BAJAJ HOLDINGS & INVESTMENT LIMITED

75th ANNUAL REPORT 2019-20

BAJAJ HOLDINGS & INVESTMENT LIMITED

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CORPORATE INFORMATION

Board of Directors

Niraj Bajaj
Chairman

Sanjiv Bajaj
Managing Director & CEO

Madhur Bajaj

Rajiv Bajaj

D J Balaji Rao

Nanoo Pamnani
(up to 22 February 2020)

Manish Kejriwal

Dr. Gita Piramal

Dr. Naushad Forbes

Anami N Roy

Pradip P Shah
(from 25 March 2020)

Chairman Emeritus

Rahul Bajaj

Audit Committee

Pradip P Shah
Chairman

Manish Kejriwal

Dr. Naushad Forbes

Dr. Gita Piramal

Stakeholders' Relationship Committee

Dr. Gita Piramal
Chairperson

Manish Kejriwal

Dr. Naushad Forbes

Nomination & Remuneration Committee

Dr. Gita Piramal
Chairperson

D J Balaji Rao

Niraj Bajaj

Corporate Social Responsibility Committee

Sanjiv Bajaj
Chairman

Dr. Naushad Forbes

Anami N Roy

Risk Management Committee

Pradip P Shah
Chairman

Sanjiv Bajaj

Anish Amin

Duplicate Share Certificate Issuance Committee

Niraj Bajaj
Chairman

Sanjiv Bajaj

Rajiv Bajaj

CFO

Anant Marathe

Company Secretary

Sriram Subbramaniam

Auditors

S R B C & CO LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

Citibank N A
HDFC Bank

Registered under the Companies Act, 1913

Registered Office

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

CIN: L65993PN1945PLC004656

Niraj Bajaj
Chairman

Sanjiv Bajaj
Managing Director & CEO

Anant Marathe
CFO

DIRECTORS' REPORT

The Directors' present their Seventy Fifth Annual Report and Audited Financial Statements for the year ended 31 March 2020.

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:

(₹ In Crore)

Particulars	FY2020	FY2019
Total income	2,205.86	998.27
Total expenses	157.77	88.63
Profit before tax	2,048.09	909.64
Tax expense	221.22	121.45
Profit for the year	**1,826.87**	**788.19**
Earnings per share (in ₹)	164.1	70.8

Closing balances in reserve/other equity

(₹ In Crore)

Particulars	FY2020	FY2019
Reserve fund in terms of section 45-IC(1) of Reserve Bank of India Act, 1934	2,107.34	1,741.97
Securities premium	444.42	444.42
General reserve	3,706.96	3,706.96
Retained earnings	3,198.67	2,543.02
Other reserves - Equity instruments through other comprehensive income	1,089.11	2,441.76
Other reserves - Debt instruments through other comprehensive income	34.63	-
Other reserves - Hedge instruments through other comprehensive income	0.07	-
Total	**10,581.20**	**10,878.13**

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:

(₹ In Crore)

Particulars	FY2020	FY2019
Total Income	435.69	431.35
Share of profits of associates and joint venture	3,057.81	2,827.33
Profit before tax	3,313.67	3,170.02
Profit for the year	**2,992.00**	**3,048.38**
Earnings per share (in ₹)	268.8	273.9

Dividend

Pursuant to the provisions of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (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 shareholders.

As a green initiative, the policy has been uploaded on the website of the Company and can be accessed at http://www.bhil.in/inv/codes_policies.html A copy of the policy will be made available to any shareholder on request, by email.

The Board of Directors, at its meeting held on 21 February 2020, declared an interim dividend of ₹ 40/- per equity share (400%) of face value of ₹ 10/-, payable to shareholders holding shares as on 4 March 2020. The amount of interim dividend and tax thereon aggregate to ₹ 531 crore.

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, the above-referred interim dividend as final dividend for the financial year ended 31 March 2020.

Dividend paid for FY2019 was ₹ 32.50 per equity share (325%) of face value of ₹ 10. The amount of dividend and tax thereon aggregated to ₹ 436 crore.

Share Capital

The paid-up equity share capital as on 31 March 2020 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.

Registration as a 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.

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.

Annual Return

The extract of annual return as provided under section 92(3) of the Companies Act, 2013 ('the Act'), in the prescribed form MGT-9 is annexed to this Report and also on the Company's website at http://www.bhil.in/inv/annual_reports.html

Number of meetings of the Board

Six meetings of the Board were held during FY2020. Details of the meetings and attendance thereat form a part of the Corporate Governance Report.

Directors' responsibility statement

In compliance of section 134(5) of the Act, 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;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

Declaration by independent directors

The Independent Directors have submitted declaration of independence, as required under section 149(7) of the Act, stating that they meet the criteria of independence as provided in section 149(6) of the Act, as amended and Regulation 16 of the SEBI Listing Regulations as amended.

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

The Ministry of Corporate Affairs vide its circular dated 22 October 2019 further amended the Companies (Appointment and Qualification of Directors) Rules, 2014 by requiring an Independent Director to apply online, within 1 May 2020, to the Institute of Corporate Affairs for inclusion of his/her name in the data bank for such period till he/she continues to hold office of an independent director in any company. The Independent Directors were also required to submit a declaration of compliance in this regard. All the Independent Directors of the Company have submitted the declaration with respect to the same.

Directors' Remuneration Policy and criteria for matters under section 178

The Board, at its meeting held on 14 March 2019, has revised the sitting fees from ₹ 50,000 to ₹ 100,000 and commission from ₹ 100,000 to ₹ 200,000 payable per meeting to all non-executive directors (including independent directors) for meetings of the Board and/or Committee's attended by them from and after 1 April 2019.

The salient features and changes to 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

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 section 186 of the Act are detailed in the financial statements.

Related party transactions

No Related Party Transactions (RPTs) were entered into by the Company during the financial year 2019-20, which attracted the provisions of section 188 of the Act. There being no 'material' related party transactions as defined under regulation 23 of SEBI Listing Regulations, there are no details to be disclosed in Form AOC-2 in that regard.

During the year 2019-20, pursuant to section 177 of the Act and regulation 23 of SEBI Listing Regulations, all RPTs were placed before the Audit Committee for its approval. Pursuant to regulation 23 of SEBI Listing Regulations, the Board, at its meeting held on 14 March 2019, has revised the policy on materiality of RPTs and on dealing with RPTs inter alia by including clear threshold limits.

The said revised policy is placed on the Company's website at http://www.bhil.in/inv/codes_policies.html and is also included in this Annual 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:

- Switched from conventional lighting systems to LED lights at Mumbai location;
- 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 section 134 of the Act and Rules made thereunder.

Foreign exchange earnings and outgo

During the year under review, the total foreign exchange earned by the Company was Nil (as against ₹ 180.70 crore during the previous year).

The total foreign exchange outflow during the year under review was ₹ 36.68 crore (as against ₹ 207.23 crore during the previous year).

Risk Management Policy

Information on the development and implementation of a Risk Management Policy for the Company including identification therein of elements of risk, which in the opinion of the Board may threaten the existence of the Company, is given in the Corporate Governance Report.

Corporate Social Responsibility (CSR)

Detailed report on the Corporate Social Responsibility Policy developed and implemented by the Company on CSR initiatives taken during the year pursuant to section 135 of the Act is given in the Annual Report on CSR activities.

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.

Presentation of Financial Statements

The financial statements of the Company for the year ended 31 March 2020 have been disclosed as per Division II of Schedule III to the Act.

Indian Accounting Standards, 2015

The annexed financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Act, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Consolidated Financial Statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries, and as prepared in compliance with the Act, applicable Accounting Standards and SEBI Listing Regulations.

Subsidiary/associates

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.

