1.68	-
	Security deposit paid/(received back)	(0.13)	0.26	(0.06)	0.39
Hind Musafir Agency Ltd.	Services received	0.04	-	0.21	(0.06)
Mukand Ltd.	Contribution to equity (8,113,204 shares of ₹ 10 each)	-	32.88	-	32.88
	0.01% 196,259 redeemable preference shares of ₹ 10 each	-	0.12	-	0.16
	Redemption of preference shares	0.04	-	0.04	-
	Security deposit refunded/(payable)	-	(0.25)	-	(0.25)
Mukand Engineers Ltd.	Contribution to equity (54,000 shares of ₹ 10 each)	-	0.10	-	0.10
Bajaj International Pvt. Ltd.	Revenue expenses reimbursement paid ₹ 1,637 (Previous year - ₹ Nil)	-	-	-	-

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**30 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)**

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2020-21		2019-20	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Hercules Hoists Ltd.	Contribution to equity (6,251,040 shares of ₹ 1 each)	-	12.34	-	12.34
	Dividend received on equity shares	1.13	-	0.94	-
	Shares of BHIL held by Hercules Hoists (338,003 shares (Previous year 286,094 shares) of ₹ 10 each)	-	(0.34)	-	(0.29)
	Dividend paid	-	-	2.07	-
Kedaara Capital Advisors LLP	Contribution given for investments (at cost)	0.29	15.52	0.37	15.52
	Proceeds from redemption of units	0.29	-	8.83	-
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.72	-	0.72	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity Contribution	0.15	-	0.13	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity Contribution	0.75	-	2.00	-
D J Balaji Rao	Sitting fees	0.07	-	0.11	-
	Commission	0.14	(0.14)	0.22	(0.22)
Late Nanoo Pamnani	Sitting fees	-	-	0.12	-
	Commission	-	-	1.14	(1.14)
Manish Kejriwal	Sitting fees	0.11	-	0.05	-
	Commission	0.22	(0.22)	0.10	(0.10)
Dr. Naushad Forbes	Sitting fees	0.11	-	0.08	-
	Commission	0.22	(0.22)	0.16	(0.16)
Dr. Gita Piramal	Sitting fees	0.13	-	0.08	-
	Commission	0.26	(0.26)	0.16	(0.16)
Anami Roy	Sitting fees	0.05	-	0.06	-
	Commission	0.10	(0.10)	0.12	(0.12)
Pradip shah	Sitting fees	0.13	-	-	-
	Commission	0.26	(0.26)	-	-

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under para 9 of Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 31 Fair value measurement

### i) Financial instruments by category

(₹ In Crore)

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial assets</b>						
<b>Investments</b>						
Government securities, bonds and debentures	-	2,807.81	-	-	3,232.04	-
Mutual funds	360.02	-	-	392.78	-	-
Certificate of deposits	-	-	97.84	-	-	-
Commercial paper	-	-	49.57	-	-	-
Preference shares	-	-	0.12	-	-	0.16
Open ended target maturity funds	-	-	552.46	-	-	-
Equity instruments	-	6,909.91	-	-	3,611.81	-
Other funds	-	328.92	-	-	184.81	-
Other financial assets	-	-	103.64	-	-	121.03
Cash and cash equivalents	-	-	21.75	-	-	20.09
Other bank balances	-	-	5.10	-	-	10.15
<b>Total financial assets</b>	<b>360.02</b>	<b>10,046.64</b>	<b>830.48</b>	<b>392.78</b>	<b>7,028.66</b>	<b>151.43</b>
<b>Financial liabilities</b>						
Trade payables	-	-	1.05	-	-	3.92
Lease liability	-	-	136.18	-	-	167.77
Other financial liabilities	-	-	33.68	-	-	39.62
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>170.91</b>	<b>-</b>	<b>-</b>	<b>211.31</b>

### ii) Fair value hierarchy

This section explains the basis of estimates made in determining the fair values of the financial instruments that are

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Accounting Standard, which are explained herein below.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

### 31 Fair value measurement (Contd.)

#### ii) Fair value hierarchy (Contd.)

##### Financial assets measured at fair value - recurring fair value measurements at 31 March 2021

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial investments at FVTPL</b>					
Mutual funds	5B	360.02	-	-	360.02
<b>Financial investments at FVTOCI</b>					
Debt securities	5B	2,807.81	-	-	2,807.81
Equity instruments	5B	6,794.04	115.87	-	6,909.91
Other funds	5B	150.89	178.03	-	328.92
Total financial assets		10,112.76	293.90	-	10,406.66

##### Financial assets which are measured at amortised cost for which fair values are disclosed at 31 March 2021

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Preference shares	5B	-	0.12	-	0.12
Certificate of deposits	5B	97.84	-	-	97.84
Commercial paper	5B	49.57	-	-	49.57
Open ended target maturity fund	5B	547.50	-	-	547.50
Total financial assets		694.91	0.12	-	695.03

##### Assets disclosed at fair value - at 31 March 2021

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment properties	8	-	273.63	-	273.63

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 31 Fair value measurement (Contd.)

### ii) Fair value hierarchy (Contd.)

#### Financial assets measured at fair value - recurring fair value measurements at 31 March 2020

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial investments at FVTPL</b>					
Liquid mutual funds	5B	392.78	-	-	392.78
<b>Financial investments at FVTOCI</b>					
Debt securities	5B	3,232.04	-	-	3,232.04
Equity instruments	5B	3,611.81	-	-	3,611.81
Other funds		-	184.81	-	184.81
Total financial assets		7,236.63	184.81	-	7,421.44

#### Financial assets which are measured at amortised cost for which fair values are disclosed at 31 March 2020

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Preference shares	5B	-	0.16	-	0.16
Total financial assets		-	0.16	-	0.16

#### Assets disclosed at fair value - at 31 March 2020

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment properties	8	-	273.42	-	273.42

### Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 31 Fair value measurement (Contd.)

### ii) Fair value hierarchy (Contd.)

**Level 2:** The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

### Valuation Techniques used to determine fair value

Valuation Techniques used to determine fair value include

- Open ended mutual funds and certain bonds and debentures at NAV's/rates declared and/or quoted
- Close ended mutual funds at NAV's declared by AMFI
- For government debt securities, values with references to prevailing yields to maturity matching tenure, quoted on sites of credible organisation such as FBIL (Financial Benchmark of India Ltd.).
- For other bonds and debentures values with references to prevailing yields to maturity matching tenures, quoted on sites of credible organisation such as ICRA (Investment Information and credit rating agency)
- Commercial papers and certificate of deposits, being short-term maturity papers, amortised cost is assumed to be the fair value

### iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	(₹ In Crore)			
	As at 31 March 2021		As at 31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<b>Investments</b>				
Preference shares	0.12	0.12	0.16	0.16
Certificate of deposits	97.84	97.84	-	-
Commercial paper	49.57	49.57	-	-
Open ended target maturity fund	552.46	547.50	-	-
<b>Total financial assets</b>	<b>699.99</b>	<b>695.03</b>	<b>0.16</b>	<b>0.16</b>

The carrying amounts of trade payables, other financial assets/liabilities, loans and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 32 Financial risk management

The Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through a risk management framework, including ongoing identification, measurement and monitoring subject to risk limits and other controls. The Company's activities expose it to credit risk, liquidity risk and market risk.

This note explains the sources of risk which the Company is exposed to and how the entity manages the risk.

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk, and investment of available funds. The Company's risk management is carried out by its Risk Management Committee as per such policies approved by the Board of Directors.

Accordingly, Company's Risk Management Committee identifies, evaluates and manages financial risks

### A. Credit risk

The Company being an investment company, credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Company. Credit risk primarily arises from cash equivalents, financial assets measured at amortised cost, FVTOCI and FVTPL.

#### Credit Risk Management

For other financial assets and investments, the Company has an investment policy which allows the Company to invest only with counterparties having a credit rating equal to or above AA- and P1+. The substantial portion of surplus funds of the Company are invested with counterparties having a credit rating equal to or above AA+. The Company reviews the creditworthiness of these counterparties on an on-going basis. Counter party limits may be updated as and when required subject to approval of Board of Directors.

### B. Liquidity Risk

The Company's principal sources of liquidity are 'cash and cash equivalents' and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period. The Company has no borrowings. Additionally, the Company has invested its surplus funds in fixed income securities or instruments of similar profile thereby ensuring safety of capital and availability of liquidity as and when required. Hence, the Company carries a negligible liquidity risk.

### C. Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument which fluctuates because of changes in the market interest rates. In order to optimise the Company's position with regards to interest income, treasury team manages the interest rate risk by diversifying its portfolio across tenures.

### D. Price risk

The Company's exposure to equity securities risk arises from investments held by the Company and classified in the Balance Sheet as FVTOCI (see note 31).

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio across capitalisation sectors with large cap bias and active monitoring of the portfolio constituents and news flow using relevant application tools. Diversification of the portfolio is in accordance with investment policy of the Company.

Majority of Company's equity investments are publicly traded and are included in the NSE Nifty 200 index.

As regards investments in unlisted privately held companies, the fair valuations are largely dependent on the investee company's ability to achieve desired outcomes which measure the performance of the Company and bear on the valuation through the DCF method. Hence, the key price risk emanates from performance shortfall due to industry risks, policy changes and liquidity risk given the lower exit probability.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 32 Financial risk management (Contd.)

### E. Other risk (Market risk)

The Company has deployed its surplus funds in equity, debt, money market and other instruments (including through funds). The Company is exposed to price and volatility risk on such investments. The Company has strategic asset allocation benchmarks and risk limits, including financial VaR and interest rate and equity sensitivity limits. These limits are monitored and reported to the decision making bodies.

The Company has invested 28% of its net assets in debt securities, liquid fixed income securities such as liquid mutual funds to ensure adequate liquidity is available. Hence, temporary market volatility, if any (such as those due to pandemics/epidemics such as COVID-19) are not considered to have material impacts on these investments. Nevertheless, the Company has invested its surplus funds primarily in debt instruments with CRISIL AAA & STABLE A1+ rating and thus the Company does not have significant risk exposure here.

## 33 Capital management

### a) Objectives, policies and processes of capital management

The Company is cash surplus and has only equity capital. The Company operates as an Investment Company and consequently is registered as a Non-Banking Financial Institution - Investment and Credit Company (NBFC-ICC) with Reserve Bank of India (RBI).

The cash surpluses are currently invested in equity, debt, money market and other instruments (including through funds) depending on economic conditions in line with investment policy set by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Company does not have any borrowings.

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Equity</b>	14,016.77	10,692.49
Less: Tangible and other assets	191.36	191.28
Working capital	101.15	121.09
Deferred tax assets/(liabilities) (net)	(295.74)	45.17
Investment in subsidiaries and associates	2,913.35	2,913.35
<b>Investment in equity, debt and similar investments</b>	<b>11,106.65</b>	<b>7,421.60</b>

No changes in this regard were made in the objectives, policies and processes of capital management during the year.

### b) Dividends distributed and proposed

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
<b>Dividends recognised in the financial statements</b>		
Final dividend for the year ended 31 March 2020 of ₹ Nil (31 March 2019 is ₹ 32.50) per equity share, declared and paid	-	361.70
Interim dividend for the year ended 31 March 2021 of ₹ Nil (31 March 2020 - ₹ 40.00) per equity share, declared and paid	-	445.17
<b>Dividends not recognised at the end of the reporting period</b>		
Directors have recommended the payment of a final dividend of ₹ 40.00 per equity share for the year ended 31 March 2021 (31 March 2020 - ₹ Nil). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	445.17	-

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**34 Maturity analysis of assets and liabilities**

(₹ In Crore)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	21.75	-	21.75	20.09	-	20.09
Bank balances other than cash and cash equivalents	0.54	4.56	5.10	0.44	9.71	10.15
Investment in subsidiaries and associates	-	2,913.35	2,913.35	-	2,913.35	2,913.35
Other investments	566.78	10,539.87	11,106.65	576.40	6,845.20	7,421.60
Other financial assets	89.39	14.25	103.64	106.62	14.41	121.03
<b>Non-financial assets</b>						
Current tax assets (net)	-	23.90	23.90	-	34.67	34.67
Deferred tax assets (net)	-	-	-	-	45.17	45.17
Investment properties	-	180.55	180.55	-	183.87	183.87
Right-of-use asset	-	139.95	139.95	-	167.94	167.94
Property, plant and equipment	-	7.04	7.04	-	7.24	7.24
Other non-financial assets	1.27	-	1.27	1.27	-	1.27
<b>Total</b>	<b>679.73</b>	<b>13,823.47</b>	<b>14,503.20</b>	<b>704.82</b>	<b>10,221.56</b>	<b>10,926.38</b>
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Trade payables	1.05	-	1.05	3.92	-	3.92
Lease liability	29.63	106.55	136.18	30.66	137.11	167.77
Other financial liabilities	18.50	15.18	33.68	19.36	20.26	39.62
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	-	8.96	8.96	-	12.78	12.78
Deferred tax liabilities (net)	-	295.74	295.74	-	-	-
Provisions	2.69	3.59	6.28	1.81	4.20	6.01
Other non-financial liabilities	4.54	-	4.54	3.79	-	3.79
<b>Total</b>	<b>56.41</b>	<b>430.02</b>	<b>486.43</b>	<b>59.54</b>	<b>174.35</b>	<b>233.89</b>
<b>Net</b>	<b>623.32</b>	<b>13,393.45</b>	<b>14,016.77</b>	<b>645.28</b>	<b>10,047.21</b>	<b>10,692.49</b>

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 35 Schedule to Balance Sheet as on 31 March 2021

### Balance Sheet of a Non Deposit taking Non-Banking Financial Company

(As required in terms of Annex I and Annex XII of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

Particulars	(₹ In Lakh)	
	Amount outstanding	Amount overdue
<b>Liabilities side</b>		
<b>1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid</b>		
(a) Debentures		
Secured	-	-
Unsecured (Other than falling within the meaning of public deposit*)	-	-
(b) Deferred credits	-	-
(c) Term loans	-	-
(d) Inter-corporate loans and borrowings	-	-
(e) Commercial paper	-	-
(f) Public deposits	-	-
(g) Other loans (specify nature)	-	-
<b>2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)</b>		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

\* Please see note 1 below

Particulars	(₹ In Lakh)	
	Amount outstanding	
<b>Asset side</b>		
<b>3. Break-up of loans and advances including bills receivables (other than those included in (4) below)</b>		
(a) Secured	-	
(b) Unsecured (Comprises advance income-tax paid and other miscellaneous receivables)	12,881	

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**35 Schedule to Balance Sheet as on 31 March 2021 (Contd.)****Asset side (Contd.)**

<b>Particulars</b>	<b>(₹ In Lakh)</b>
	<b>Amount outstanding</b>
<b>4. Break-up of leased assets and stock on hire and other assets counting towards AFC activities</b>	
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	-
(b) Repossessed assets	-
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
<b>5. Break-up of investments *</b>	
<b>Current investments</b>	
1. Quoted	
(i) Shares - (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	18,877
(iv) Government securities	-
(v) Others - (a) Certificate of deposit	9,784
(b) Commercial paper	4,957
2. Unquoted	
(i) Shares - (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others - (a) Certificate of deposit	-
(b) Commercial paper	-
	<b>33,618</b>

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**35 Schedule to Balance Sheet as on 31 March 2021 (Contd.)****Asset side (Contd.)**

Particulars	(₹ In Lakh)
	<b>Amount outstanding</b>
<b>Long-term investments</b>	
1. Quoted	
(i) Shares - (a) Equity	929,494
(b) Preference	-
(ii) Debentures and bonds	196,360
(iii) Units of mutual funds	17,125
(iv) Government securities	84,421
(v) Others (Bond ETF)	55,246
2. Unquoted	
(i) Shares - (a) Equity	67,921
(b) Preference	12
(ii) Debentures and bonds	-
(iii) Units of mutual funds	17,803
(iv) Government securities	-
(v) Others (please specify): Investment properties	18,055
	1,386,437
<b>Total</b>	<b>1,420,055</b>

\*Pursuant to Regulation 10 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the investments of the Company are required to be classified into long-term and current investments. All the investments other than temporary surplus funds held/intended by the Company are long-term.