With respect to the litigation between the Company and Western Maharashtra Development Corporation Ltd. (WMDC) in connection with the sale of 27% shareholding in Maharashtra Scooters Ltd. (MSL) i.e. 30,85,712 equity shares by WMDC to the Company, the Hon'ble Supreme Court of India passed an Order dated 9 January 2019, directing WMDC to transfer 30,85,712 shares held by it in MSL to the Company upon payment to WMDC an amount of ₹ 232 per share (in place of ₹ 151.63 per share awarded by the Arbitrator) along with interest @ 18% p.a. from the date of the Arbitral Award. WMDC, after receipt of amount of ₹ 222.48 crore (net of TDS) on 14 June 2019, had on 17 June 2019, transferred its 27% stake in MSL to the Company. Consequent upon the same, MSL has become a subsidiary of the Company with effect from 17 June 2019.

Directors and Key Managerial Personnel

A) Change in Directorate:

i. Cessation of Independent Director

Your Directors express their profound grief on the sudden demise of Nanoo Pamnani. He passed away on 22 February 2020 and consequently ceased to be a director of the Company. The Board places on record its sincere appreciation for guidance, services and mentorship provided by late Nanoo Pamnani as an independent director of the Company.

ii. Appointment of an Independent Director

The Board of Directors by way of a circular resolution dated 25 March 2020, appointed Pradip P Shah as Independent Director for a period of five years with effect from that date.

Necessary details regarding his appointment as required under the Act and SEBI Listing Regulations including his brief profile, are given in the notice of Annual General Meeting (AGM). The aforesaid appointment is subject to approval of shareholders at the ensuing AGM.

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

iii. Directors liable to retire by rotation

The Company in total has 10 directors - 5 independent directors, 4 non-executives non independent and 1 executive director. As per section 152 of the Act, at least two-thirds 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. Of the remaining 4 directors liable to retire by rotation, Manish Kejriwal (DIN 00040055), director, being the longest in office, retires from the Board by rotation this year and, being eligible, has offered his candidature for re-appointment.

Brief details of Manish Kejriwal, Director, who is seeking re-appointment are given in the notice of AGM.

B) Change in KMP:

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

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 Board.

Adequacy of internal financial controls with reference to the financial statements

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

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

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

Postal Ballot

During FY2020, approval of shareholders was sought for the below businesses, through a Postal Ballot. All the resolutions were passed by overwhelming majority.

Alteration of Objects Clause of Memorandum of Association

The Objects clause in the Memorandum of Association was amended by altering the existing clause III of the Objects of the Company with a new clause III with an intent to revamp the entire provisions to bring the same in line with the provisions of the Act and to make it in conformity with the current Objects of the Company.

Amendment to Articles of Association

The Articles of Association of the Company were amended in its entirety as per the form specified in Table F in Schedule I to the Act including insertion of an enabling provision for appointment of any person who has rendered significant or distinguished services to the Company or to the industry to which the Company's business relates or in the public field, as "Chairman Emeritus".

Investment limit of Foreign Portfolio Investors

The Ministry of Finance (Department of Economic Affairs), vide its notification dated 17 October 2019, superseded the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2018 with the introduction of Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

As per the said rules, the existing FPI limit with effect from 1 April 2020, will be the sectoral cap i.e. 100 per cent in case of the Company. The said limit can be changed to 24 or 49 or 74 per cent with approval of the Board and the shareholders. Accordingly, pursuant to the approval of the shareholders by means of a special resolution through a Postal Ballot, the investment limit of Foreign Portfolio Investors was fixed at 24 per cent of the paid up equity share capital of the Company. As per the said rules, the said limit can be enhanced to 49 per cent, 74 per cent or 100 per cent but cannot be reduced. For details of the shareholding of Foreign Portfolio Investors, please refer the annexed 'Extract of Annual Return'.

Approval for payment of Remuneration to Managing Director and CEO of the Company

An enabling approval was sought from the members for the financial year 2019-20 and for the remaining term of his tenure up to 31 March 2022 for remuneration payable to Sanjiv Bajaj, notwithstanding that it may exceed 2.5% or 5% of net profits as per the provisions of the Act.

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 97% as on 31 March 2020. In line with the RBI guidelines for asset liability management (ALM) system for NBFCs, the Company has an Asset Liability Management Committee, which meets yearly once to review its ALM risks and opportunities.

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

Harmonisation of different categories of NBFCs

The Reserve Bank of India vide its circular no. DNBR (PD)CC.No.097/03.10.001/2018-19 dated 22 February 2019, harmonised different categories of NBFCs into fewer ones on the basis of the principle of regulation by activity rather than regulation by entity in order to provide greater operational flexibility.

Accordingly, the three categories of NBFCs viz., Asset Finance Companies (AFCs), Loan Companies (LCs) and Investment Companies (ICs) have been merged into a new category called NBFC - Investment and Credit Company (NBFC-ICC).

The Company now is categorised as NBFC- Investment and Credit Company (NBFC-ICC).

Policy on dividend distribution

Information about the policy on dividend distribution is given in the annexed 'Corporate Governance Report'.

Statutory disclosures

- A summary of the key financials of the Company's subsidiaries and associates in Form AOC-1 is included in this Annual Report. A copy of audited financial statements for each of the Company's subsidiaries and associates will be made available to the members of the Company, seeking such information at any point of time, by e-mail.

- The audited financial statements of the said companies will be available for inspection upto the date of AGM by any member of the Company on the Company's website at www.bhil.in

- Details as required under the provisions of section 197(12) of the Companies Act, 2013, read with rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, inter alia, ratio of remuneration of directors and KMP to median remuneration of employees and percentage increase in the median remuneration are annexed to this Report.

- Details as required under the provisions of section 197(12) 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 by way of email, as per provisions of section 136(1) of the said Act.

- The directors' responsibility statement as required by section 134(5) of the Act, appears in a preceding paragraph.

- 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 reviews, cyber security arrangements and any other matter related to IT governance.

- Cash Flow Statement for FY2020 is attached to the Balance Sheet.

- The provisions of section 148 of the Act, are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under sub-section (1) of section 148 of the Act.

- 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. There was no case reported during the year under review under the said Policy.

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 the financial year 2019-20. 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 regulation 17(8) of the 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

Pursuant to the provisions of the SEBI Listing Regulations, the Company is required to give Business Responsibility Report ('BRR') in the Annual Report.

As a part of green initiative, the BRR for financial year 2019-20 has been placed on the Company's website at http://www.bhil.in/inv/annual_reports.html A copy of the BRR will be made available to any members on request, by e-mail.

Significant and material orders

During FY2020, no significant and material orders were passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

COVID-19

Towards the end of March 2020, many of the States/Union Territories across the country in view of the heightened concern over the spread of Corona Virus ('COVID-19") issued directives inter-alia, to facilitate work from home for majority of its employees. In line with the lockdown announced by the Central Government, all offices of the Company were closed from 25 March 2020 providing employees facility to "Work from Home" to ensure continuity of operations of the Company.

Secretarial Standards of ICSI

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

Auditors

Statutory auditor

Pursuant to the provisions of section 139 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 audit report for the year 2019-20 does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditor.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and Rules made thereunder, the Company has re-appointed, Shyamprasad D Limaye, Practising Company Secretary (FCS No. 1587, CP No. 572) to undertake the secretarial audit of the Company. Secretarial audit report for the financial year 2019-20 as issued by him in the prescribed form MR-3 is annexed to this Report.

The said secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer made by the secretarial auditor.

In addition to the above and pursuant to SEBI circular dated 8 February 2019, a report on secretarial compliance by Shyamprasad D Limaye for the financial year ended 31 March 2020 is being submitted to stock exchanges. There are no observations, reservations or qualifications in the said report.

Acknowledgement

The Board of Directors would like to express its gratitude and its appreciation for the support and co-operation from its members, RBI and other regulators and banks.

The Board of Directors also places on record its sincere appreciation of the commitment and hard work put in by the Management and the employees of the Company and thank them for yet another excellent year.

On behalf of the Board of Directors

Niraj Bajaj
Chairman

21 May 2020

Annual Report on CSR activities

1. Brief outline of Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.

Introduction:

The Corporate Social Responsibility (CSR) activities of Bajaj Group are guided by the vision and philosophy of its Founder, late Jamnalal Bajaj, who embodied the concept of trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

The Bajaj Group believes that the 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, taking sustainable initiatives in the areas of health, education, water, 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. It is the reason behind the smiles that light up a million faces.

Its goodwill resonates in the two simple words that live in the collective consciousness of Indians - Hamara Bajaj.

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 that good health is a prerequisite for both education and productivity.
- Encourage 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 preferably focused around locations where the Company has a presence and hence can effectively guide, monitor and implement specific projects.
- Target those who need it most: Care for sections of society, which are socially and economically 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 the environment - growth with Mother Nature's-blessings

CSR Policy:

A detailed CSR Policy was framed by the Company on 15 May 2014, with approvals of the CSR Committee and Board. The Policy, inter alia, covers the following:

- Philosophy
- Scope
- List of CSR activities
- Modalities of execution of projects/programmes
- Implementation through CSR Cell
- Monitoring assessment of projects/programmes

CSR Policy gives an overview of the projects or programmes, which would be undertaken by the Company from time to time.

The CSR Policy is placed on http://www.bhil.in/inv/pdf/csr-policy-020514-bhil.pdf

2. Composition of the CSR Committee:

A Committee of directors, titled 'Corporate Social Responsibility Committee', (CSRC) was constituted by the Board at its meeting held on 28 March 2014. However, in view of resignation of Shri Rahul Bajaj as Chairman and Non-Executive Director of the Company with effect from conclusion of the Board Meeting held on 17 May 2019 and to meet the requirements of section 135 of the Act, the Board of Directors, at its meeting held on 14 March 2019 reconstituted the CSRC with effect from 18 May 2019 as follows:

- Sanjiv Bajaj, Chairman
- Nanoo Pamnani, Member
- Dr. Naushad Forbes, Member

Further, in view of sad demise of Nanoo Pamnani, Non-Executive Independent director of the Company on 22 February 2020, and to meet the requirements of section 135 of the Act, the Board of Directors, by way of circular resolution dated 25 March 2020, reconstituted CSRC with the following members:

- Sanjiv Bajaj, Chairman
- Dr. Naushad Forbes, Member
- Anami N Roy, Member

During the year under review, the Committee met four times, on 9 May 2019, 19 August 2019, 14 October 2019 and 23 December 2019.

3. Average net profit of the Company for last three financial years prior to 2019-20: ₹ 601 crore.

4. Prescribed CSR Expenditure (2% of amount as in item No. 3): ₹ 12.02 crore.

CSR at Bajaj Holdings and Investment

FINSERV ACTIVATE

INTRODUCTION

'Society must profit from profit itself' – That was our founding father – Shri Jamnalal Bajaj's commitment and we continue to live by this commitment. Shri Jamnalal Bajaj embodied these values in our business philosophy, laying the foundation of our Group CSR activities – concentrating on giving back to society.

'Empowering the society' is at the core of our CSR program – Finserv Activate. We concentrate on three major areas – Healthcare, Education and Employability. We work closely with quality service providers and partners to provide solutions – actively and affordability.

OUR FOCUS AREAS

Healthcare

Healthcare has always been a concern in the country. From the last 4 years, we have partnered with various organizations to provide accessible and affordable to all sections of the society. We have setup grants for hospital equipment, financial support for treatments and medicines – ensuring that people, specially in remote areas get access to good quality healthcare at affordable prices.

Our focus area is 'Children' in the areas of congenital heart disease, cleft, and palate reconstruction surgeries, treatment for childhood cancers, epilepsy, Type II diabetes, vision care, etc.

Education

Access to basic education is a challenge for a strata of our society. We work with several partners to support projects like schools for children with special needs, municipal schools, night schools, and open schools for children who could not continue with their education. Through these initiatives, we hope to provide an equal opportunity for all children to access education and shape a better future for themselves.

Employability

There is always a gap in graduate employability – this is more prominent in first-generation graduates. We believe that there is vast potential in the student population India, but most of them do not get opportunities to live up to that. We run a Certificate Programme in Banking, Finance and Insurance ('CPBFI'), to enhance skills and improve knowledge to graduates in tier 2 and below locations. We have partnered with 102 colleges in 7 states to conduct CPBFI for final year graduation and post-graduation students.

5. Details of CSR spent during the financial year:

(₹ In Crore)

Particulars	
a. Total amount to be spent	12.02
b. Amount spent	12.10
c. Amount unspent, if any (a-b)	Nil
d. Manner in which the amount spent during the financial year:	As provided in enclosed Table 1

Major initiatives that continued and/or that were taken up anew by the Bajaj Group through such entities during the year under review are given in another detailed report, which is hosted on the Company's website www.bhil.in and a copy of this report will be made available to any shareholder on request by e-mail.

6. In case the Company fails to spend the 2% of the average net profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report. - Not applicable

7. Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sanjiv Bajaj
Chairman of CSR Committee,
Managing Director & CEO

Pune: 21 May 2020

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2020

(₹ In Crore)

Name/Details of the Implementing Agency	CSR Project/Activity identified	Sector in which the project is covered	Location of Project/ programme (Local area or State/ District)	Amount outlay/ Approved	Amount spent direct/ overheads During 2019-20	Cumulative Expenditure upto 2019-20
MAGIC BUS INDIA FOUNDATION	Holistic development and work readiness programs for adolescent children	Enhancing vocational skills among children	Pune and Aurangabad, Maharashtra	8.34	2.91	8.05
SOCIAL ENTREPRENEURS FOUNDATION INDIA	Find, Fund and Support Social Entrepreneurs	Rural Development	Mumbai, Maharashtra	3.50	1.57	3.47
INSTITUTE OF SOCIAL SCIENCES	Gram Swaraj – Power to the people	Education	New Delhi	1.05	0.70	0.70
MAHAN TRUST	To improve health and nutritional status of children and women	Malnutrition	Melghat, Maharashtra	3.58	0.50	1.25
GENE CAMPAIGN	Improving the food and nutrition security of rural communities	Malnutrition	Nainital and Almora, Uttara-khand	3.03	0.52	2.24
VIDYA BHAWAN SOCIETY	Support to Vidya Bhawan for upgrading infrastructure	Education	Udaipur, Rajasthan	1.76	0.59	1.50
JANKIDEVI BAJAJ GRAM VIKAS SANSTHA BAJAJ	Integrated Rural and Urban Development Project	Rural Development	Pune, Aurangabad, Wardha, Sikar and Udhamsingh nagar	1.25	1.25	1.25
Others - Through Implementing agencies, such as: - Yuva Mitra, - Seva Mandir, - Amhi Amchya Arogyasathi, etc. - Janarth Adivasi Vikas Sanstha - Vaagdhaara - Eklavya Foundation -Jnana Prabhodini - Action related to organisation of health and nutrition - Society of St. Ursula - Anusandhan Trust- Sathi -Basic Health Service	For different projects such as - To improve health and nutritional status of children and women, Low cost health care and nutrition services, Aquatic Livelihood Resource Centre, Building a hostel for tribal girls and a Teacher Training Centre, Building resilient ecosystem against malnutrition, etc. (expenditure on the above projects is below ₹ 50 lakhs)	Health and Eradicating hunger, Poverty and Malnutrition (i), Education (ii), Environmental Sustainability (iv), Rural Development Projects (x)	For different locations in Maharashtra and Rajasthan	14.51	4.06	
Total				**37.02**	**12.10**	