**6. Borrower group-wise classifications of assets financed as in (3) and (4) above: (Please note (2) below)**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	50	50
2. Other than related parties	-	12,831	12,831
<b>Total</b>	-	12,881	12,881

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**35 Schedule to Balance Sheet as on 31 March 2021 (Contd.)****Asset side (Contd.)****7. Investor group wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)**

(₹ In Lakh)

Category	Market value/break up or fair value or NAV	Book value^ (Net of provisions)
1. Related parties **		
(a) Subsidiaries (quoted and unquoted hence disclosed at break up value)	212,850	23,974
(b) Companies in the same group (disclosed at market value)	9,575,375	267,361
(c) Other related parties		
- Unquoted (disclosed at face value)	3,537	1,564
- Quoted	197,231	22,207
2. Other than related parties		
- Unquoted @	82,174	39,947
- Quoted (disclosed at market value)	827,724	618,914
<b>Total</b>	<b>10,898,891</b>	<b>973,967</b>

\*\* As per Ind AS of ICAI (Please see note 3)

@ Investment in preference shares are disclosed at face value. Investments in equity shares are disclosed at break up value and investments in mutual funds are disclosed at fund value.

^Book value here represents cost/amortised cost.

The break up values are computed based on latest available consolidated financial statements/reports. The investments in non-performing investments are disclosed at book value net of provisions.

**8. Other information**

(₹ In Lakh)

Particulars	Amount
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	-
(ii) Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	-

**Notes :**

- As defined in point xix of paragraph 3 of Chapter -2 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- All Ind AS and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in (5) above.

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**35 Schedule to Balance Sheet as on 31 March 2021 (Contd.)****Asset side (Contd.)****9. Investments**

Particulars	(₹ In Lakh)	
	As at 31 March	
	2021	2020
(1) Value of investments		
(i) Gross value of investments		
(a) In India	1,420,055	1,051,882
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	1,420,055	1,051,882
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

**10. Provisions and contingencies**

Particulars	(₹ In Lakh)	
	As at 31 March	
	2021	2020
<b>Break up of 'Provisions and Contingencies' shown under the head expenditure in Profit and Loss Account</b>		
(i) Provisions for depreciation on investment.	-	-
(ii) Provision towards NPA	-	-
(iii) Provision made towards income tax	11,132	22,122
(iv) Other provision and contingencies	-	-
(v) Provision for standard assets	-	-

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**35 Schedule to Balance Sheet as on 31 March 2021 (Contd.)****Asset side (Contd.)****11. CRAR**

(₹ In Lakh)

As at 31 March

Items	As at 31 March	
	2021	2020
(i) CRAR %	112%	97%
(ii) CRAR - Tier I capital (%)	112%	97%
(iii) CRAR - Tier II capital (%)	0%	0%
(iv) Amount of subordinated debt raised as Tier-II capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

**12. Exposures #****A. Exposures to real estate sector**

(₹ In Lakh)

As at 31 March

Category	As at 31 March	
	2021	2020
<b>(a) Direct exposure</b>	-	-
(i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented: (Individual housing loans up to ₹ 15 lakh may be shown separately)	-	-
(ii) Commercial real estate		
Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multitenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
(a) Residential	-	-
(b) Commercial real estate	-	-
<b>(b) Indirect exposure</b>	56,537	77,612
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	56,537	77,612

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**35 Schedule to Balance Sheet as on 31 March 2021 (Contd.)****Asset side (Contd.)****B. Exposure to Capital Market**

(₹ In Lakh)

Particulars	As at 31 March	
	2021	2020
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	541,356	507,586
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	Nil	Nil
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) Bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
<b>Total exposure to capital market</b>	<b>541,356</b>	<b>507,586</b>

\* Exposure here represents cost/amortised cost

**13 Asset Liability Management****Maturity pattern of certain items of assets and liabilities**

(₹ In Lakh)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities	-	-	-	-	-	-	-	-	-
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market borrowings	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-
Assets	18,877	-	4,957	7,432	25,412	100,185	98,802	1,164,390	1,420,055
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	18,877	-	4,957	7,432	25,412	100,185	98,802	1,164,390	1,420,055
Foreign currency assets	-	-	-	-	-	-	-	-	-

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

## 35 Schedule to Balance Sheet as on 31 March 2021 (Contd.)

**Asset side** (Contd.)

### 14 Miscellaneous Disclosures

#### a) Registration obtained from other financial sector regulators

Apart from RBI, Company is also governed by SEBI and MCA.

#### b) Disclosure of penalties imposed by RBI and other regulators

During previous year, no penalty was imposed by RBI or other regulators.

#### c) Related party transactions

Please refer note 30 for details of related party transactions.

#### d) Ratings assigned by credit rating agencies and migration of ratings during the year

Not applicable

#### Note

Company is a non-deposit taking/accepting NBFC. It does not carry out lending/securitisation activity. Hence, there are 'Nil' values in respect of following disclosures -

1. Derivatives
  - Forward rate agreement/interest rate swap
  - Exchange traded interest rate (IR) derivatives
  - Qualitative disclosures on risk exposure in derivatives
  - Quantitative disclosures on risk exposure in derivatives
2. Securitisation
  - Disclosures relating to securitised assets etc.
  - Details of financial assets sold to securitisation/reconstruction company for asset reconstruction
  - Details of assignment transactions undertaken by NBFCs
  - Details of non-performing financial assets purchased/sold
3. Details of financing of parent company products
4. Details of Single Borrower Limit (SBL)/Group Borrower Limite (GBL) exceeded by the NBFC
5. Unsecured advances
6. Concentration of deposits, advances, exposures and NPAs
  - Concentration of deposits (for deposit taking NBFCs)
  - Concentration of advances
  - Concentration of exposures
  - Concentration of NPAs
  - Sector-wise NPAs
  - Movement of NPAs
7. Overseas assets (for those with joint ventures and subsidiaries abroad)
8. Off-balance sheet SPVs sponsored
9. Disclosure of customer complaints

Notes to standalone financial statements for the year ended 31 March 2021 (Contd.)

**36** On the basis of information requested from vendors with regards to their registration (filing of Memorandum) under 'The Micro, Small and Medium Enterprises Development Act, 2006. (27 of 2006)' and in view of the terms of payments not exceeding 45 days, which has been promptly paid, no liability exists as at 31 March 2021 and 31 March 2020 and hence, no disclosures have been made in this regard.

### 37 Events after reporting date

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There have been no events after the reporting date that require disclosure in these financial statements

### 38 Miscellaneous

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Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Pune: 29 April 2021

On behalf of the Board of Directors

Anant Marathe  
Chief Financial Officer

Sanjiv Bajaj  
Managing Director & CEO

Sriram Subbramaniam  
Company Secretary

Madhur Bajaj  
Director

# **CONSOLIDATED FINANCIAL STATEMENTS**

## Independent Auditors' Report on the Consolidated Financial Statements

To the Members of **Bajaj Holdings & Investment Ltd.**

### Opinion

We have audited the accompanying consolidated financial statements of Bajaj Holdings & Investment Ltd. (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates comprising of the consolidated Balance sheet as at 31 March 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group and its associates in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Emphasis of matter

We draw attention to Note 32 to these consolidated financial statements, relating to the consolidated financial statements of Bajaj Finance Ltd., a company forming part of the Group, which describes the uncertainty caused by the continuing COVID-19 pandemic and the related probable events which could impact Bajaj Finance Ltd.'s estimates of impairment of loans to its customers. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

### Key audit matters

### How our audit addressed the key audit matter

#### (a) Accounting for investments in open ended target maturity funds ('Funds') (as described in Note 5B of the standalone financial statements)

The Holding Company has investments aggregating ₹ 552.46 crore in open ended target maturity funds as at 31 March 2021. These investments are 'subsequently measured at amortised cost' based on fulfilment of solely payments of principal and interest ('SPPI') test and business model requirement as per Ind AS 109 'Financial Instruments'.

These types of investments being significant during the year, were an area of significant audit attention and hence has been considered as a key audit matter.

Our audit procedures included the following:

- Read the minutes of the Investment Committee meetings.
- Performed test of controls on a sample basis on the operating effectiveness of internal controls related to accounting of investments.
- Read the terms and conditions of scheme information document /key information memorandum of the Funds invested by the Company.
- Tested on a sample basis, the investments underlying the Funds to assess whether those investments would satisfy the conditions of amortised cost accounting as per Ind AS 109.
- Read and assessed the related disclosures included in the standalone financial statements.
- Obtained management representations relating to accounting for the investments in the Funds.

#### (b) Accounting for investments in open ended target maturity funds of Bajaj Auto Ltd. ('BAL')

BAL has investments aggregating ₹ 2,320.75 crore in open ended target maturity funds as at 31 March 2021. These investments are 'subsequently measured at amortised cost' based on fulfilment of solely payments of principal and interest ('SPPI') test and business model requirement as per Ind AS 109 'Financial Instruments'.

These types of investments being significant during the year, were an area of significant audit attention and hence, has been considered as a key audit matter.

Our audit procedures included the following:

- Read the minutes of the Investment Committee meetings.
- Performed test of controls on a sample basis on the operating effectiveness of internal controls related to accounting of investments.
- Read the terms and conditions of scheme information document /key information memorandum of the Funds invested by the Company.
- Tested on a sample basis, the investments underlying the Funds to assess whether those investments would satisfy the conditions of amortised cost accounting as per Ind AS 109.
- Read and assessed the related disclosures included in the standalone financial statements.
- Obtained management representations relating to accounting for the investments in the Funds.

#### (c) Impairment of financial assets as at balance sheet date (expected credit losses) of Bajaj Finserv Ltd. Group ('BFS Group')

Ind AS 109 requires the BFS Group to provide for impairment of its financial assets designated at amortised cost and fair value through other comprehensive income (including loan receivables and investments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the BFS Group's financial assets.

- Read and assessed the BFS Group's accounting policies for impairment of financial assets and their compliance with Ind AS 109.
- For subsidiaries of BFS engaged in lending, read and assessed their policy with respect to one-time restructuring offered to customers pursuant to the 'Resolution framework for COVID-19-related stress' issued by RBI on 6 August 2020 and tested the implementation of such policy on a sample basis.
- Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.

## Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

### Key audit matters

### How our audit addressed the key audit matter

#### (c) Impairment of financial assets as at balance sheet date (expected credit losses) of Bajaj Finserv Ltd. Group ('BFS Group') (Contd.)

In the process, a significant degree of judgment has been applied by the Management for:

- Staging of the financial assets (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories);
- Grouping of borrowers based on homogeneity by using appropriate statistical techniques;
- Estimation of behavioral life;
- Determining macro-economic factors impacting credit quality of receivables;
- Estimation of losses for financial assets with no/minimal historical defaults.

#### Additional considerations on account of COVID-19

Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the business operations of the subsidiaries engaged in lending, resulting in higher loan losses, the BFS Group has maintained a Management overlay of around ₹ 840 crore as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the BFS Group's responses thereto, the actual credit loss can be different than that being estimated.

In view of such high degree of Management's judgment involved in estimation of ECL, accentuated by the COVID-19 pandemic and related events, it is a key audit matter.

- Assessed the criteria for staging of financial assets based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) assets to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.
- Assessed the additional considerations applied by the Management for staging of loans as SICR or default categories in view of the aforesaid policy on one-time restructuring.
- Tested the ECL model, including assumptions and underlying computation. Assessed the floor/minimum rates of provisioning applied by the BFS Group for financial assets with inadequate historical defaults.
- Tested assumptions used by the Management in determining the overlay for macro-economic factors (including COVID-19 pandemic).
- Tested assumptions used by the Management for determining fair value of investments and the cash flow projections of the investee with reference to past experience. Assessed whether the assumptions are adjusted for business outlook on account of COVID-19.
- Assessed disclosures included in the consolidated financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.

#### (d) IT systems and controls of Bajaj Finserv Ltd. Group ('BFS Group')

Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the BFS Group.

Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.

- We tested the design and operating effectiveness of the BFS Group's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.
- We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorised.
- We tested the BFS Group's periodic review of access rights. We also tested requests of changes to systems for approval and authorisation.
- In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

## Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

### Key audit matters

### How our audit addressed the key audit matter

#### (e) Outstanding Motor Third Party (TP) claims in Bajaj Allianz General Insurance Company Ltd. ('BAGIC')

The joint auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a subsidiary of Bajaj Finserv Ltd., have reported that outstanding Motor TP claims represent estimates of future payments of reported claims for losses and related expenses at balance sheet date. The valuation of reported third party loss involves a high degree of subjectivity and estimation.

For such claims, a provision is made on the basis of the amounts that are likely to be paid against each claim as estimated by BAGIC in light of the information available at the balance sheet date and which is subsequently modified for changes, as appropriate, based on availability of additional information.

Resultantly, outstanding Motor TP claims is an area which requires auditors' attention, especially considering the significant degree of judgment which is required to be applied to determine this amount.