Extract of Annual Return (Form MGT-9)

As on the financial year ended on 31 March 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details:

Corporate Identification Number (CIN)	L65993PN1945PLC004656
Registration Date	29 November 1945
Name of the Company	Bajaj Holdings & Investment Ltd.
Category/Sub-category of the Company	Public Company/Limited by shares (NBFC)
Address of the Registered office and Contact details	Mumbai – Pune Road, Akurdi, Pune 411 035. E-mail: investors@bhil.in Tel No: (020) 6610 7150
Whether listed company	Yes (BSE and NSE)
Name, Address and Contact details of the Registrar and Transfer Agent	KFin Technologies Pvt. Ltd KFintech, Tower B, Plot 31-32, Selenium Building, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032 **Contact Persons** M S Madhusudan/Mohd. Mohsinuddin Tel No: (040) 6716 2222 Tel No: (040) 6716 1562 Fax No: (040) 2300 1153 Toll Free No: 1800 345 4001 E-mail: mohsin.mohd@kfintech.com Website:www.kfintech.com

II. Principal business activities of the Company

Sr. No.	Name and description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1.	Investment activity	6430	98.10%

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held as on 31 March 2020	Applicable section
1	Bajaj Auto Ltd.	L65993PN2007PLC130076	Associate Company	35.77	2(6)
2	Bajaj Finserv Ltd.	L65923PN2007PLC130075	Associate Company	41.63	2(6)
3	Bajaj Auto Holdings Ltd.	U65993MH1979PLC021066	Subsidiary Company	100.00	2(87)
4	Maharashtra Scooters Ltd.	L35912MH1975PLC018376	Subsidiary Company	51.00	2(87)

IV. Shareholding pattern (equity share capital breakup as percentage of total equity)

i) Category-wise shareholding

Category of shareholders	No. of Shares held at the beginning of the year as on 1 April 2019				No. of Shares held at the end of the year as on 31 March 2020				
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	% change during the year
A. Promoters									
1 Indian									
a) Individual/HUF	19,245,875	-	19,245,875	17.29	19,245,875	-	19,245,875	17.29	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	35,317,421	150	35,317,571	31.73	36,298,433	150*	36,298,583	32.62	0.88
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**54,563,296**	**150**	**54,563,446**	**49.03**	**55,544,308**	**150**	**55,544,458**	**49.91**	**0.88**
*Legal matter								-	-
								-	-
2 Foreign			-					-	-
a) NRIs-Individual	-	-	-	-	-	-	-	-	-
b) Others-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**54,563,296**	**150**	**54,563,446**	**49.03**	**55,544,308**	**150**	**55,544,458**	**49.91**	**0.88**
								–	
B. Public Shareholding								–	
1 Institutions								-	
a) Mutual Funds	981,261	425	981,686	0.88	1,174,849	425	1,175,274	1.06	0.17
b) Banks/FI	1,386,027	9,945	1,395,972	1.25	400,137	2,745	402,882	0.36	(0.89)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/FPIs	16,056,155	1,150	16,057,305	14.43	17,423,950	1,150	17,425,100	15.66	1.23
h) Foreign Venture Capital Funds	-	-	-	-				-	-
i) Others (specify)	-	-	-	-	1,118,976	-	1,118,976	1.01	1.01
Sub-Total (B)(1)	**18,423,443**	**11,520**	**18,434,963**	**16.56**	**20,117,912**	**4,320**	**20,122,232**	**18.08**	**1.52**
								-	
2 Non-Institutions								-	
a) Bodies Corp.								-	
i) Indian	11,659,568	417,915	12,077,483	10.85	10,488,754	417,790	10,906,544	9.80	(1.05)
ii) Overseas	-	75	75	0.00	-	75	75	0.00	-
b) Individuals	-	-	-	-	-	-	-	-	-

IV. Shareholding pattern (equity share capital breakup as percentage of total equity) (Contd.)

Category of shareholders	No. of Shares held at the beginning of the year as on 1 April 2019				No. of Shares held at the end of the year as on 31 March 2020				
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	% change during the year
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7,557,693	592,219	8,149,912	7.32	7,779,246	515,988	8,295,234	7.45	0.13
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,841,105	7,981,373	16,822,478	15.12	7,397,259	7,789,903	15,187,162	13.65	(1.47)
c) Others (specify)									
i) Non Resident Indians	194,912	10,115	205,027	0.18	196,486	7,715	204,201	0.18	(0.00)
ii) Clearing members	157,676	-	157,676	0.14	76,555	-	76,555	0.07	(0.07)
iii) Trusts	351,009	-	351,009	0.32	347,725	-	347,725	0.31	(0.00)
iv) NRI – Non-Repat	489,220	-	489,220	0.44	516,264	-	516,264	0.46	0.02
v) Foreign Nationals	190	-	190	0.00	190	-	190	0.00	-
vi) Foreign Bodies – DR	2,333	-	2,333	0.00	1,633	-	1,633	0.00	(0.00)
vii) NBFC Registered with RBI	-	-	-	-	-	-	-	-	-
viii) IEPF	39,698	-	39,698	0.04	91,237	-	91,237	0.08	0.05
Sub-Total (B)(2)	**29,293,404**	**9,001,697**	**38,295,101**	**34.41**	**26,895,349**	**8,731,471**	**35,626,820**	**32.01**	**(2.40)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**47,716,847**	**9,013,217**	**56,730,064**	**50.97**	**47,013,261**	**8,735,791**	**55,749,052**	**50.09**	**(0.88)**
C. Shares held by Custodian for GDRs and ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**102,280,143**	**9,013,367**	**111,293,510**	**100.00**	**102,557,569**	**8,735,941**	**111,293,510**	**100.00**	**-**

ii) Shareholding of promoters and promoter group

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 1 April 2019			Shareholding at the end of the year as on 31 March 2020			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Late Anant Bajaj*	1,000	0.00	-	1,000	0.00	-	0.00
2	Deepa Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
3	Geetika Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
4	Kiran Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
5	Kriti Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
6	Kumud Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
7	Madhur Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
8	Minal Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
9	Neelima Bajaj Swamy	1,000	0.00	-	1,000	0.00	-	0.00
10	Nimisha Jaipuria	1,000	0.00	-	1,000	0.00	-	0.00
11	Niraj Bajaj	5,380,692	4.83	-	5,380,692	4.83	-	0.00
12	Niravnayan Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
13	Rahulkumar Bajaj	8,161,371	7.33	-	8,161,371	7.33	-	0.00
14	Rajivnayan Bajaj	2,000	0.00	-	2,000	0.00	-	0.00
15	Rishabnayan Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
16	Sanjali Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
17	Sanjivnayan Bajaj	4,000	0.00	-	4,000	0.00	-	0.00
18	Shefali Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
19	Shekhar Bajaj	5,158,208	4.63	-	5,158,208	4.63	-	0.00
20	Siddhantnayan Bajaj	1,000	0.00	-	1,000	0.00	-	0.00
21	Suman Jain	523,504	0.47	-	523,504	0.47	-	0.00
22	Sunaina Kejriwal	1,100	0.00	-	1,100	0.00	-	0.00
23	Bajaj Auto Ltd.	2,910,050	2.61	-	3,500,000	3.14	-	0.53
24	Bachhraj And Company Pvt. Ltd.	3,103,828	2.79	-	3,103,828	2.79	-	0.00
25	Bachhraj Factories Pvt. Ltd.	1,302,311	1.17	-	1,302,311	1.17	-	0.00
26	Bajaj Finance Ltd.	75	0.00	-	75	0.00	-	0.00
27	Bajaj Sevashram Pvt. Ltd.	3,567,219	3.21	-	3,652,619	3.28	-	0.08
28	Baroda Industries Pvt. Ltd.	1,098,440	0.99	-	1,098,440	0.99	-	0.00
29	Hercules Hoists Ltd.	286,094	0.26	-	286,094	0.26	-	0.00
30	The Hindustan Housing Company Ltd.	15,391	0.01	-	15,391	0.01	-	0.00
31	Jamnalal Sons Pvt. Ltd.	19,517,715	17.54	-	19,823,377	17.81	-	0.27
32	Kamalnayan Investment and Trading Pvt. Ltd.	91,600	0.08	-	91,600	0.08	-	0.00
33	Madhur Securities Pvt. Ltd.	73,810	0.07	-	73,810	0.07	-	0.00
34	Niraj Holdings Pvt. Ltd.	47,200	0.04	-	47,200	0.04	-	0.00
35	Rahul Securities Pvt. Ltd.	178,910	0.16	-	178,910	0.16	-	0.00
36	Rupa Equities Pvt. Ltd.	201,000	0.18	-	201,000	0.18	-	0.00
37	Sanraj Nayan Investments Pvt. Ltd.	2,860,318	2.57	-	2,860,318	2.57	-	0.00
38	Shekhar Holdings Pvt. Ltd.	63,460	0.06	-	63,460	0.06	-	0.00
39	Shishir Holdings Pvt. Ltd.	150	0.00		150	0.00		0.00
	Total	**54,563,446**	**49.03**	**-**	**55,544,458**	**49.91**	**-**	**0.88**

(1) Shares held by individuals include shares held in different capacities.
* Anant Bajaj, part of the promoter group expired on 10 August 2018. 1000 shares held by him are in the process of transmission.

iii) Change in promoters' and promoter group shareholding

Sr. No.	Name of the promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year 1 April 2019	**54,563,446**	**49.03**		
	Date-wise Increase/(decrease)				
1	**Jamnalal Sons Pvt. Ltd.**				
	16/03/2020 - Market Purchase	86,804	0.08	54,650,250	49.10
	18/03/2020 - Market Purchase	48,858	0.04	54,699,108	49.15
	20/03/2020 - Market Purchase	170,000	0.15	54,869,108	49.30
2	**Bajaj Sevashram Pvt. Ltd.**				
	13/03/2020 - Market Purchase	85,400	0.08	54,954,508	49.38
3	**Bajaj Auto Ltd.**				
	04/04/2019 - Market Purchase	281,679	0.25	55,236,187	49.63
	23/05/2019 - Market Purchase	22,485	0.02	55,258,672	49.65
	31/05/2019 - Market Purchase	271,995	0.24	55,530,667	49.90
	07/06/2019 - Market Purchase	13,791	0.01	55,544,458	49.91
	At the end of the year 31 March 2020			**55,544,458**	**49.91**

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs)

Sr. No.	Particulars	Shareholding at the beginning of the year (1 April 2019)		Cumulative shareholding during the year (31 March 2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Jaya Hind Industries Ltd.**				
	At the beginning of the year 1 April 2019	5,905,301	5.31		
	Date-wise Increase/(decrease)				
	09/08/2019	100	0.00	5,905,401	5.31
	At the end of the year 31 March 2020			5,905,401	5.31
2	**Maharashtra Scooters Ltd.**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2020	3,387,036	3.04	3,387,036	3.04

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Particulars	Shareholding at the beginning of the year (1 April 2019)		Cumulative shareholding during the year (31 March 2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	**Franklin Templeton Investment Funds**				
	At the beginning of the year 1 April 2019	3,361,796	3.02		
	Date-wise Increase/(decrease)				
	05/04/2019	(93)	(0.00)	3,361,703	3.02
	14/06/2019	(2,203)	(0.00)	3,359,500	3.02
	05/07/2019	(45,700)	(0.04)	3,313,800	2.98
	12/07/2019	(2,706)	(0.00)	3,311,094	2.98
	02/08/2019	(37,768)	(0.03)	3,273,326	2.94
	09/08/2019	(3,481)	(0.00)	3,269,845	2.94
	16/08/2019	(2,263)	(0.00)	3,267,582	2.94
	20/09/2019	(15,800)	(0.01)	3,251,782	2.92
	27/09/2019	(82,549)	(0.07)	3,169,233	2.85
	04/10/2019	(3,369)	(0.00)	3,165,864	2.84
	11/10/2019	(198,627)	(0.18)	2,967,237	2.67
	15/11/2019	(10,500)	(0.01)	2,956,737	2.66
	06/12/2019	(16,443)	(0.01)	2,940,294	2.64
	10/01/2020	(21,000)	(0.02)	2,919,294	2.62
	17/01/2020	(2,257)	(0.00)	2,917,037	2.62
	31/01/2020	(3,615)	(0.00)	2,913,422	2.62
	07/02/2020	(175,874)	(0.16)	2,737,548	2.46
	14/02/2020	(67,399)	(0.06)	2,670,149	2.40
	13/03/2020	1,763	0.00	2,671,912	2.40
	27/03/2020	2,100	0.00	2,674,012	2.40
	Attheendoftheyear 31March2020			2,674,012	2.40
4	**Niraj Bajaj (As trustee of Yamuna Trust)**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2020	1,829,958	1.64	1,829,958	1.64

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Particulars	Shareholding at the beginning of the year (1 April 2019)		Cumulative shareholding during the year (31 March 2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	**Acacia Partners, LP**				
	At the beginning of the year 1 April 2019	1,777,498	1.60		
	Date-wise Increase/(decrease)				
	21/02/2020	156,407	0.14	1,933,905	1.74
	28/02/2020	26,095	0.02	1,960,000	1.76
	20/03/2020	134,702	0.12	2,094,702	1.88
	27/03/2020	54,487	0.05	2,149,189	1.93
	At the end of the year 31 March 2020			2,149,189	1.93
6	**Acacia Banyan Partners**				
	At the beginning of the year 1 April 2019	855,495	0.77		
	Date-wise Increase/(decrease)				
	07/02/2020	398,199	0.36	1,253,694	1.13
	14/02/2020	6,306	0.01	1,260,000	1.13
	20/03/2020	86,595	0.08	1,346,595	1.21
	27/03/2020	35,027	0.03	1,381,622	1.24
	At the end of the year 31 March 2020			1,381,622	1.24
7	**Acacia Conservation Fund LP**				
	At the beginning of the year 1 April 2019	1,300,000	1.17		
	Date-wise Increase/(decrease)				
	27/09/2019	57,406	0.05	1,357,406	1.22
	11/10/2019	150,000	0.13	1,507,406	1.35
	At the end of the year 31 March 2020			1,507,406	1.35

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Particulars	Shareholding at the beginning of the year (1 April 2019)		Cumulative shareholding during the year (31 March 2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8	**Acacia Institutional Partners, LP**				
	At the beginning of the year 1 April 2019	1,200,000	1.08		
	Date-wise Increase/(decrease)				
	27/09/2019	38,270	0.03	1,238,270	1.11
	11/10/2019	161,500	0.15	1,399,770	1.26
	07/02/2020	398,198	0.36	1,797,968	1.62
	14/02/2020	16,794	0.02	1,814,762	1.63
	21/02/2020	5,238	0.00	1,820,000	1.64
	20/03/2020	125,082	0.11	1,945,082	1.75
	27/03/2020	50,594	0.05	1,995,676	1.79
	At the end of the year 31 March 2020			1,995,676	1.79
9	**Niraj Bajaj (As trustee of Narmada Trust)**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2020	1,092,075	0.98	1,092,075	0.98
10	**Abhaykumar Navalmal Firodia**				
	At the beginning of the year 1 April 2019	1,032,359	0.93		
	Date-wise Increase/(decrease)				
	03/01/2020	38,577	0.03	1,070,936	0.96
	03/01/2020	(38,577)	(0.03)	1,032,359	0.93
	17/01/2020	75,000	0.07	1,107,359	0.99
	17/01/2020	(75,000)	(0.07)	1,032,359	0.93
	At the end of the year 31 March 2020			1,032,359	0.93