The procedures performed by the joint auditors of BAGIC, as reported by them to determine the appropriateness of the outstanding Motor TP claims by undertaking the following procedures:

- Obtained an understanding of the BAGIC's process of Motor TP claims provisioning, which takes into consideration factors such as evaluation of legal precedents and professional judgments of lawyers.
- Tested the design, implementation and operating effectiveness of key controls over the Motor TP claims provisioning as at the year-end.
- Performed substantive audit procedures and tested samples of outstanding Motor TP claims along with their underlying documentation for assessing existence and accuracy.
- Assessed the appropriateness of the overall Motor TP estimate made by BAGIC.

We have determined that there are no other key audit matters to communicate in our report.

### Other information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report and Corporate Governance but does not include the consolidated financial statements and our Auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

### Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

## Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31 March 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other matter

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ 17,279.90 crore as at 31 March 2021 and total revenues of ₹ 15.28 crore and net cash outflows of ₹ 74.56 crore for the year ended on that date. These financial statement and other financial information have been audited by other auditors, the financial statements, other financial information and auditors' reports of which have been furnished to us by the Management. The consolidated financial statements also include the Group's share of net profit of ₹ 98.77 crore for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of four companies forming part of the Group, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and four companies, and our report in terms of sub-sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary and four companies, is based solely on the report(s) of such other auditors.
- (b) The auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a company forming part of the Group, have reported that the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2021 is the responsibility of the BALIC's Appointed Actuary. The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2021 has been duly certified by the BALIC's Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 'Insurance Contracts', Ind AS 109 'Financial Instruments', the guidelines and norms issued by the Insurance Regulatory Development Authority of India ('IRDAI'/'Authority') and the Institute of Actuaries of India in concurrence with the IRDAI. BALIC's auditors have relied upon Appointed Actuary's certificate in this regard for forming their opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in financial statements of BALIC.
- (c) The auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a company forming part of the Group, have reported that the actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) of BAGIC is the responsibility of the BAGIC's Appointed Actuary. The actuarial valuation of these liabilities as at 31 March 2021 has been duly certified by the BAGIC's Appointed Actuary. The BAGIC's Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 'Insurance Contracts', Ind AS 109 'Financial Instruments', the guidelines and norms issued by the Insurance Regulatory Development Authority of India ('IRDAI'/'Authority') and the Institute of Actuaries of India in concurrence with the IRDAI. BAGIC's auditors have relied upon the BAGIC's Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of BAGIC.

## Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements.

### Report on other legal and regulatory requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary companies and associate companies, none of the directors of the Group companies, and its associates, incorporated in India, is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies and associate companies incorporated in India, refer to our separate Report in 'Annexure 1' to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associates, the managerial remuneration for the year ended 31 March 2021 has been paid/provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates in its consolidated financial statements – Refer Note 29, Note 30 and Note 31 to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 30 to the consolidated financial statements

## Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates incorporated in India during the year ended 31 March 2021.

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 21105754AAAACH5645

Pune: 29 April 2021

## Annexure 1 to Independent Auditors' Report

### Annexure 1 referred to in paragraph (f) under the heading 'Report on other legal and regulatory requirements' to the independent auditor's report of even date on the consolidated financial statements of Bajaj Holdings & Investment Ltd.

#### Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of Bajaj Holdings & Investment Ltd. (hereinafter referred to as the 'Holding Company') as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates, which are companies incorporated in India, as of that date.

#### Management's responsibility for internal financial controls

The respective Board of Directors of the companies included in the Group and its associates, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

#### Meaning of internal financial controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

## Annexure 1 to Independent Auditors' Report (Contd.)

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent limitations of internal financial controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Group and its associates, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### Other matters

- a) The auditors of Bajaj Allianz Life Insurance Company Ltd. ('BALIC'), a company forming part of the Group, have reported that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the BALIC's Panel Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the 'IRDA Financial Statements Regulations'), and has been relied upon by them, as mentioned in 'Other matter' paragraph of their audit report on the financial statements of BALIC as at and for the year ended 31 March 2021. Accordingly, the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation is also certified by the Panel Actuary and has been relied upon by them.
- b) The auditors of Bajaj Allianz General Insurance Company Ltd. ('BAGIC'), a company forming part of the Group, have reported that the actuarial valuation for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), has been duly certified by the BAGIC's Appointed Actuary in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'Authority') and the Institute of Actuaries of India in concurrence with the Authority, and has been relied upon by them, as mentioned in 'Other matter' paragraph of their audit report on the financial statements of BAGIC as at and for the year ended 31 March 2021. Accordingly, their opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of internal controls over valuation and accuracy of aforesaid actuarial liabilities.

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one subsidiary and one company forming part of the Group, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and associates incorporated in India.

For S R B C & CO LLP  
ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per Paul Alvares  
Partner  
Membership Number: 105754  
UDIN: 21105754AAAACH5645  
Pune: 29 April 2021

## Consolidated Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2021	2020
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	22.51	95.40
Bank balances other than cash and cash equivalents	4	60.75	16.91
Trade receivables	5	6.83	4.70
Investment in associates	6A	23,801.81	20,236.98
Other investments	6B	21,111.84	11,830.77
Other financial assets	7	112.91	126.78
		<b>45,116.65</b>	<b>32,311.54</b>
<b>Non-financial assets</b>			
Current tax assets (net)		25.70	37.03
Deferred tax assets (net)	8A	-	45.17
Investment properties	9	180.55	183.87
Property, plant and equipment	10A	21.37	22.63
Right-of-use asset	10B	139.95	167.94
Inventories	11	3.60	3.36
Other non-financial assets	12	1.77	2.36
		<b>372.94</b>	<b>462.36</b>
<b>Total</b>		<b>45,489.59</b>	<b>32,773.90</b>

**Consolidated Balance Sheet (Contd.)**

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2021	2020
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		0.11	0.34
Total outstanding dues of creditors other than micro enterprises and small enterprises		3.13	4.65
Lease liability		136.18	167.77
Other financial liabilities	13	41.73	50.89
		<b>181.15</b>	<b>223.65</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)		9.41	14.13
Deferred tax liabilities (net)	8B	1,169.24	225.37
Provisions	14	7.10	6.89
Other non-financial liabilities	15	5.06	4.24
		<b>1,190.81</b>	<b>250.63</b>
<b>EQUITY</b>			
Equity share capital	16	111.29	111.29
Other equity	17	37,055.67	27,652.25
Non-controlling interest		6,950.67	4,536.08
		<b>44,117.63</b>	<b>32,299.62</b>
<b>Total</b>		<b>45,489.59</b>	<b>32,773.90</b>
Summary of significant accounting policies followed by the Group	2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S R B C & CO LLP  
ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per Paul Alvares  
Partner  
Membership Number: 105754

Pune: 29 April 2021

Anant Marathe  
Chief Financial Officer

Sriram Subbramaniam  
Company Secretary

On behalf of the Board of Directors

Sanjiv Bajaj  
Managing Director & CEO

Madhur Bajaj  
Director

## Consolidated Statement of Profit and Loss

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2021	2020
<b>Revenue from operations</b>			
Interest income	18	253.27	247.19
Dividend income		40.23	79.11
Rental income		19.12	18.01
Net gain on fair value changes	19	68.21	33.69
Other investment income	20	3.00	-
Revenue from contracts with customers - sale of goods	21	15.28	15.38
<b>Total revenue from operations</b>		<b>399.11</b>	<b>393.38</b>
Other income	22	63.96	42.31
<b>Total income</b>		<b>463.07</b>	<b>435.69</b>
<b>Expenses</b>			
Employee benefits expenses	23	44.16	44.54
Finance costs - interest on operating lease liability		3.80	12.54
Cost of raw materials consumed		8.40	9.39
Changes in inventories of work-in-progress	24	(0.28)	(1.73)
Depreciation, amortisation and impairment	25	33.61	33.33
Other expenses	26	53.23	81.76
<b>Total expenses</b>		<b>142.92</b>	<b>179.83</b>
Share of profits of associates		3,445.59	3,057.81
<b>Profit before tax</b>		<b>3,765.74</b>	<b>3,313.67</b>
Tax expense			
Current tax		101.92	83.28
Tax debits pertaining to earlier years		-	4.50
MAT credit entitlement		-	(0.34)
Net current tax		101.92	87.44
Deferred tax		9.04	(2.96)
Provision for possible non-utilisation of MAT credit		0.63	149.00
Total tax expense	27	111.59	233.48
<b>Profit after tax</b>		<b>3,654.15</b>	<b>3,080.19</b>
Profit attributable to non-controlling interests		4.32	88.19
<b>Profit for the year</b>		<b>3,649.83</b>	<b>2,992.00</b>

## Consolidated Statement of Profit and Loss (Contd.)

Particulars	Note No.	For the year ended 31 March	
		2021	2020
(₹ In Crore)			
For the year ended 31 March			
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(0.55)	(24.89)
Tax impacts on above		0.57	3.40
Net gain/(loss) on equity instruments designated at FVTOCI		9,037.83	(3,416.93)
Tax impacts on above		(994.10)	332.92
Net gain on business combination	37	-	3,152.62
Items that will be reclassified to profit or loss			
Valuation gain/(loss) on derivative hedging instruments		85.72	(87.34)
Tax impacts on above		(21.54)	24.32
Other adjustments		(20.75)	(1.02)
Change in foreign currency translation reserve of subsidiary of associate		30.32	58.74
Net gain on debt instruments designated at FVTOCI		(25.07)	334.09
Tax impacts on above		0.82	(56.18)
<b>Other comprehensive income for the year (net of tax)</b>		<b>8,093.25</b>	<b>319.73</b>
<b>Total comprehensive income for the year</b>		<b>11,747.40</b>	<b>3,399.92</b>
<b>Profit attributable to</b>			
Owners of the company		3,649.83	2,992.00
Non-controlling interests		4.32	88.19
<b>Total comprehensive income attributable to</b>			
Owners of the company		9,332.81	4,339.89
Non-controlling interests		2,414.59	(939.97)
Basic and diluted Earnings per share (in ₹)	28	327.9	268.8
(Nominal value per share ₹ 10)			
Summary of significant accounting policies followed by the Group	2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S R B C & CO LLP  
ICAI Firm Registration Number: 324982E/E300003  
Chartered Accountants

per Paul Alvares  
Partner  
Membership Number: 105754

Pune: 29 April 2021

Anant Marathe  
Chief Financial Officer

Sriram Subbramaniam  
Company Secretary

On behalf of the Board of Directors

Sanjiv Bajaj  
Managing Director & CEO

Madhur Bajaj  
Director

## Consolidated Statement of Changes in Equity

### A Equity share capital

Particulars	Note No.	For the year ended 31 March	
		2021	2020
At the beginning of the year		111.29	111.29
Changes in equity share capital during the year		-	-
<b>At the end of the year</b>	16	<b>111.29</b>	<b>111.29</b>

### B Other equity

Particulars	Note No.	Reserves and surplus					Other reserves				Total non-controlling interest	Total
		Securities premium	General reserve	Capital reserve	Reserve fund in terms of section 45-1C(1) of the Reserve Bank of India Act, 1934	Retained earnings	Equity instruments through other comprehensive income	Debt and Hedge instruments through other comprehensive income	Share of associates	Total attributable to equity holders of the parent		
<b>Balance as at 1 April 2019</b>	17	444.42	14,724.28	-	1,741.97	6,655.85	3,347.46	-	(72.97)	26,841.01	-	26,841.01
Profit for the year		-	-	-	-	2,992.00	-	-	-	2,992.00	88.19	3,080.19
Net gain on business combination	37	-	-	4,232.40	-	-	(1,079.78)	-	-	3,152.62	-	3,152.62
Other items in other comprehensive income (net of tax)		-	-	-	-	(21.38)	(2,043.91)	34.70	225.86	(1,804.73)	(1,028.16)	(2,832.89)
Other comprehensive income (net of tax)		-	-	4,232.40	-	(21.38)	(3,123.69)	34.70	225.86	1,347.89	(1,028.16)	319.73
<b>Total comprehensive income for the year ended 31 March 2020</b>		-	-	<b>4,232.40</b>	-	<b>2,970.62</b>	<b>(3,123.69)</b>	<b>34.70</b>	<b>225.86</b>	<b>4,339.89</b>	<b>(939.97)</b>	<b>3,399.92</b>
Transfer to Reserve fund in terms of section 45-1C(1) of the Reserve Bank of India Act, 1934		-	-	-	365.37	(365.37)	-	-	-	-	-	-
Reclassification of net gain on business combination		-	135.44	-	-	-	(135.44)	-	-	-	-	-
Reclassification of gain on sale of FVTOCI equity instruments		-	-	-	-	157.64	(157.64)	-	-	-	-	-
Recognition on non-controlling interest	37	-	-	-	-	1.61	(48.27)	-	-	(46.66)	5,532.05	5,485.39
Share of accumulated reserves of associate		-	(2,533.82)	-	-	-	-	-	-	(2,533.82)	-	(2,533.82)
Final dividend, declared and paid during the year		-	-	-	-	(350.69)	-	-	-	(350.69)	(18.47)	(369.16)
Interim dividend, declared and paid during the year		-	-	-	-	(431.62)	-	-	-	(431.62)	(27.99)	(459.61)
Tax on final dividend		-	-	-	-	(74.34)	-	-	-	(74.34)	(3.79)	(78.13)
Tax on interim dividend		-	-	-	-	(91.52)	-	-	-	(91.52)	(5.75)	(97.27)
<b>Balance as at 31 March 2020</b>	17	<b>444.42</b>	<b>12,325.90</b>	<b>4,232.40</b>	<b>2,107.34</b>	<b>8,472.18</b>	<b>(117.58)</b>	<b>34.70</b>	<b>152.89</b>	<b>27,652.25</b>	<b>4,536.08</b>	<b>32,188.33</b>

## Consolidated Statement of Changes in Equity (Contd.)

### B Other equity (Contd.)

(₹ In Crore)