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Niraj Bajaj**				
	At the beginning of the year and at the end of the year - No change during the year ended 31 March 2020	5,380,692	4.83	5,380,692	4.83
2	**Sanjiv Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2020	4,000	0.00	4,000	0.00
3	**Rajiv Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2020	2,000	0.00	2,000	0.00
4	**Madhur Bajaj**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2020	1,000	0.00	1,000	0.00
5	**Manish Kejriwal**				
	At the beginning of the year and at the end of the year-No change during the year ended 31 March 2020	100	0.00	100	0.00
6	**Anant Marathe**				
	At the beginning of the year	0	0.00		
	Date-wise Increase/(decrease)				
	20/03/2020	100	0.00		
	At the end of the year 31 March 2020	100	0.00	100	0.00

Note: (1) Above shareholding includes shares held in different capacities.
(2) Shareholding of other Directors-Nil
(3) Sriram Subbramaniam (Company Secretary) does not hold any shares in the Company.

V. Indebtedness

Indebtedness of the Company including outstanding/accrued but not due for payment

As on 31 March 2020, indebtedness of the company including interest outstanding/accrued, but not due for payment is Nil.

VI. Remuneration of the directors and key managerial personnel

A. Remuneration to Managing Director (MD), Whole-time Directors and/or Manager

(In ₹)

Sr. No.	Particulars of remuneration	Sanjiv Bajaj (MD and CEO)	Total amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	51,845,769	51,845,769
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	7,286,635	7,286,635
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0
2	Stock Options	0	0
3	Sweat Equity	0	0
4	Commission		
	- as % of profit	0	0
	- others (thrice the annual basic salary)	131,175,000	131,175,000
5	Others - contribution to Provident Fund etc.	9,699,900	9,699,900
	TOTAL (A)	200,007,304	**200,007,304**
	Ceiling as per the Act		**1,035,800,000**

Notes: Salary and perquisites include all elements of remuneration i.e. salary, allowances and benefits. No bonus, pension and performance linked incentive is paid to any of the directors. The Company has not issued any stock options to any of the directors. The term of Managing Director does not exceed five years.

Appointment of Managing Director is governed by a service contract for a period of five years and notice period is of ninety days and is in compliance with the applicable provisions of the Companies Act, 2013.

B. Remuneration to other directors

1. Independent Directors

(In ₹)

Particulars of remuneration	D J Balaji Rao	Nanoo Pamnani*	Anami Roy	Dr. Gita Piramal	Dr. Naushad Forbes	Total amount
i. Fee for attending Board/ Committee Meetings	1,100,000	1,200,000	600,000	800,000	800,000	4,500,000
ii. Commission	2,200,000	11,400,000	1,200,000	1,600,000	1,600,000	18,000,000
iii. Other	-	-	-	-		-
TOTAL (B)(1)	**3,300,000**	**12,600,000**	**1,800,000**	**2,400,000**	**2,400,000**	**22,500,000**

*As approved by the Board, Nanoo Pamnani will be paid an additional commission of ₹ 90 lakh, for certain additional services rendered by him during the year, at the request of the Management.

2. Other Non-executive Directors

(In ₹)

Particulars of remuneration	Rahul Bajaj	Niraj Bajaj	Madhur Bajaj	Rajiv Bajaj	Manish Kejriwal	Total
i. Fee for attending Board/Committee Meetings	200,000	500,000	400,000	600,000	500,000	2,200,000
ii. Commission	400,000	1,000,000	800,000	1,200,000	1,000,000	4,400,000
iii. Other	-		-	-	-	-
TOTAL (B)(2)	**600,000**	**1,500,000**	**1,200,000**	**1,800,000**	**1,500,000**	**6,600,000**
TOTAL (B)(1) + (B)(2)						**29,100,000**
Total Managerial Remuneration						**229,107,304**
Overall ceiling as per the Act*						**1,243,000,000**

* Overall ceiling as per the Act is not applicable to sitting fees paid to non-executive directors.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(In ₹)

		Company Secretary	Chief Financial Officer	
		Sriram Subbramaniam	Anant Marathe	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,412,486	10,273,347	13,685,833
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	50,004	50,004	100,008
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others	-	-	-
5	Others - contribution to Provident Fund etc.	197,449	615,402	812,851
	TOTAL (C)	**3,659,939**	**10,938,753**	**14,598,692**

VII. Penalties/Punishment/Compounding of offences:

During the year 2019-20, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Remuneration Details under rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), for the year ended 31 March 2020

Name of Director/KMP	Ratio of remuneration of director to median remuneration of employees	% increase in the financial year
(A) Managing Director		
Sanjiv Bajaj - Managing Director	54.65	4.53
(B) Non-Executive directors[1]		
Rahul Bajaj*	N.A.	N.A.
Niraj Bajaj**	0.27	N.A.
Madhur Bajaj	0.22	33.33
Rajiv Bajaj	0.33	100
D J Balaji Rao	0.60	83.33
Nanoo Pamnani[2]	3.11	8.57
Manish Kejriwal	0.27	11.11
Dr. Gita Piramal	0.44	77.77
Dr. Naushad Forbes	0.44	77.77
Anami N Roy#	0.33	Nil
Pradip P Shah##	N.A.	N.A.
(c) Key Managerial Personnel		
Sanjiv Bajaj, Managing Director	54.65	4.53
Anant Marathe, CFO	2.99	33.13
Sriram Subbramaniam, CS &&	1.00	N.A.
(D) Remuneration of Median employee (other than whole-time directors)	3,659,940	42.57
(E) Permanent employees of the Company as on 31 March 2020[3]: 17		

1) a) Remuneration payable to non-executive directors is based on the number of meetings of the Board and its Committees attended by them as members during the year.
   b) Remuneration to directors does not include sitting fees paid to them for attending Board/Committee meetings. "
   *Resigned as a Non-executive Director w.e.f.17 May 2019
   **Appointed as a Non-executive Director w.e.f. 18 May 2019
   #Appointed as an Independent Director w.e.f. 1 April 2019
   ##Appointed as an Independent Director w.e.f. 25 March 2020
   &&Transferred to the roles of the Company from BFL w.e.f. 1 October 2018 and hence not comparable
2) As approved by the Board, Nanoo Pamnani is being paid an additional commission of ₹ 90 Lakh, for certain additional services rendered by him during the year, at the request of the Management.
3) The term 'Permanent employees' does not include trainees, probationers and contract employees.

Notes on Disclosures under Rule 5

1) During the year 2019-20, the remuneration of median employee other than whole-time directors increased by 42.57% over the previous year.
2) Increase in the remuneration of the Managing Director, which was 4.53% 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 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, 2020.

To the Members,
Bajaj Holdings & Investment Ltd.
(CIN: L65993PN1945PLC004646)
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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March 2020, 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 2020, according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(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, as amended.

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, as amended

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

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

During the year on 17/06/2019 the Company has acquired 3,085,712 equity shares of ₹ 10 each of Maharashtra Scooters Ltd. from Western Maharashtra Development Corporation Ltd., pursuant to Order of Hon'ble Supreme Court of India dated 09/01/2019. With such acquisition the Company has become Holding Company of Maharashtra Scooters Ltd.

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

Shyamprasad D. Limaye
UDIN: F001587B000263871
F.C.S. 1587 C.P. 572

Pune: 21 May 2020

Independent Auditors' 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.
Bajaj Auto Ltd. Complex
Mumbai Pune Road Akrudi
Pune, Maharashtra 411035

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 2020 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 judgment, 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 March 31, 2020 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 April 01, 2019 and March 31, 2020:
   (a) Board of Directors meetings;
   (b) Audit Committee meetings;
   (c) Annual General meeting;
   (d) Nomination and Remuneration Committee meeting;
   (e) Stakeholders Relationship Committee meeting;
   (f) Risk Management Committee meeting;
   (g) Duplicate Share Certificate Issuance Committee meeting;

v. Obtained and read the draft minutes of the following committee meeting held on 21 May 2020 for the year ended March 31, 2020:
   (a) Independent Directors meeting in compliance with MCA General circular No. 11/2020 dated March 24, 2020;

vi. Obtained necessary declarations from the directors of the Company.

vii. Obtained and read the policy adopted by the Company for related party transactions.

viii. Obtained the schedule of related party transactions during the year and balances at the year end. Obtained and read the minutes of the Audit Committee meeting where in such related party transactions have been pre-approved prior by the Audit Committee.

ix. 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 March 31, 2020, 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 and CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 19089802AAAAAH7947

Pune: 21 May 2020

Declaration by Chief Executive Officer (Md)

[Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

To,

The Board of Directors
Bajaj Holdings and Investment Ltd.

I, Sanjiv Bajaj, Managing Director & CEO of Bajaj Holdings & Investment Limited hereby declare that all the board members and senior managerial personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended 31 March 2020.

Sanjiv Bajaj
Managing Director & CEO

Pune: 14 May 2020

Certificate by practising company secretary

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

In the matter of Bajaj Holdings & Investment Ltd. (CIN: L65993PN1945PLC004656) 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 01/04/2019 to 31/03/2020) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No	Name of Director	DIN	Designation
1	Nirajkumar Ramkrishnaji Bajaj	00028261	Chairman And Non-Executive Director
2	Sanjivnayan Rahulkumar Bajaj	00014615	Managing Director and CEO
3	Madhurkumar Ramkrishnaji Bajaj	00014593	Non-Executive Director
4	Rajivnayan Rahulkumar Bajaj	00018262	Non-Executive Director
5	Manish Santoshkumar Kejriwal	00040055	Non-Executive Director
6	Balaji Rao Jagannathrao Doveton	00025254	Independent Director
7	Dr Gita Piramal	01080602	Independent Director
8	Dr Naushad Darius Forbes	00630825	Independent Director
9	Anami Narayan Prema Roy	01361110	Independent Director
10	Pradip Shah	00066242	Independent Director

Note: Nanoo Gobindram Pamnani, Independent Director ceased to be director on 22 February 2020 on account of death.

Pune: 21 May 2020

Shyamprasad D. Limaye
UDIN : F001587B000263904
FCS. 1587 C.P.No. 572

MANAGEMENT DISCUSSION AND ANALYSIS

Background

Bajaj Holdings & Investment Ltd. ('BHIL' or 'the Company') 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 ₹ 151,662 crore as on 31 March 2020 compared to just ₹ 24,542 crore as on 31 March 2007 of erstwhile Bajaj Auto Ltd. – an increase to over six times in thirteen years. The combined annualised return of three companies post demerger is 15.0% compared to 6.5% of Sensex for the corresponding period.

BHIL remains essentially a holding and investment company.

As on 31 March 2020, the Company and its subsidiaries, held

- strategic stakes of 35.77% in Bajaj Auto Ltd.(BAL), 41.63% in Bajaj Finserv Ltd. (BFS) and 51% in Maharashtra Scooters Ltd.(MSL), the results of which it consolidates and
- other investments and investment in properties of ₹ 7,148 crore at market value.

The market value of the above portfolio stood at ₹ 57,062 crore as compared to cost of ₹ 9,390 crore as on 31 March 2020.

Consequent upon the acquisition of 27% stake of MSL from WMDC, BHIL holds 51% of the share capital in MSL. MSL has hence become a subsidiary of BHIL with effect from 17 June 2019. This has been elaborated later.

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

As required by regulation, the standalone and consolidated financial results of BHIL for FY2020 are compliant with Indian Accounting Standards (Ind AS) and the previous period figures are comparable.

Economy and markets

FY2020 was a volatile year for global markets. The year began with a trade and tariff war between US and China. In December 2019, they came to an agreement and there was a partial roll back of tariffs. By January 2020, a new problem in the form of COVID-19 virus surfaced in the city of Wuhan in China and spread rapidly across the globe in a short span. The speed and severity of the spread led World Health Organisation (WHO) to classify COVID-19 as a pandemic. As a result, many economies were locked down as a preventive measure. As this health crisis unfolded into an emerging economic crisis, most of the global central banks unveiled large stimulus packages cumulatively running into trillions of dollars. This helped stabilise sharply falling equity markets which touched valuation levels last seen in Global Financial Crisis over a decade ago.

During the year, India's GDP growth slowed down on account of weak capital expenditure and manufacturing. The second advance estimates of national income for financial year 2019-20 (FY2020) released by the Central Statistical Office (CSO) on 28 February 2020 estimates real GDP growth in FY2020 at 5% versus 6.1% in FY2019. Even this estimate of 5% is now at risk from the nation-wide lock down from 25 March 2020 to contain the spread of the COVID-19.

Throughout the year, RBI maintained an accommodative policy stance and delivered policy repo rate cuts due to domestic growth concerns and later to mitigate the impact of COVID-19. At year-end, policy repo rate was down by 185 basis points to 4.40%.

Systemic liquidity was in surplus mode for entire year. The turmoil in the financial sector continued from last year. Restructuring of IL&FS hardly saw any progress. While one Housing Finance Company (HFC) went to National Company Law Tribunal (NCLT), another NBFC was taken over by a distressed assets fund. At the end, a large private sector bank was acquired by State Bank of India and a consortium of private sector banks. Only one notable transaction was closed under Insolvency and Bankruptcy Code (IBC). This led to crimping of a loan growth in the system despite surplus liquidity.

In FY2020, India's equity markets (as measured by the BSE sensex) rose sharply to touch all-time highs in January 2020. However, the sharp correction due to the COVID-19 pandemic resulted in the Sensex ending down 23.8% for the year. Thus, as the year ended, it was a stock market that had lost substantial value.

The bond markets saw yields dropping sharply in FY2020 to near historic lows.

The unprecedented challenge of pandemic COVID-19 continues to unfold and cause severe global disruption. As the world continues to suffer from this deflationary shock, a sharp reduction in oil prices seems to be one positive which will help India.

Performance Highlights

The interim dividends declared by corporates in Q4 FY2020 boosted revenue and profit of the Company.

As a result, BHIL's standalone profit for the year more than doubled to ₹ 1,826.87 crore in FY2020 v/s ₹ 788.19 crore in FY2019.

BHIL's consolidated profit for the year stood at ₹ 2,992.00 crore in FY2020 v/s ₹ 3,048.38 crore in FY2019, mainly due to muted performance of underlying companies post COVID-19 impacts. The intercompany dividends received by BHIL and its subsidiaries, too, are eliminated in the consolidated results.