Particulars	Note No.	Reserves and surplus				Other reserves						Total
		Securities premium	General reserve	Capital reserve	Reserve fund in terms of section 45-1C(1) of the Reserve Bank of India Act, 1934	Retained earnings	Equity instruments through other comprehensive income	Debt and Hedge instruments through other comprehensive income	Share of associates	Total attributable to equity holders of the parent	Total non-controlling interest	
Profit for the year		-	-	-	-	3,649.83	-	-	-	3,649.83	4.32	3,654.15
Other comprehensive income (net of tax)		-	-	-	-	(0.05)	5,616.01	17.87	49.15	5,682.98	2,410.27	8,093.25
<b>Total comprehensive income for the year ended 31 March 2021</b>		-	-	-	-	<b>3,649.78</b>	<b>5,616.01</b>	<b>17.87</b>	<b>49.15</b>	<b>9,332.81</b>	<b>2,414.59</b>	<b>11,747.40</b>
Transfer to Reserve fund in terms of section 45-1C(1) of the Reserve Bank of India Act, 1934		-	-	-	39.72	(39.72)	-	-	-	-	-	-
Reclassification of gain on sale of FVTOCI equity instruments		-	-	-	-	289.76	(289.76)	-	-	-	-	-
Share of accumulated reserves of associate		-	70.61	-	-	-	-	-	-	70.61	-	70.61
<b>Balance as at 31 March 2021</b>	17	<b>444.42</b>	<b>12,396.51</b>	<b>4,232.40</b>	<b>2,147.06</b>	<b>12,372.00</b>	<b>5,208.67</b>	<b>52.57</b>	<b>202.04</b>	<b>37,055.67</b>	<b>6,950.67</b>	<b>44,006.34</b>
Summary of significant accounting policies followed by the Group	2											

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Pune: 29 April 2021

Anant Marathe  
Chief Financial Officer

Sriram Subbramaniam  
Company Secretary

On behalf of the Board of Directors

Sanjiv Bajaj  
Managing Director & CEO

Madhur Bajaj  
Director

## Consolidated Statement of Cash Flows

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
<b>I. Operating activities</b>		
Profit before tax	3,765.74	3,313.67
Less: Share of profits of associates	3,445.59	3,057.81
Add: Dividend from associates	-	1,912.70
	320.15	2,168.56
Adjustments to reconcile profit before tax to net cash flows		
Add:		
i) Depreciation, amortisation and impairment	33.61	33.33
ii) Finance costs - interest on operating lease liability	3.80	12.54
iii) Unrealised foreign exchange loss on revaluation	-	6.85
	37.41	52.72
Less:		
i) Provision for diminution in value of investments written back	3.00	-
ii) Profit on sale of investments, net	58.33	25.44
iii) Income from units of mutual fund	12.77	11.21
iv) Unrealised foreign exchange gain on revaluation	4.96	-
v) Amortisation of premium/discount on acquisition of debt securities	2.27	0.71
vi) Surplus on sale of assets	0.07	-
	81.40	37.36
	276.16	2,183.92
Change in assets and liabilities		
i) (Increase)/decrease in loans and other assets	16.66	225.50
ii) Increase in trade receivables	(2.13)	(0.97)
iii) Increase in inventories	(0.25)	(1.85)
iv) (Increase)/decrease in other bank balances	4.90	(3.44)
v) Increase/(decrease) in liabilities and provisions	(2.90)	3.69
	16.28	222.93
(Purchase)/sale of money market mutual funds, etc., net *	86.07	(413.68)
Net cash flow from operating activities before income-tax	378.51	1,993.17
Income-tax refund for earlier years (net)	-	3.86
Income-tax paid	(106.85)	(77.20)
<b>Net cash flow from operating activities</b>	<b>271.66</b>	<b>1,919.83</b>
Carried forward	271.66	1,919.83

## Consolidated Statement of Cash Flows (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Brought forward	271.66	1,919.83
<b>II. Investing activities</b>		
i) Purchase of property, plant and equipment	(1.13)	(3.71)
ii) Acquisition of a subsidiary, net of cash acquired	-	(238.85)
iii) Sale of investments *	2,420.02	2,633.53
iv) Purchase of investments *	(2,726.95)	(3,190.64)
v) Sale proceeds of property, plant and equipment	0.15	0.04
<b>Net cash flow used in investing activities</b>	<b>(307.91)</b>	<b>(799.63)</b>
<b>III. Financing activities</b>		
i) Dividend paid	(6.21)	(823.92)
ii) Corporate dividend tax paid	-	(175.42)
iii) Cash payment for principal portion of operating lease liability	(26.63)	(24.78)
iv) Cash payment for interest portion of operating lease liability	(3.80)	(4.16)
<b>Net cash flow used in financing activities</b>	<b>(36.64)</b>	<b>(1,028.28)</b>
<b>Net change in cash and cash equivalents</b>	<b>(72.89)</b>	<b>91.92</b>
Cash and cash equivalents as at the beginning of the year	95.40	3.48
Cash and cash equivalents as at the end of the year	22.51	95.40

\* As the Company is an investment company, dividend received and interest earned are considered as part of cash flow from operating activities. Purchase and sale of investments has been classified into operating and investing activity based on the intention of the Management at the time of purchase of securities or subsequent reassessment of intention and transfers made inter se between long-term and current investments, in accordance with the prudential norms specified by RBI.

Summary of significant accounting policies followed by the Group

2

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

On behalf of the Board of Directors

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Pune: 29 April 2021

Anant Marathe  
Chief Financial Officer

Sanjiv Bajaj  
Managing Director & CEO

Sriram Subbramaniam  
Company Secretary

Madhur Bajaj  
Director

Notes to consolidated financial statements for the year ended 31 March 2021

## 1 Background

Bajaj Holdings & Investment Ltd. (the 'Company/Holding Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1913. The Company operates as an Investment Company and consequently is registered as a Non-Banking Financial Institution – Investment and Credit Company ('NBFC-ICC') with the Reserve Bank of India (RBI) vide registration number N-13.01952. The Company's registered office is at Bajaj Auto Ltd. Complex, Mumbai-Pune road, Pune, Maharashtra, India. Its shares are listed on two recognised stock exchanges in India.

The consolidated financial statements comprise financial statements of Bajaj Holdings & Investment Ltd. (the 'Company'), its subsidiaries, associates and joint venture (collectively, the 'Group') for the year ended 31 March 2021.

The consolidated financial statements include financial statements of the subsidiaries, associates and joint venture of Bajaj Holdings & Investment Ltd. ('the Company'), consolidated in accordance with Indian Accounting Standard 110 'Consolidated Financial Statements' and Indian Accounting Standard 28 'Investments in Associates and Joint Ventures'.

Name of the company	Country of incorporation	% Shareholding of Bajaj Holdings & Investment Ltd. and its subsidiaries as at 31 March 2021	% Shareholding of Bajaj Holdings & Investment Ltd. and its subsidiaries as at 31 March 2020	Consolidated as
Bajaj Auto Ltd. * (BAL)	India	35.77%	35.77%	Associate <sup>^</sup>
Bajaj Finserv Ltd. ** (BFS)	India	41.63%	41.63%	Associate
Bajaj Auto Holdings Ltd.	India	100.00%	100.00%	Subsidiary
Maharashtra Scooters Ltd. (subsidiary w.e.f. 17 June 2019)	India	51.00%	51.00%	Subsidiary/Joint Venture

\*Equity pickup of Bajaj Holdings & Investment Ltd. share in BAL's profit is net of elimination of cross-holding of BAL in Bajaj Holdings & Investment Ltd. of 3.14%.

\* The consolidated financial results of Bajaj Auto Ltd. include results of following companies:

Name of the company	Country of incorporation	% Shareholding of Bajaj Auto Ltd. as at 31 March 2021	% Shareholding of Bajaj Auto Ltd. as at 31 March 2020	Consolidated as
PT. Bajaj Auto Indonesia	Indonesia	99.25%	99.25%	Subsidiary
Bajaj Auto International Holdings BV	Netherlands	100.00%	100.00%	Subsidiary
Bajaj Auto Thailand Ltd.	Thailand	100.00%	100.00%	Subsidiary

The consolidated financial statements of Bajaj Auto International Holdings BV include 47.99% interest in KTM AG as an associate.

\*\* The consolidated financial results of Bajaj Finserv Ltd. include results of following companies:

Name of the company	Country of incorporation	% Shareholding of Bajaj Finserv Ltd. as at 31 March 2021	% Shareholding of Bajaj Finserv Ltd. as at 31 March 2020	Consolidated as
Bajaj Allianz General Insurance Company Ltd.	India	74.00%	74.00%	Subsidiary
Bajaj Allianz Life Insurance Company Ltd.	India	74.00%	74.00%	Subsidiary
Bajaj Finance Ltd.@	India	52.74%	52.82%	Subsidiary
Bajaj Finserv Direct Ltd.	India	100.00%	100.00%	Subsidiary
Bajaj Finserv Health Ltd.	India	100.00%	100.00%	Subsidiary
Bajaj Allianz Financial Distributors Ltd.^	India	50.00%	50.00%	Joint Venture

@ The consolidated financial results of Bajaj Finance Ltd. include 100% interest in both, Bajaj Housing Finance Ltd. and Bajaj Financial Securities Ltd. as a subsidiary.

^ The consolidated financial results of Bajaj Allianz Financial Distributors Ltd. include 100% interest in Bajaj Allianz Staffing Solutions Ltd.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 2 Summary of significant accounting policies followed by the Group

### 2A Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the RBI guidelines/regulations to the extent applicable on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

The financial statements are presented in INR, which is also the Group's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

### 2B Summary of significant accounting policies followed by the Group

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries being the entities that it controls. Control is evidenced where the Group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiary to align the accounting policies in line with accounting policies of the Group. For non-wholly owned subsidiary, a share of the profit/loss for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated Statement of Profit and Loss and consolidated Balance Sheet. For acquisitions of additional interests in subsidiary, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The financial statements of subsidiary acquired or disposed off during the year are included in the consolidated Statement of Profit and Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless costs cannot be recovered.

#### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity,

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Group (Contd.)

income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 2) Investment in associates and joint venture

Investments in associates and joint venture are accounted for using the equity method.

An associate is an entity over which the Group is in a position to exercise significant influence over operating and financial policies. The considerations made in determining whether significant influence is being exercised are similar to those necessary to determine control over the subsidiaries. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associates.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of an associate or a joint venture since the acquisition date. Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit and Loss reflects the Group's share of the results of operations of an associate or a joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of an associate or a joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and an associate or a joint venture are eliminated to the extent of the interest in an associate or a joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in an associate or a joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in an associate or a joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or a joint venture. If an associate or a joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of the associates and joint venture is shown on the face of the Statement of Profit and Loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate or a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate or a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of an associate or a joint venture and its carrying value, and then recognises the loss in the Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Group (Contd.)

Upon loss of significant influence over an associate or a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of an associate or a joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit and Loss.

### 3) Other significant accounting policies

Other significant accounting policies followed by the Group are exactly similar to the significant accounting policies of the parent, Bajaj Holdings & Investment Ltd.; and hence have not been reproduced here. Refer note 2B of standalone financial statements of Bajaj Holdings & Investment Ltd. for the year ended 31 March 2021 for details in regard to other significant accounting policies.

#### Maharashtra Scooters Ltd. (MSL)

##### i. Revenue from contract with customer

###### Sale of goods

Revenue is measured at the fair value of the consideration received or receivable from customers.

Amounts disclosed as revenue are inclusive of excise duty and net of value added taxes, goods & services taxes (GST), returns, discounts, rebates and incentives. MSL recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to MSL.

Sales are accounted for on dispatch from the point of sale corresponding to transfer of significant risks and rewards of ownership to the buyer. The nature of contracts of the MSL are such that no material part performance obligations would remain unfulfilled at the end of any accounting period.

##### ii. Inventories

Cost of inventories have been computed to include all costs of purchases (including materials), cost of conversion and other costs incurred, as the case may be, in bringing the inventories to their present location and condition.

- (a) Finished stocks and stocks of work-in-progress are valued at cost of manufacturing or net realisable value, whichever is lower. Cost is calculated on a weighted average basis.
- (b) Stores, packing material and tools are valued at cost arrived at on weighted average basis or net realisable value, whichever is lower.
- (c) Raw materials and components are valued at cost arrived at on weighted average basis or net realisable value, whichever is lower, as circumstances demand.

#### Others

##### i. Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 2B Summary of significant accounting policies followed by the Group (Contd.)

consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

## 2C Other notes

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the Group. Recognising this purpose, the Group has disclosed only such notes from the standalone financial statements, which fairly present the needed disclosures.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

### 3 Cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Balances with banks	22.51	22.40
Cash equivalents		
Deposits with original maturity of less than three months	-	73.00
	22.51	95.40

### 4 Bank balances other than cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Unclaimed dividend accounts	9.75	15.96
Deposits with original maturity exceeding three months	51.00	0.95
	60.75	16.91

### 5 Trade receivables

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Trade receivables	6.83	4.70
	6.83	4.70

### 6A Investment in associates

Particulars	(₹ In Crore)	
	At cost	
<b>As at 31 March 2021</b>		
Equity instruments		
associates		23,801.81
Total		23,801.81
<b>As at 31 March 2020</b>		
Equity instruments		
associates		20,236.98
Total		20,236.98

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**6B Other investments**

(₹ In Crore)

Particulars	At amortised cost	At fair value		Total
		through other comprehensive income	through profit and loss	
<b>As at 31 March 2021</b>				
Government debt securities	-	844.21	-	844.21
Debt securities	185.33	1,963.60	-	2,148.93
Certificate of deposit	122.67	-	-	122.67
Commercial paper	49.57	-	-	49.57
Open ended target maturity funds	552.46	-	-	552.46
Mutual funds	-	-	385.29	385.29
Preference shares	0.12	-	-	0.12
Equity instruments	-	16,679.67	-	16,679.67
Other funds	-	328.92	-	328.92
<b>Total</b>	<b>910.15</b>	<b>19,816.40</b>	<b>385.29</b>	<b>21,111.84</b>

(₹ In Crore)

Particulars	At amortised cost	At fair value		Total
		through other comprehensive income	through profit and loss	
<b>As at 31 March 2020</b>				
Government debt securities	-	63.64	-	63.64
Debt securities	90.60	3,168.40	-	3,259.00
Certificate of deposit	49.00	-	-	49.00
Mutual funds	-	-	459.86	459.86
Preference shares	0.16	-	-	0.16
Equity instruments	-	7,814.30	-	7,814.30
Other funds	-	184.81	-	184.81
<b>Total</b>	<b>139.76</b>	<b>11,231.15</b>	<b>459.86</b>	<b>11,830.77</b>

All investments in 6A and 6B above are within India

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**7 Other financial assets**

(Unsecured, considered good, unless stated otherwise)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Interest receivable on investments, considered good	97.15	111.80
Interest receivable on investments, doubtful	1.18	1.18
Less: Impairment loss allowance	1.18	1.18
Security deposits	14.36	14.52
Derivative asset	0.02	0.11
Others	1.38	0.35
	112.91	126.78

**8A Deferred tax assets (net)**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Deferred tax liabilities</b>		
On account of timing difference in property, plant and equipment	-	1.33
Financial instruments		
Amortisation of discount on acquisition of fixed income securities	-	3.15
Movement in fair value of financial assets designated at FVTPL	-	0.32
Movement in fair value of financial assets designated at FVTOCI	-	11.26
<b>Gross deferred tax liabilities</b>	-	16.06
<b>Deferred tax assets</b>		
On account of timing difference in retiral and other employee benefits		
Provision for compensated absences	-	0.29
Defined benefit plan provisions - OCI	-	0.67
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	-	0.36
Impairment allowance for financial asset	-	2.53
Lease assets	-	5.62
Other temporary differences	-	0.03
MAT credit entitlement	-	191.73
Less: Provision for possible non-utilisation of MAT credit	-	140.00
<b>Gross deferred tax assets</b>	-	61.23
	-	45.17

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**8A Deferred tax assets (net)** (Contd.)

## Movement in deferred tax assets

Particulars	(₹ In Crore)				
	Property, plant and equipment	Financial instruments	Retiral and other employee benefits	MAT credit entitlement and others	Total
<b>At 31 March 2019</b>	(1.42)	(63.96)	0.71	204.06	139.39
(Charged)/credited					
to profit and loss	0.09	(2.12)	0.62	(144.63)	(146.04)
to other comprehensive income	-	54.24	(0.37)	(2.05)	51.82
<b>At 31 March 2020</b>	(1.33)	(11.84)	0.96	57.38	45.17
(Charged)/credited					
to profit and loss	1.33	0.58	(0.29)	(57.38)	(55.76)
to other comprehensive income	-	11.26	(0.67)	-	10.59
<b>At 31 March 2021</b>	-	-	-	-	-

**8B Deferred tax liabilities (net)**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Deferred tax liabilities</b>		
On account of timing difference in property, plant and equipment	2.56	1.51
Other employee benefit plan provisions - OCI	0.02	-
Financial instruments		
Amortisation of discount on acquisition of fixed income securities	4.52	-
Movement in fair value of financial assets designated at FVTPL	1.59	1.66
Movement in fair value of financial assets designated at FVTOCI	1,201.84	223.21
Lease assets	1.32	-
<b>Gross deferred tax liabilities</b>	1,211.85	226.38
<b>Deferred tax assets</b>		
Retiral and other employee benefits		
Provision for compensated absences	0.27	0.26
Other employee benefit plan provisions - P&L	0.76	0.12
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	1.17	-
Impairment allowance for financial asset	0.40	-
Other temporary differences	0.03	-
MAT credit entitlement	39.98	9.63
Less: Provision for possible non-utilisation of MAT credit	-	9.00
<b>Gross deferred tax assets</b>	42.61	1.01
	1,169.24	225.37

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 8B Deferred tax liabilities (net) (Contd.)

### Movement in deferred tax liabilities

Particulars	(₹ In Crore)				
	Property, plant and equipment	Financial instruments	Retiral and other employee benefits	MAT credit entitlement and others	Total
<b>At 31 March 2019</b>	-	(1.29)	-	0.30	(0.99)
(Charged)/credited					
to profit and loss	(1.51)	(0.37)	0.38	0.33	(1.17)
to other comprehensive income	-	(223.21)	-	-	(223.21)
<b>At 31 March 2020</b>	(1.51)	(224.87)	0.38	0.63	(225.37)
(Charged)/credited					
to profit and loss	(1.05)	(2.88)	0.65	38.06	34.78
to other comprehensive income	-	(978.63)	(0.02)	-	(978.65)
<b>At 31 March 2021</b>	(2.56)	(1,206.38)	1.01	38.69	(1,169.24)

## 9 Investment properties

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Gross carrying amount</b>		
Opening balance	218.48	218.48
Additions	-	-
Closing balance	218.48	218.48
<b>Accumulated depreciation</b>		
Opening balance	34.61	31.29
Depreciation charge	3.32	3.32
Closing balance	37.93	34.61
<b>Net carrying amount</b>	180.55	183.87

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 9 Investment properties (Contd.)

### i) Amounts recognised in profit or loss for investment properties

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Rental income	19.10	17.99
Direct operating expenses from property that generated rental income	(2.46)	(6.16)
Profit from investment properties before depreciation	16.64	11.83
Depreciation	(3.32)	(3.32)
Profit from investment property	13.32	8.51

### ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment properties.

### iii) Leasing arrangements

Certain investment properties are leased out to tenants under operating leases.

### iv) Fair value

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Investment properties	273.63	273.42

### Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Group are cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Group's investment properties are at a location where active market is available for similar kind of properties. Hence fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 10A Property, plant and equipment

Current year

Particulars	Gross block			Accumulated depreciation			Net block (₹ In Crore)
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments For the year	
Land freehold	0.04	-	-	0.04	-	-	0.04
Land leasehold	1.15	-	0.02	1.13	-	-	1.13
Buildings	13.98	-	-	13.98	8.67	0.15	5.16
Computers	0.33	0.04	-	0.37	0.03	0.11	0.23
Electric installations	0.06	-	-	0.06	-	0.01	0.05
Furniture and fixtures	1.14	0.03	-	1.17	0.23	0.10	0.84
Office equipments *	0.04	-	-	0.04	0.04	-	-
Vehicles	0.23	0.22	0.18	0.27	0.14	0.02	0.22
Plant and machinery	27.46	0.84	0.32	27.98	12.69	1.89	13.70
<b>Total</b>	<b>44.43</b>	<b>1.13</b>	<b>0.52</b>	<b>45.04</b>	<b>21.80</b>	<b>2.28</b>	<b>21.37</b>

\* These are fully depreciated assets but still in active use and disclosed as per para 79(b) of Ind AS 16 'Property, plant and equipment'.

Previous year

Particulars	Gross block			Accumulated depreciation			Net block (₹ In Crore)
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions/ adjustments For the year	
Land freehold	0.04	-	-	0.04	-	-	0.04
Land leasehold	1.14	-	0.02	1.15	-	-	1.15
Buildings	8.28	-	5.70	13.98	3.20	0.15	5.31
Computers	0.04	0.29	-	0.33	-	0.03	0.30
Electric installations	-	0.06	-	0.06	-	-	0.06
Furniture and fixtures	-	0.85	0.29	1.14	-	0.03	0.91
Office equipments *	-	-	0.04	0.04	-	-	-
Vehicles	-	-	0.31	0.23	-	0.04	0.09
Plant & machinery	-	2.51	24.96	27.46	-	1.77	14.77
<b>Total</b>	<b>9.50</b>	<b>3.71</b>	<b>31.33</b>	<b>44.43</b>	<b>3.20</b>	<b>2.00</b>	<b>22.63</b>

\* These are fully depreciated assets but still in active use and disclosed as per para 79(b) of Ind AS 16 'Property, plant and equipment'.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**10B Right-of-use asset**

Current year

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 1 April 2020	Deductions/ adjustments	For the year	As at 31 March 2021	As at 31 March 2021
	Aircraft - operating lease	195.93	-	-	195.93	27.99	-	27.99	55.98
Total	195.93	-	-	195.93	27.99	-	27.99	55.98	139.95

(₹ In Crore)

Previous year

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions/ adjustments	For the year	As at 31 March 2020	As at 31 March 2020
	Aircraft - operating lease	195.93	-	-	195.93	-	-	27.99	27.99
Total	195.93	-	-	195.93	-	-	27.99	27.99	167.94

(₹ In Crore)

The Group has adopted Ind AS 116 - Leases with effect from 1 April 2019 using the modified retrospective approach.

**11 Inventories**

Particulars	As at 31 March	
	2021	2020
Raw materials and components	0.53	0.57
Work-in-progress	3.02	2.74
Stores	0.04	0.04
Loose tools	0.01	0.01
	3.60	3.36

(₹ In Crore)

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 12 Other non-financial assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Pre-paid expenses	1.02	1.06
Others	0.75	1.30
	<u>1.77</u>	<u>2.36</u>

## 13 Other financial liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Unclaimed dividend	9.75	15.96
Directors' remuneration and commission payable	15.85	15.36
Employee benefits payable	3.28	4.78
Security deposits	10.64	10.57
Others	2.21	4.22
	<u>41.73</u>	<u>50.89</u>

## 14 Provisions

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Provision for employee benefits (see note 40)		
Provision for gratuity	0.30	0.80
Provision for compensated absences	1.60	1.70
Provision for long-term incentive plan	5.20	4.39
	<u>7.10</u>	<u>6.89</u>

## 15 Other non-financial liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Taxes and duties payable	4.18	3.52
Other payables	0.88	0.72
	<u>5.06</u>	<u>4.24</u>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**16 Equity share capital**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Authorised</b>		
150,000,000 equity shares of ₹ 10 each	150.00	150.00
<b>Issued, subscribed and fully paid-up shares</b>		
111,293,510 equity shares of ₹ 10 each	111.29	111.29
	111.29	111.29

**a. Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2021		As at 31 March 2020	
	Nos.	₹ In Crore	Nos.	₹ In Crore
<b>Equity shares</b>				
At the beginning of the year	111,293,510	111.29	111,293,510	111.29
Equity shares issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	111,293,510	111.29	111,293,510	111.29

**b. Terms/rights attached to equity shares**

The Holding Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Details of shareholders holding more than 5% shares in the Holding Company**

Particulars	As at 31 March 2021		As at 31 March 2020	
	Nos.	% Holding	Nos.	% Holding
<b>Equity shares of ₹ 10 each fully paid</b>				
Jamnallal Sons Pvt. Ltd.	19,823,377	17.81%	19,823,377	17.81%
Jaya Hind Industries Ltd.	5,905,401	5.31%	5,905,401	5.31%

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**17 Other equity**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>a. Reserves and surplus</b>		
<b>Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934</b>		
Balance as at the beginning of the year	2,107.34	1,741.97
Add: Transferred from surplus in Statement of Profit and Loss	39.72	365.37
Balance as at the end of the year	2,147.06	2,107.34
<b>Securities premium account</b>	444.42	444.42
<b>General reserve</b>		
Balance as at the beginning of the year	12,325.90	14,724.28
Add: Net share acquired during the year (see note 37)	-	135.44
Add: Share of accumulated reserves of associates	70.61	(2,533.82)
Balance as at the end of the year	12,396.51	12,325.90
<b>Capital reserve</b>		
Balance as at the beginning of the year	4,232.40	-
Add: Gain on business combination (see note 37)	-	4,232.40
Balance as at the end of the year	4,232.40	4,232.40
<b>Retained earnings</b>		
Balance as at the beginning of the year	8,472.18	6,655.85
Add: Net share acquired during the year (see note 37)	-	1.61
Profit for the year	3,649.83	2,992.00
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/losses of defined benefit plans	(0.05)	(21.38)
Reclassification of gain on sale of FVTOCI equity instruments	289.76	157.64
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	39.72	365.37
Final dividend, declared and paid during the year	-	350.69
Interim dividend, declared and paid during the year	-	431.62
Tax on final dividend	-	74.34
Tax on interim dividend	-	91.52
Total appropriations	39.72	1,313.54
Balance as at the end of the year	12,372.00	8,472.18

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**17 Other equity** (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Other reserves</b>		
<b>Equity instruments through other comprehensive income</b>		
Balance as at the beginning of the year	(117.58)	3,347.46
Add: Net share acquired during the year (see note 37)	-	37.40
Add: Net gain/(loss) on equity instruments designated at FVTOCI for the year (net of tax impacts)	5,616.01	(3,344.80)
Less: Reclassification of gain on sale of FVTOCI equity instruments	289.76	157.64
	<u>5,208.67</u>	<u>(117.58)</u>
<b>Debt instruments through other comprehensive income</b>		
Balance as at the beginning of the year	34.63	-
Add: Net gain on debt instruments designated at FVTOCI for the year (net of tax impacts)	57.63	43.01
Less: Reclassification of gain on sale of FVTOCI debt instruments	39.70	8.38
	<u>52.56</u>	<u>34.63</u>
<b>Hedge instruments through other comprehensive income</b>		
Balance as at the beginning of the year	0.07	-
Add: Net gain on hedge instruments designated at FVTOCI for the year (net of tax impacts)	(0.06)	0.07
	<u>0.01</u>	<u>0.07</u>
<b>Share of associates</b>		
Valuation gains/losses on derivative hedging instruments	(28.10)	(92.34)
Valuation gains/losses on equity instruments at FVTOCI	5.46	(12.05)
Valuation gains/losses on debt instruments at FVTOCI	84.43	126.81
Change in foreign currency translation reserve of subsidiary of associate	159.83	129.51
Others	(19.58)	0.96
	<u>37,055.67</u>	<u>27,652.25</u>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 17 Other equity (Contd.)

### b. Nature and purpose of reserve

#### Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

#### General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013.

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with section 52 and other provisions of the Companies Act, 2013.

#### FVTOCI equity instruments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity instruments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

#### FVTOCI debt instruments

The Group recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVTOCI debt instruments reserve within equity. The Group transfers amounts from this reserve to the Statement of Profit and Loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the Statement of Profit and Loss.

#### Hedge instruments through other comprehensive income

It represents the effective portion of the fair value of forward contracts, designated as cashflow hedge.

## 18 Interest income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Interest income on		
Investments (at amortised cost)	26.49	17.43
Investments (at FVTOCI)	225.68	229.09
Others	1.10	0.67
	<u>253.27</u>	<u>247.19</u>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**19 Net gain on fair value changes**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Net gain/(loss) on financial instruments at fair value through profit or loss		
On financial instruments at fair value through profit or loss	11.58	13.77
Others		
Distribution received from other funds	12.93	11.05
Gain/(Loss) on sale of debt instrument at amortised cost	4.00	0.49
Gain/(Loss) on sale of debt instrument at FVTOCI	39.70	8.38
Total net gain on fair value changes	68.21	33.69
Fair value changes		
Realised	66.45	29.52
Unrealised	1.76	4.17
	68.21	33.69

**20 Other investment income**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Provision for diminution in value of investments written back	3.00	-
	3.00	-

**21 Revenue from contracts with customers - sale of goods**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Sale of products	15.15	15.23
Scrap sale	0.13	0.15
	15.28	15.38

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 22 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Business support service	58.07	42.04
Unrealised foreign exchange gain on revaluation	4.96	-
Provision no longer required	0.21	0.26
Miscellaneous receipts	0.72	0.01
	<u>63.96</u>	<u>42.31</u>

## 23 Employee benefits expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Salaries, wages and bonus to employees	40.44	40.45
Contribution to provident and other funds	3.56	3.21
Staff welfare expenses	0.16	0.88
	<u>44.16</u>	<u>44.54</u>

## 24 Changes in inventories of work-in-progress

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Inventories at the end of the year		
Work-in-progress	3.02	2.74
Inventories at the beginning of the year		
Work-in-progress (Acquisition of a subsidiary, see note 37)	2.74	1.01
	<u>(0.28)</u>	<u>(1.73)</u>

## 25 Depreciation, amortisation and impairment

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Depreciation on property, plant and equipment	2.28	2.00
Depreciation of right-of-use assets	27.99	27.99
Depreciation on investment properties	3.32	3.32
Amount written off against leasehold land	0.02	0.02
	<u>33.61</u>	<u>33.33</u>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**26 Other expenses**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Repairs to buildings	1.57	5.05
Repairs to machinery and others	3.58	4.87
Rent	0.01	0.98
Rates and taxes	2.31	2.21
Insurance	1.26	0.88
Payment to auditor	0.26	0.26
Directors' fees and travelling expenses	1.06	2.20
Unrealised foreign exchange loss on revaluation	-	6.85
Commission to non-executive directors	1.54	2.24
Business support service expenses	0.90	0.54
Expenditure towards Corporate Social Responsibility (CSR) activities	10.60	12.26
Legal and professional charges	0.57	0.87
Contribution to electoral bonds	-	10.00
Aircraft operation expenses	21.88	22.77
Miscellaneous expenses	7.69	9.78
	<b>53.23</b>	<b>81.76</b>

**27 Tax expense**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
<b>(a) Tax expense</b>		
Current tax		
Current tax on profit for the year	101.92	83.28
Less: MAT credit entitlement	-	0.34
Total current tax expense	101.92	82.94
Deferred tax		
Decrease/(increase) in deferred tax assets	8.40	(4.84)
(Decrease)/increase in deferred tax liabilities	0.64	1.88
Total deferred tax expenses/(benefit)	9.04	(2.96)
Tax debits pertaining to earlier years	-	4.50
Provision for possible non-utilisation of MAT credit *	0.63	149.00
Tax expense	<b>111.59</b>	<b>233.48</b>

\* On an assessment of its ability to utilise the available MAT credit, the Management has determined MAT credit of ₹ 0.63 crore (previous year ₹ 149.00 crore) may be unlikely to be set off/adjusted in the future periods due to significant changes in the Income Tax Act, 1961 during the previous financial year. Hence the MAT credit of a similar amount has been provided for in the Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 27 Tax expense (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	<b>2021</b>	<b>2020</b>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by Statutory tax rate</b>		
Profit before tax	3,765.74	3,313.67
Less: Share of profits of associates already after tax	3,445.59	3,057.81
Profit before tax and share of profits of associates	320.15	255.86
Tax at the Statutory tax rate of 34.944% (Previous year - 34.944%)	111.87	89.41
Tax effect of amounts which are not deductible and/or (taxable) in calculating taxable income	12.57	20.07
Tax effect of amounts which are deductible and/or (non taxable) in calculating taxable income	(13.48)	(29.50)
Provision for possible non-utilisation of MAT credit	0.63	149.00
Tax debits pertaining to earlier years	-	4.50
Tax expense	111.59	233.48

## 28 Earnings Per Share (EPS)

Particulars	For the year ended 31 March	
	<b>2021</b>	<b>2020</b>
Profit for the year (₹ In Crore)	3,649.83	2,992.00
Weighted average number of shares outstanding during the year (Nos)	111,293,510	111,293,510
Earnings per share (Basic and Diluted) ₹	327.9	268.8
Face value per share ₹	10.0	10.0

## 29 Other notes to account

Other notes to account to be inserted in the consolidated financial statements are similar to those of standalone financial statements of Bajaj Holdings & Investment Ltd.; and hence have not been repeated here.

The relevant note references in the standalone financial statements are given below:

Particulars	Note Reference of standalone financial statements
Contingent liabilities	Note 25
Capital and other commitments	Note 26
Lease disclosures	Note 29
Financial risk management	Note 32
Dues to micro, small and medium enterprises	Note 36

The amounts of contingent liabilities and capital commitments of the associates and group's share in those amounts are separately disclosed in note 30.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

### 30 Investment in associates

The Group has a 35.77% (31 March 2020 : 35.77%) interest in Bajaj Auto Ltd. and a 41.63% (31 March 2020: 41.63%) interest in Bajaj Finserv Ltd.

The following table illustrates the summarised financial information of the Group's investment in these companies

#### Bajaj Auto Ltd.

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Non-current assets	19,414.05	19,894.00
Current assets	14,187.66	6,616.02
Non-current liabilities	(684.73)	(594.60)
Current liabilities	(5,643.54)	(4,253.33)
Non-controlling interest	(0.01)	(0.01)
Equity	27,273.43	21,662.08
Proportion of the Group's ownership	32.62%	32.62%
Group's share of equity	8,897.49	7,066.88
Inter company eliminations	(11.88)	139.27
Carrying amount of the investment	8,885.61	7,206.15
Contingent liabilities	1,564.28	1,627.16
Capital commitments	102.93	176.69
Group's share of contingent liabilities	510.32	530.83
Group's share of capital commitments	33.58	57.64
Revenue from operations	27,741.08	29,918.65
Other income	1,276.46	1,524.57
Cost of raw materials and components consumed	(18,308.09)	(19,484.62)
Purchase of traded goods	(1,521.04)	(1,586.67)
Changes in inventories of finished goods, work-in-progress and traded goods	219.48	63.01
Employee benefits expense	(1,288.10)	(1,390.81)
Finance costs	(6.66)	(3.16)
Depreciation and amortisation expense	(259.37)	(246.43)
Other expenses	(1,930.92)	(2,453.89)
Expenses, included in above items, capitalised	12.27	29.97
Total expenses	(23,082.43)	(25,072.60)
Share of profits of associate	306.32	321.51
Profit before tax	6,241.43	6,692.13
Tax expense	(1,384.41)	(1,480.22)
Profit attributable to non-controlling interest	-	-
Profit for the year	4,857.02	5,211.91
Other comprehensive income (net of tax)	752.95	(509.10)
Total comprehensive income for the year	5,609.97	4,702.81
Group's share of profit	1,584.52	1,700.30
Inter company eliminations	-	(28.33)
Group's share of profit for the year	1,584.52	1,671.97

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**30 Investment in associates (Contd.)****Bajaj Finserv Ltd.**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Financial assets	269,460.60	241,440.17
Non-financial assets	10,703.72	9,944.02
Financial liabilities	(218,327.25)	(197,535.11)
Non-financial liabilities	(3,543.09)	(2,987.68)
Non-controlling interest	(22,463.98)	(19,560.15)
Equity	35,830.00	31,301.25
Proportion of the Group's ownership	41.63%	41.63%
Group's share of equity	14,916.16	13,030.83
Inter company eliminations	0.04	-
Carrying amount of the investment	14,916.20	13,030.83
Contingent liabilities	2,295.19	2,501.29
Capital commitments	3,128.14	3,352.62
Group's share of contingent liabilities	955.50	1,041.30
Group's share of capital commitments	1,302.26	1,395.71
Revenue from operations	60,591.20	54,346.69
Other income	0.37	4.78
Employee benefits expenses	(4,698.34)	(4,755.11)
Finance costs	(9,141.28)	(9,338.53)
Fees and commission expense	(2,614.37)	(2,206.10)
Impairment on financial instruments	(5,978.85)	(4,120.37)
Claims incurred pertaining to insurance business	(11,864.43)	(12,512.17)
Reinsurance ceded	(4,854.81)	(4,520.67)
Net change in insurance/investment contract liabilities	(7,976.05)	(4,353.87)
Depreciation, amortisation and impairment	(498.46)	(456.79)
Other expenses	(3,102.46)	(3,786.86)
Total expenses	(50,729.05)	(46,050.47)
Share of profit/(loss) of joint venture	(0.18)	0.66
Profit before tax	9,862.34	8,301.66
Tax expense	(2,494.96)	(2,308.06)
Profit attributable to non-controlling interest	(2,896.92)	(2,624.47)
Profit for the year	4,470.46	3,369.13
Other comprehensive income (net of tax)	(166.53)	661.52
Total comprehensive income for the year	7,200.85	6,655.12
Group's share of profit for the year	1,861.07	1,385.84

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 31 Partly owned subsidiary

Financial information of subsidiary that has non-controlling interests is provided below

Particulars	Country of incorporation and operation	As at 31 March	
		2021	2020
Maharashtra Scooters Ltd. (see note 37)	India	51%	51%

## Information regarding non-controlling interest

(₹ In Crore)

Particulars	As at 31 March 2021
<b>Accumulated balances of non-controlling interest</b>	
Maharashtra Scooters Ltd.	6,950.67
<b>Profit/(loss) allocated to non-controlling interest</b>	
Maharashtra Scooters Ltd.	4.32

The summarised financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

## Summarised Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March	
	2021	2020
Revenue from operations	15.28	15.38
Other income	15.43	198.45
Total income	30.71	213.83
Cost of raw material and components consumed	8.40	9.39
Changes in inventories of work-in-progress	(0.28)	(1.73)
Employee benefits expenses	8.00	8.65
Depreciation, amortisation and impairment	1.93	1.82
Other expenses	3.62	3.90
Total expenses	21.67	22.03
Profit before tax	9.04	191.80
Tax expense	0.23	11.86
Profit for the year	8.81	179.94
Total comprehensive income	<b>8,032.79</b>	<b>(2,998.09)</b>
Attributable to non-controlling interests	2,414.59	(939.97)
Dividends paid to non-controlling interests	-	46.46

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 31 Partly owned subsidiary (Contd.)

### Summarised Balance Sheet

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Non-current assets	17,175.82	8,028.62
Current assets	104.08	196.58
Non-current liabilities	1,025.15	2.31
Current liabilities	11.18	12.11
Equity	16,243.57	8,210.78
<b>Attributable to:</b>		
Equity holders of the parent	7,222.87	4,709.79
Non-controlling interest	6,950.67	4,536.08
Contingent liabilities	4.84	4.93
Capital commitments	-	-

### Summarised Cash Flow information

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Operating	(5.68)	(7.01)
Investing	(67.72)	194.69
Financing	(1.16)	(112.92)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(74.56)</b>	<b>74.76</b>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 32 COVID-19 impact

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The COVID-19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the governmental authorities has considerably impacted the business operations of our associate company, including their subsidiaries, which impact these consolidated financial results.

Bajaj Finance Ltd. (BFL), a subsidiary of Bajaj Finserv Ltd. an associate company, has continued to make certain estimates and associated assumptions especially for determining the impairment allowance of its financial assets (Loans) on a consolidated basis. As a matter of prudence, BFL has written off principal outstanding of ₹ 3,500 crore for the year ended 31 March 2021 and corresponding interest outstanding (including interest capitalised) of ₹ 693 crore, by utilising the available expected credit loss provision including management overlay. BFL holds a management overlay of ₹ 840 crore as at 31 March 2021.

Given the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainty and may be affected by the severity, duration of the pandemic and other variables.

## 33 Segment information

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The Company is essentially a holding and investment company focusing on earning income through dividends, interest and gains on investments held. Hence, the Company's business activity falls within a single business segment i.e. investments.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 34 Fair value measurement

### i) Financial instruments by category

(₹ In Crore)

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial assets</b>						
<b>Investments</b>						
Government securities, bonds and debentures	-	2,807.81	185.33	-	3,232.04	90.60
Mutual funds	385.29	-	-	459.86	-	-
Certificate of deposit	-	-	122.67	-	-	49.00
Commercial paper	-	-	49.57	-	-	-
Preference shares	-	-	0.12	-	-	0.16
Open ended target maturity funds	-	-	552.46	-	-	-
Equity instruments	-	16,679.67	-	-	7,814.30	-
Other funds	-	328.92	-	-	184.81	-
Other financial assets	-	-	112.91	-	-	126.78
Cash and cash equivalents	-	-	22.51	-	-	95.40
Other bank balances	-	-	60.75	-	-	16.91
Trade receivables	-	-	6.83	-	-	4.70
<b>Total financial assets</b>	<b>385.29</b>	<b>19,816.40</b>	<b>1,113.15</b>	<b>459.86</b>	<b>11,231.15</b>	<b>383.55</b>
<b>Financial liabilities</b>						
Trade payables	-	-	3.24	-	-	4.99
Lease liability	-	-	136.18	-	-	167.77
Other financial liabilities	-	-	41.73	-	-	50.89
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>181.15</b>	<b>-</b>	<b>-</b>	<b>223.65</b>

### ii) Fair value hierarchy

This section explains the estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Accounting Standard. An explanation of each level follows underneath the table.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 34 Fair value measurement (Contd.)

### ii) Fair value hierarchy (Contd.)

#### Financial assets measured at fair value - recurring fair value measurements at 31 March 2021

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial investments at FVTPL</b>					
Mutual funds	6B	385.29	-	-	385.29
<b>Financial investments at FVTOCI</b>					
Debt securities	6B	2,807.81	-	-	2,807.81
Equity instruments	6B	16,563.80	115.87	-	16,679.67
Other funds	6B	150.89	178.03	-	328.92
Total financial assets		19,907.79	293.90	-	20,201.69

#### Financial assets which are measured at amortised cost for which fair values are disclosed at 31 March 2021

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Government securities, bonds and debentures	6B	190.85	-	-	190.85
Preference shares	6B	-	0.12	-	0.12
Certificate of deposit	6B	122.67	-	-	122.67
Commercial paper	6B	49.57	-	-	49.57
Open ended target maturity funds	6B	547.50	-	-	547.50
Total financial assets		910.59	0.12	-	910.71

#### Assets disclosed at fair value - at 31 March 2021

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment properties	9	-	273.63	-	273.63

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**34 Fair value measurement (Contd.)****ii) Fair value hierarchy (Contd.)****Financial assets measured at fair value - recurring fair value measurements at 31 March 2020**

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial investments at FVTPL</b>					
Mutual funds	6B	459.86	-	-	459.86
<b>Financial investments at FVTOCI</b>					
Debt securities	6B	3,232.04	-	-	3,232.04
Equity instruments	6B	7,814.30	-	-	7,814.30
Other funds	6B	-	184.81	-	184.81
Total financial assets		11,506.20	184.81	-	11,691.01

**Financial assets which are measured at amortised cost for which fair values are disclosed at 31 March 2020**

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Government securities, bonds and debentures	6B	92.57	-	-	92.57
Certificate of deposit	6B	49.00	-	-	49.00
Preference shares	6B	-	0.16	-	0.16
Total financial assets		141.57	0.16	-	141.73

**Assets disclosed at fair value - at 31 March 2020**

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment properties	9	-	273.42	-	273.42

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 34 Fair value measurement (Contd.)

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### Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

**Level 2:** The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

### Valuation techniques used to determine fair value

Valuation techniques used to determine fair value include

- Open ended mutual funds and certain bonds and debentures at NAV's/rates declared and/or quoted
- Close ended mutual funds at NAV's declared by AMFI
- For government debt securities, values with references to prevailing yields to maturity matching tenure, quoted on sites of credible organisation such as FBIL (Financial Benchmark of India Ltd.)
- For other bonds and debentures values with references to prevailing yields to maturity matching tenures, quoted on sites of credible organisation such as ICRA (Investment Information and Credit Rating Agency)
- Commercial papers and certificate of deposits, being short-term maturity papers, amortised cost is assumed to be the fair value

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

### 34 Fair value measurement (Contd.)

#### iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ In Crore)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<b>Investments</b>				
Government securities, bonds and debentures	185.33	190.85	90.60	92.57
Preference shares	0.12	0.12	0.16	0.16
Certificate of deposit	122.67	122.67	49.00	49.00
Commercial paper	49.57	49.57	-	-
Open ended target maturity funds	552.46	547.50	-	-
<b>Total financial assets</b>	<b>910.15</b>	<b>910.71</b>	<b>139.76</b>	<b>141.73</b>

The carrying amounts of commercial papers, certificate of deposits, trade payables, other financial assets/liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

### 35 Capital management

#### a) Objectives, policies and processes of capital management

The Holding Company is cash surplus and has only equity capital. The Holding Company operates as an Investment Company and consequently is registered as a Non-Banking Financial Institution - Investment and Credit Company (NBFC-ICC) with Reserve Bank of India (RBI).

The cash surpluses are currently invested in equity, debt, money market and other instruments (including through funds) depending on economic conditions in line with investment policy set by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Holding Company and its subsidiaries do not have any borrowings.

(₹ In Crore)

Particulars	As at 31 March	
	2021	2020
<b>Equity</b>	<b>44,117.63</b>	<b>32,299.62</b>
Less: Tangible and other assets	205.69	206.67
Working capital	167.53	205.40
Deferred tax assets/(liabilities) (net)	(1,169.24)	(180.20)
Investments in associates	23,801.81	20,236.98
<b>Investment in equity, debt and similar investments</b>	<b>21,111.84</b>	<b>11,830.77</b>

No changes in this regard were made in the objectives, policies and processes of capital management during the year.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 35 Capital management (Contd.)

### b) Dividends distributed and proposed

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
<b>Dividends recognised in the financial statements</b>		
Final dividend for the year ended 31 March 2020 of ₹ Nil (31 March 2019 is ₹ 32.50) per equity share, declared and paid	-	361.70
Interim dividend for the year ended 31 March 2021 of ₹ Nil (31 March 2020 - ₹ 40.00) per equity share, declared and paid	-	445.17
<b>Dividends not recognised at the end of the reporting period</b>		
Directors have recommended the payment of a final dividend of ₹ 40.00 per equity share for the year ended 31 March 2021 (31 March 2020 - ₹ Nil). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	445.17	-

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**36 Maturity analysis of assets and liabilities**

(₹ In Crore)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	22.51	-	22.51	95.40	-	95.40
Bank balances other than cash and cash equivalents	56.19	4.56	60.75	7.20	9.71	16.91
Trade receivables	6.83	-	6.83	4.70	-	4.70
Investment in associates	-	23,801.81	23,801.81	-	20,236.98	20,236.98
Other investments	594.81	20,517.03	21,111.84	676.58	11,154.19	11,830.77
Other financial assets	98.66	14.25	112.91	112.37	14.41	126.78
<b>Non-financial assets</b>						
Current tax assets (net)	-	25.70	25.70	-	37.03	37.03
Deferred tax assets (net)	-	-	-	-	45.17	45.17
Investment properties	-	180.55	180.55	-	183.87	183.87
Property, plant and equipment	-	21.37	21.37	-	22.63	22.63
Right-of-use asset	-	139.95	139.95	-	167.94	167.94
Inventories	3.60	-	3.60	3.36	-	3.36
Other non-financial assets	1.77	-	1.77	2.36	-	2.36
<b>Total</b>	<b>784.37</b>	<b>44,705.22</b>	<b>45,489.59</b>	<b>901.97</b>	<b>31,871.93</b>	<b>32,773.90</b>
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Trade payables	3.24	-	3.24	4.99	-	4.99
Lease liability	29.63	106.55	136.18	30.66	137.11	167.77
Other financial liabilities	26.44	15.29	41.73	29.09	21.80	50.89
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	-	9.41	9.41	-	14.13	14.13
Deferred tax liabilities (net)	-	1,169.24	1,169.24	-	225.37	225.37
Provisions	3.51	3.59	7.10	1.81	5.08	6.89
Other non-financial liabilities	4.54	0.52	5.06	3.79	0.45	4.24
<b>Total</b>	<b>67.36</b>	<b>1,304.60</b>	<b>1,371.96</b>	<b>70.34</b>	<b>403.94</b>	<b>474.28</b>
<b>Net</b>	<b>717.01</b>	<b>43,400.62</b>	<b>44,117.63</b>	<b>831.63</b>	<b>31,467.99</b>	<b>32,299.62</b>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 37 Business Combinations (Previous Year)

### (a) Summary of acquisition

Effective 17 June 2019, the Company has acquired 3,085,712 equity shares representing 27% stake in Maharashtra Scooters Ltd. ('MSL') from WMDC (Western Maharashtra Development Corporation), co-promoter in the Company's joint venture in MSL. WMDC had filed special leave petition ('SLP') in the matter of 27% stake sale in MSL to the Company. The Hon'ble Supreme Court (SC) dismissed WMDC's SLP on 9 January 2019. The Hon'ble SC ordered that the Company shall pay ₹ 232 per share along with interest at the rate of 18% p.a. from the date of Arbitral Award (14 January 2006) and that as soon as payment is made by the Company, shares in question shall be transferred to the Company.

Accordingly, for a total consideration of ₹239.25 crore, comprising of a price of ₹ 232 per share aggregating ₹ 71.59 crore along with interest at 18% p.a. from the date of the arbitral award i.e. 14 January 2006 up to the date of payment amounting to ₹ 167.66 crore (gross of TDS) was paid to WMDC.

Upon this acquisition, the Company holds 51% of the issued share capital of MSL and MSL has since become a subsidiary.

Details of the purchase consideration, the net assets acquired are as follows

Particulars	(₹ In Crore)
Particulars	Amount
<b>Purchase consideration</b>	
Cash paid (including interest at 18% p.a. from 14 January 2006)	239.25
<b>Total purchase consideration</b>	<b>239.25</b>

The assets and liabilities net of eliminations and tax thereon recognised as a result of the acquisition are as follows

Particulars	(₹ In Crore)
Particulars	Amount
<b>As at 17 June 2019</b>	
Property, plant and equipment	14.69
Investments	11,788.53
Other assets	28.66
Deferred tax liability	(527.87)
Trade payables and other liabilities	(14.05)
<b>Net identifiable assets acquired</b>	<b>11,289.96</b>

### Calculation of bargain purchase

Particulars	(₹ In Crore)
Particulars	Amount
Net identifiable assets acquired	11,289.96
<b>Sub-total (A)</b>	<b>11,289.96</b>
Consideration transferred	239.25
Non-controlling interest in the acquired entity	5,532.09
Acquisition date fair value of previously held equity interest	1,286.22
<b>Sub-total (B)</b>	<b>7,057.56</b>
<b>Bargain purchase gain recognised in OCI (A-B)</b>	<b>4,232.40</b>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

### 37 Business Combinations (Previous Year) (Contd.)

The Company previously held 2,742,848 shares representing 24% stake in Maharashtra Scooters Ltd. which was classified as Investment in joint venture during the previous year. Negative change in carrying amount of this previously held investment as against fair value on the acquisition date of ₹ 1,079.78 crore has been recognised in OCI for the year ended 31 March 2020.

Thus, net gain on business combination is as follows

Particulars	Amount
Bargain purchase gain recognised in OCI	4,232.40
Less: Fair value loss on previously held equity interest in MSL	1,079.78
<b>Net gain on business combination</b>	<b>3,152.62</b>

(₹ In Crore)

### 38 Disclosure in terms of Schedule III of the Companies Act, 2013

	Net assets (i.e. Total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
<b>1 Parent</b>								
Bajaj Holdings & Investment Ltd.	37.71%	14,016.77	5.44%	198.59	55.00%	3,125.69	35.62%	3,324.28
<b>2 Subsidiaries (Indian)</b>								
Bajaj Auto Holdings Ltd.	0.13%	49.13	0.03%	1.16	-	-	0.01%	1.16
Maharashtra Scooters Ltd.	43.70%	16,243.56	0.24%	8.81	141.19%	8,023.98	86.07%	8,032.79
(Less) : Minority interests in subsidiary	(18.70%)	(6,950.67)	(0.12%)	(4.32)	(42.41%)	(2,410.27)	(25.87%)	(2,414.59)
(Less) : Inter-company eliminations	(6.31%)	(2,346.84)	-	-	(54.63%)	(3,105.07)	(33.26%)	(3,105.07)
<b>3 Associates (Investment as per equity method) (Indian)</b>								
Bajaj Auto Ltd.	23.91%	8,885.61	43.42%	1,584.52	1.66%	94.50	17.98%	1,679.02
Bajaj Finserv Ltd.	40.13%	14,916.20	50.99%	1,861.07	(0.81%)	(45.85)	19.45%	1,815.22
(Less) : Inter-company eliminations	(20.57%)	(7,646.80)	-	-	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>37,166.96</b>	<b>100.00%</b>	<b>3,649.83</b>	<b>100.00%</b>	<b>5,682.98</b>	<b>100.00%</b>	<b>9,332.81</b>

(₹ In Crore)

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**39 Disclosure of transactions with related parties as required by Ind AS 24**

		(₹ In Crore)				
Name of related party and nature of relationship	Nature of transaction	2020-21		2019-20		
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet	
<b>A</b> Since consolidated financial information presents information about the holding and its subsidiaries as a single reporting enterprise, it is unnecessary to disclose intra-group transactions.						
<b>B Associates and investing parties:</b>						
Bajaj Auto Ltd. (An associate - 35.77% shares held by Bajaj Holdings & Investment Ltd.)	Contribution to equity by BHIL [96,727,050 shares of ₹ 10 each]	-	1,929.79	-	1,929.79	
	Contribution to equity by MSL [6,774,072 shares of ₹ 10 each]	-	18.25	-	18.25	
	Purchase of shares of BHIL by BAL [3,500,000 shares of ₹ 10 each]	-	(3.50)	-	(3.50)	
	Dividend received	-	-	1,863.02	-	
	Dividend paid	-	-	25.38	-	
	Business support services rendered	42.27	-	26.18	-	
	Business support services received	0.03	-	0.03	-	
	Sale of goods	3.06	1.42	2.35	0.51	
	Purchases of material and other services	0.05	-	0.03	-	
	Revenue expenses reimbursement received	0.49	-	0.43	-	
	Revenue expenses reimbursement paid	1.27	(0.04)	0.18	(0.02)	
	Bajaj Finserv Ltd. (An associate - 41.63% shares held by Bajaj Holdings & Investment Ltd.)	Contribution to equity by BHIL (62,314,214 shares of ₹ 5 each)	-	743.82	-	743.82
		Contribution to equity by MSL (3,725,740 shares of ₹ 5 each)	-	39.69	-	39.69
		Contribution to equity by BAHIL (209,005 shares of ₹ 5 each)	-	26.15	-	26.15
Dividend received		-	-	49.69	-	
Business support services rendered		0.13	-	0.12	-	
Business support services received		0.51	-	-	-	
Revenue expenses reimbursement received		0.54	-	0.48	-	
<b>C Key management personnel and their relatives:</b>						
Rahul Bajaj (Chariman Emeritus)	Sitting fees	-	-	0.02	-	
	Commission	-	-	0.04	(0.04)	
Madhur Bajaj	Sitting fees	0.05	-	0.04	-	
	Commission	0.10	(0.10)	0.08	(0.08)	
Rajiv Bajaj	Sitting fees	0.05	-	0.06	-	
	Commission	0.10	(0.10)	0.12	(0.12)	
Sanjiv Bajaj (Managing Director & CEO) (Also Key management personnel)	Short-term employee benefits (including Commission)	19.48	(14.31)	18.31	(13.12)	
	Post-employment benefits	1.69	-	1.69	-	
	Sitting fees	0.03	-	-	-	
Niraj Bajaj (Chairman)	Sitting fees	0.07	-	0.05	-	
	Commission	0.14	(0.14)	0.10	(0.10)	
<b>D Other entities / persons:</b>						
Bajaj Allianz General Insurance Co. Ltd.	Insurance premium paid	1.05	-	0.72	-	
	Revenue expenses reimbursement received	0.05	-	0.04	-	
	Unallocated premium	-	0.19	-	0.22	

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**39 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)**

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2020-21		2019-20	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Bajaj Allianz Life Insurance Co. Ltd.	Revenue expenses reimbursement received	0.05	-	0.04	-
Bajaj Finance Ltd.	Contribution to equity by MSL [18,974,660 shares of ₹ 2 each]	-	50.07	-	50.07
	Business support services rendered	15.67	-	15.75	-
	Business support services received	0.36	-	0.51	-
	Dividend received	-	-	30.36	-
	Revenue expenses reimbursement received	0.05	-	0.04	-
	Revenue expenses reimbursement paid	0.16	-	0.14	-
	Investment in non-convertible debentures	-	310.00	-	240.00
	Redemption received for non-convertible debentures	5.00	-	110.00	-
	Interest received on non-convertible debentures	20.49	-	11.11	-
	Interest accrued but not due	-	17.64	-	16.20
Bajaj Housing Finance Ltd.	Investment/(Redeemed) in non-convertible debentures/ Commercial Paper	-	175.00	-	150.00
	Interest received on non-convertible debentures	10.41	-	-	-
	Interest accrued but not due	-	0.26	-	0.20
Bajaj Electricals Ltd.	Contribution to equity by BHIL (18,793,840 shares of ₹ 2 each)	-	176.75	64.98	176.75
	Dividend received	-	-	5.84	-
	Purchase of electrical parts	0.03	-	-	-
Hindustan Housing Co. Ltd.	Shares of BHIL held by Hindustan Housing (15,391 shares of ₹ 10 each)	-	(0.02)	-	(0.02)
	Dividend paid	-	-	0.11	-
	Maintenance charges paid	1.43	0.14	1.68	-
	Security deposit paid	(0.13)	0.26	(0.06)	0.39
Hind Musafir Agency Ltd.	Services received	0.04	-	0.21	(0.06)
Mukand Ltd.	Contribution to equity (8,113,204 shares of ₹ 10 each)	-	32.88	-	32.88
	0.01% 196,169 redeemable preference shares of ₹ 10 each	-	0.12	-	0.16
	Redemption of preference shares	0.04	-	0.04	-
	Security deposit received/(refunded)	-	(0.25)	-	(0.25)
Mukand Engineers Ltd.	Contribution to equity (54,000 shares of ₹ 10 each)	-	0.10	-	0.10
Hercules Hoists Ltd.	Contribution to equity (6,251,040 shares of ₹ 1 each)	-	12.34	-	12.34
	Dividend received on equity shares	1.13	-	0.94	-
	Shares of BHIL held by Hercules Hoists (338,003 shares (Previous year 286,094 shares) of ₹ 10 each)	-	(0.34)	-	(0.29)
	Dividend paid	-	-	2.07	-
Kedaara Capital Advisors LLP	Contribution given for investments	0.29	15.52	0.37	15.52
	Proceeds from redemption of units	0.29	-	8.83	-
Shrinivas Pathak - (CEO - MSL)	Remuneration	0.36	-	0.33	-
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.72	-	0.72	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity Contribution	0.15	-	0.13	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity Contribution	0.75	-	2.00	-
D J Balaji Rao	Sitting fees	0.07	-	0.11	-
	Commission	0.14	(0.14)	0.22	(0.22)
Late Nanoo Pamnani	Sitting fees	-	-	0.12	-
	Commission	-	-	1.14	(1.14)
Manish Kejriwal	Sitting fees	0.11	-	0.05	-
	Commission	0.22	(0.22)	0.10	(0.10)
Dr. Naushad Forbes	Sitting fees	0.11	-	0.08	-
	Commission	0.22	(0.22)	0.16	(0.16)

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

### 39 Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2020-21		2019-20	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Dr. Gita Piramal	Sitting fees	0.13	-	0.08	-
	Commission	0.26	(0.26)	0.16	(0.16)
Anami Roy	Sitting fees	0.05	-	0.06	-
	Commission	0.10	(0.10)	0.12	(0.12)
Pradip shah	Sitting fees	0.13	-	-	-
	Commission	0.26	(0.26)	-	-
Nareshkumar Patni	Sitting fees	0.05	-	0.05	-
Yogesh J Shah	Sitting fees	0.06	-	0.05	-
Sadashiv S Survase	Sitting fees	-	-	*	-
Vrushali Agashe	Sitting fees	-	-	*	-
Abhinandan More	Sitting fees	-	-	0.01	-
Vishwanath L Rajale	Sitting fees	-	-	*	-
Sanjay Deogankar	Sitting fees	-	-	*	-
Anish P Amin	Sitting fees	0.03	-	0.03	-
V Rajagopalan	Sitting fees	0.03	-	0.02	-
Lila Poonawalla	Sitting fees	0.06	-	0.03	-

\* Amount is below the rounding off norms adopted by the Group

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under para 9 of Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Group.

### 40 Employee benefit plans

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

#### Funded schemes

The Group provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Group is greater of the provisions of the Payment of Gratuity Act, 1972 and the Group's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Group makes contributions to approved gratuity fund.

(₹ In Crore)

Particulars	As at 31 March	
	2021	2020
<b>Amount recognised in Balance Sheet</b>		
Present value of funded defined benefit obligation	11.18	11.83
Fair value of plan assets	11.14	11.20
Net assets in case of MSL	0.26	0.17
<b>Net funded obligation of BHIL</b>	<b>0.30</b>	<b>0.80</b>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**40 Employee benefit plans (Contd.)****Funded schemes (Contd.)**

(₹ In Crore)

As at 31 March

Particulars	2021	2020
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	1.10	0.81
Interest on net defined benefit liability/(asset)	0.02	0.02
<b>Total expense charged to Statement of Profit and Loss</b>	<b>1.12</b>	<b>0.83</b>
<b>Amount recorded as Other Comprehensive Income</b>		
Opening amount recognised in OCI outside Statement of Profit and Loss	2.66	0.85
Amount acquired on account of business combination	-	0.43
Remeasurements during the period due to		
Changes in financial assumptions	(0.03)	0.62
Experience adjustments	(0.86)	0.82
Actual return on plan assets less interest on plan assets	0.12	(0.06)
<b>Closing amount recognised in OCI outside Statement of Profit and Loss</b>	<b>1.89</b>	<b>2.66</b>
<b>Reconciliation of net liability/(asset)</b>		
Opening net defined benefit liability/(asset)	0.62	1.12
Amount acquired on account of business combination	-	(0.48)
Expense charged to Statement of Profit and Loss	1.12	0.83
Amount recognised outside Statement of Profit and Loss	(0.77)	1.38
Employer contributions	(0.93)	(2.23)
<b>Closing net defined benefit liability/(asset)</b>	<b>0.04</b>	<b>0.62</b>
<b>Movement in benefit obligation</b>		
Opening of defined benefit obligation	11.83	5.06
Amount acquired on account of business combination	-	4.22
Current service cost	1.10	0.81
Interest on defined benefit obligation	0.76	0.68
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	(0.03)	0.62
Actuarial loss/(gain) arising on account of experience changes	(0.86)	0.81
Benefits paid	(0.65)	(0.83)
Liabilities assumed/(settled) *	(0.97)	0.46
<b>Closing of defined benefit obligation</b>	<b>11.18</b>	<b>11.83</b>

\* On account of business combination or inter group transfer

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

**40 Employee benefit plans** (Contd.)**Funded schemes** (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
<b>Movement in plan assets</b>		
Opening fair value of plan assets	11.20	3.94
Amount acquired on account of business combination	-	4.70
Employer contributions	0.93	2.20
Interest on plan assets	0.75	0.66
Administration expenses	-	-
Remeasurements due to		
Actual return on plan assets less interest on plan assets	(0.12)	0.08
Benefits paid	(0.65)	(0.84)
Assets acquired/(settled) *	(0.97)	0.46
<b>Closing fair value of plan assets</b>	<b>11.14</b>	<b>11.20</b>
* On account of business combination or inter group transfer		
<b>Disaggregation of assets</b>		
<b>Category of assets</b>		
Insurer managed funds	11.14	11.20
Others	-	-
<b>Grand Total</b>	<b>11.14</b>	<b>11.20</b>

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 40 Employee benefit plans (Contd.)

### Funded schemes (Contd.)

#### Funding arrangement and policy

The money contributed by the Group to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Group to fully pre fund the liability of the plan. The Group's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to fund under the plan next year is ₹ 0.92 crore

#### Principal Actuarial Assumptions (Expressed as Weighted Averages)

Particulars	As at 31 March	
	2021	2020
<b>Discount rate (p.a.)</b>		
Bajaj Holdings & Investment Ltd.	6.80%	6.80%
Maharashtra Scooters Ltd.	6.60%	6.40%
<b>Salary escalation rate (p.a.)</b>		
Bajaj Holdings & Investment Ltd.	10.00%	10.00%
Maharashtra Scooters Ltd.	6.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Notes to consolidated financial statements for the year ended 31 March 2021 (Contd.)

## 40 Employee benefit plans (Contd.)

### Unfunded Schemes

(₹ In Crore)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Compensated Absences	Long-term incentive plan	Compensated Absences	Long-term incentive plan
Present value of unfunded obligations	1.60	5.20	1.70	4.39
Expense recognised in the Statement of Profit and Loss	1.02	2.45	1.05	1.82
Amount recorded as Other Comprehensive Income	-	-	-	-
Discount rate (p.a.)	6.60% ~ 6.80%	6.80%	6.40% ~ 6.80%	6.80%
Salary escalation rate (p.a.)	6.00% ~ 10.00%	10.00%	6.00% ~ 10.00%	N.A

### Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	As at 31 March	
	2021	2020
<b>Defined contribution plans</b>		
Provident fund paid to Government authorities	1.68	1.63
Superannuation paid to trust	0.72	0.72
Pension fund paid to Government authorities	0.02	0.02
<b>Defined benefit plans</b>		
Gratuity	1.12	0.83
Others	0.02	0.01
<b>Total</b>	<b>3.56</b>	<b>3.21</b>

## 41 Miscellaneous

Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

As per our report of even date

On behalf of the Board of Directors

For S R B C & CO LLP

ICAI Firm Registration Number: 324982E/E300003

Chartered Accountants

per Paul Alvares

Partner

Membership Number: 105754

Anant Marathe  
Chief Financial Officer

Sanjiv Bajaj  
Managing Director & CEO

Pune: 29 April 2021

Sriram Subbramaniam  
Company Secretary

Madhur Bajaj  
Director

## Salient features of the financial statements of subsidiaries for the year ended 31 March 2021

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries is given below

### Part A : Subsidiaries

Particulars	(₹ In Crore)	
	Bajaj Auto Holdings Ltd.	Maharashtra Scooters Ltd.
a The date since when subsidiary was acquired	26 February 1979	17 June 2019
b Reporting period for the subsidiary	1 April 2020 to 31 March 2021	1 April 2020 to 31 March 2021
c Paid-up share capital	0.25	11.43
d Reserves and surplus	48.89	16,232.14
e Total assets	50.23	17,279.90
f Total liabilities	50.23	17,279.90
g Investments	48.22	17,189.16
h Turnover	1.22	30.71
i Profit before tax	1.20	9.04
j Provision for tax	0.04	0.23
k Profit after tax	1.16	8.81
l Proposed Dividend	0%	500.00%
m % of shareholding	100.00%	51.00%

### Part B : Associates

Particulars	(₹ In Crore)	
	Bajaj Auto Ltd. (Associate)	Bajaj Finserv Ltd. (Associate)
a Date on which the associate or a joint venture was associated or acquired	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)	20 February 2008 (being the effective date of demerger of erstwhile Bajaj Auto Ltd.)
b Latest audited balance sheet date	31 March 2021	31 March 2021
c Shares of associate/joint venture held by the Company and its subsidiary on the year end		
- Number	96,727,050	62,523,219
- Amount of investment in associate/joint venture	1,929.79	769.97
- Extent of holding %	32.62%	41.63%
d Description of how there is significant influence	By way of shareholding	By way of shareholding
e Reason why associate/joint venture is not consolidated	N.A.	N.A.
f Networth attributable to shareholding as per latest audited Balance Sheet *	8,885.61	14,916.20
g Profit/(loss) for the year		
Considered in consolidation *	4,857.02	4,470.46
Not considered in consolidation	-	-

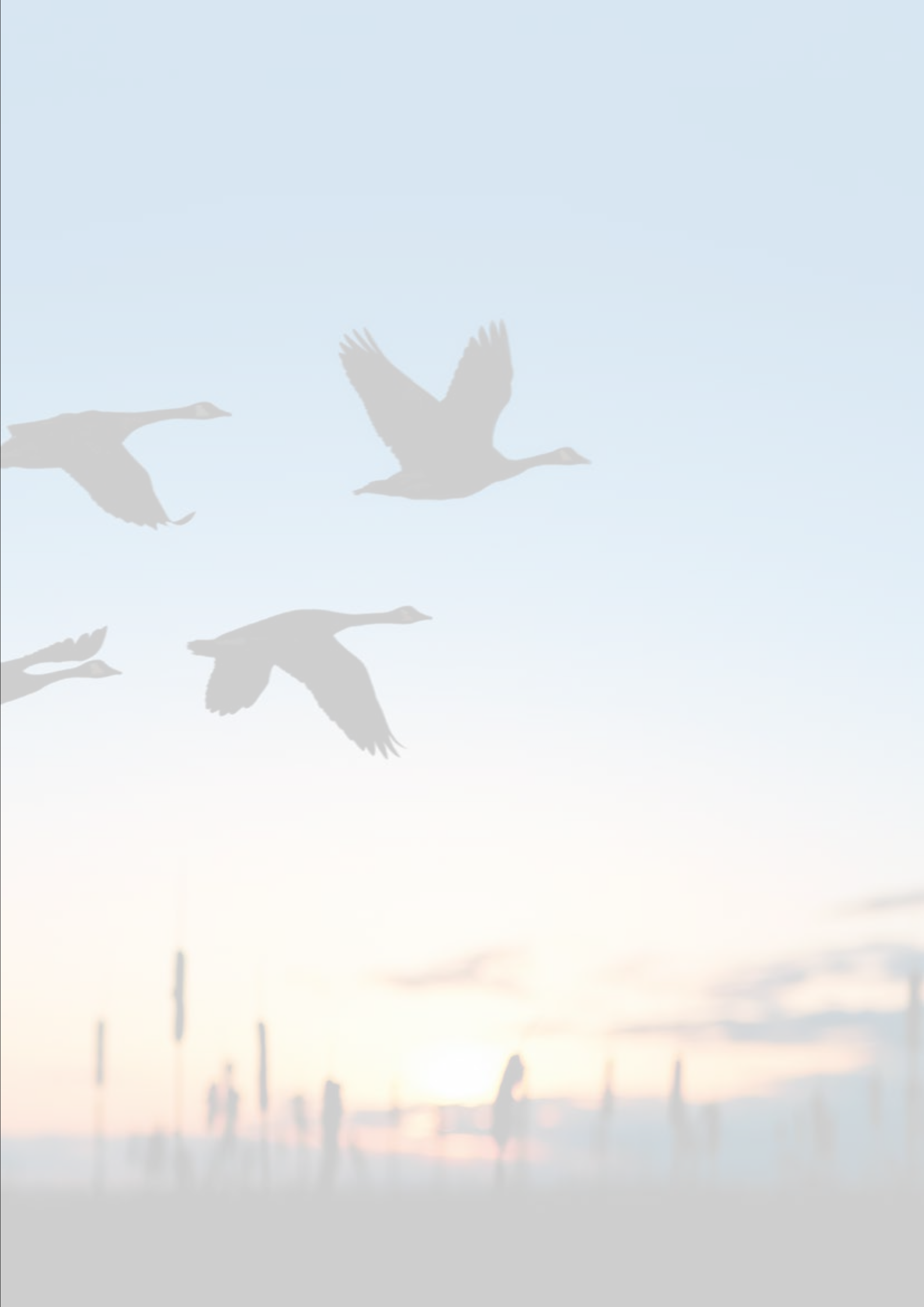
\*after inter-company eliminations

On behalf of the Board of Directors

Anant Marathe  
Chief Financial OfficerSanjiv Bajaj  
Managing Director & CEOSriram Subbramaniam  
Company SecretaryMadhur Bajaj  
Director

Pune: 29 April 2021





If there is one thing we've learnt in the last year, it's that we can only beat this current reality, **together.**

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Adaptability



Hope



Gratitude



Optimism



Kindness



Conscientiousness

# BAJAJ

**BAJAJ HOLDINGS & INVESTMENT LIMITED**

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