(₹ In Crore)

Particulars	FY2020	FY2019
Standalone		
Total income	2,205.86	998.27
Profit for the year	1,826.87	788.19
Investments, at cost	9,390	7,987
Investments, at market value	57,062	80,864
Equity (net worth)	10,692	10,989
Consolidated		
Total income *	435.69	431.35
Profit for the year	2,992.00	3,048.38

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

Standalone results

Table 1: Standalone financials of BHIL

(₹ In Crore)

Particulars	FY2020	FY2019
[a] Statement of Profit and Loss		
Interest on fixed income securities	231.01	360.98
Dividend		
From associates, subsidiaries and joint venture	1,836.20	568.49
From others	48.74	40.36
Profit on sale of fixed income securities (net)	29.85	5.70
Rent from investment property	17.99	18.10
Others	42.07	4.64
Total income	**2,205.86**	**998.27**
Total expenses	157.77	88.63
Profit before tax	**2,048.09**	**909.64**
Tax expense	81.22	121.45
Provision for possible non-utilisation of MAT credit	140.00	-
Profit for the year	**1,826.87**	**788.19**
[b] Other comprehensive income		
Fair value change on equity instruments	(1,248.38)	542.22
Other comprehensive income, net of tax	**(1,161.01)**	**515.99**
[c] Total comprehensive income (a+b)	**665.86**	**1,304.18**

BHIL, being an investment company, its results largely depend on the performance of stock and money markets.

As required under Ind AS, considering the Company's business model, mark to market gains/ losses on equity and fixed income securities of BHIL are routed through other comprehensive income and not Statement of Profit and Loss.

Realised profit on sale of equity investments was ₹ 157.64 crore in FY2020 as compared to ₹ 92.50 crore during FY2019. Sale of equity was done prior to correction in equity markets.

Since equity markets declined significantly by end of March 2020, mark to market loss on equity investments for FY2020 stood at ₹ 1,248.38 crore as compared to mark to market gain of ₹ 542.22 crore for FY2019. These gains/losses are reflected in other comprehensive income.

Investments

BHIL has long-term orientation in its investments. The objective of BHIL's investments portfolio is to balance risk with adequate return. BHIL believes in a balanced overall portfolio and 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 and CEO and members of the Management. The Company also has a team of professional fund managers, research and credit analysts, that is managed by the Investment Committee. The Committee meets at least once a month.

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

Table 2: Position of investments held by the Company

(₹ In Crore)

Particulars	FY2020			FY2019		
	Cost	Market value	% to Total surplus (At cost)	Cost	Market value	% to Total surplus (At cost)
[a] Strategic investments - equities	3,135	49,914		2,831	74,031	
[b] Other equities						
Other listed equities	2,034	2,485	33.51	1,511	2,849	30.40
Unlisted equities and funds	427	740	7.03	230	494	4.63
Subtotal	**2,461**	**3,225**	**40.54**	**1,741**	**3,343**	**35.03**
[c] Fixed income securities						
Debentures and bonds	3,129	3,168	51.54	2,833	2,818	57.01
Government securities	64	64	1.05	364	359	7.32
Mutual funds	417	418	6.87	31	32	0.64
Subtotal	**3,610**	**3,650**	**59.46**	**3,228**	**3,209**	**64.97**
Total (b+c)	**6,071**	**6,875**	**100.00**	**4,969**	**6,552**	**100.00**
[d] Investment in property (cost net of depreciation)	**184**	**273**		**187**	**281**	
[e] Grand total (a+b+c+d)	**9,390**	**57,062**		**7,987**	**80,864**	

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 2020

(₹ In Crore)

Equity shares held in	FY2020		FY2019	
	Cost	Market value	Cost	Market value
[a] Bajaj Auto Ltd.	**1,929.79**	**19,561.59**	**1,929.79**	**28,158.21**
[b] Bajaj Finserv Ltd.	**743.82**	**28,609.70**	**743.82**	**43,850.82**
[c] Investments in other group companies				
Bajaj Auto Holdings Ltd.	0.25	0.25	0.25	0.25
Maharashtra Scooters Ltd.*	239.49	1,195.12	0.24	973.26
Bajaj Electricals Ltd.	176.75	504.52	111.78	931.91
Mukand Ltd.	32.88	10.79	32.88	43.89
Hercules Hoists Ltd.	12.34	31.88	12.34	72.61
Mukand Engineers Ltd.	0.10	0.04	0.10	0.09
Subtotal	461.81	1,742.60	157.59	2,022.01
Total	**3,135.42**	**49,913.89**	**2,831.20**	**74,031.04**

*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.

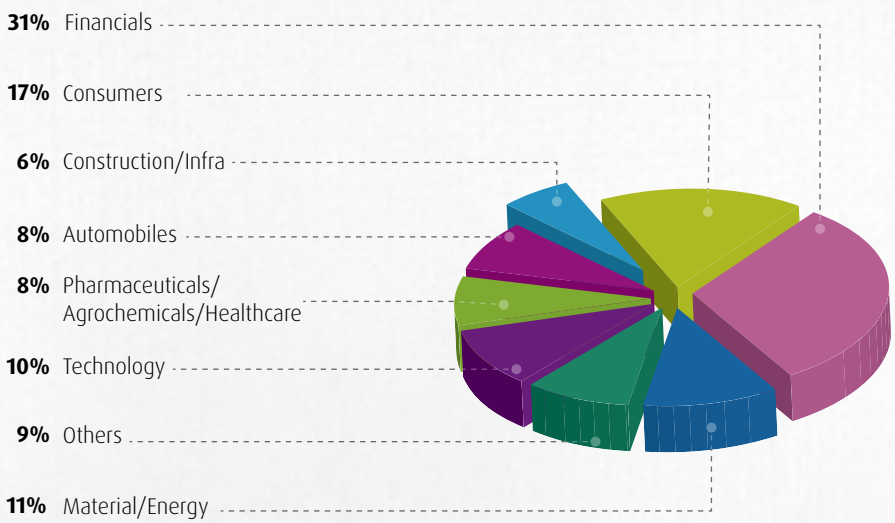
Other equities

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.

BHIL's exposure to other equities rose to 40.5% by end of FY2020 from 35.0% as of end of FY2019 (at cost) due to significant purchases of listed equities made during the market corrections that offered healthy buying opportunities.

In FY2020, BHIL rebalanced the sector weights of its equity portfolio by enhancing allocation to large caps and to companies in consumers and technology. Chart A shows the sector specific stock allocation as on 31 March 2020.

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



Sensex closed the year with negative return of 23.8%, while BSE Midcap index was down 31.7%. The sectors which outperformed the Sensex were technology, consumers and healthcare, while banks/financials, infrastructure and automobiles underperformed. Energy sector performed nearly in line with the Sensex.

BHIL's other equities portfolio is a combination of listed and unlisted investments. Listed investments dominate the pie with an 82.7% share of other equity investments, at cost.

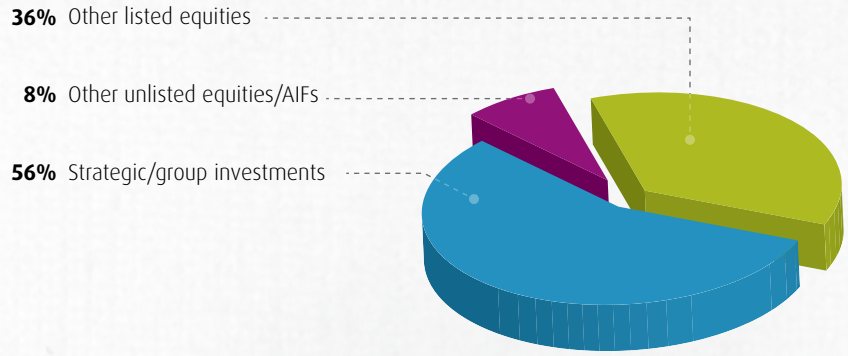
BHIL's largest unlisted equity investment is in National Stock Exchange (NSE), which continues to perform well. In FY2020, BHIL invested in one more sustainable growth enterprise, Fab India, given its positioning in the consumer space.

During the year, BHIL sold a part of its investments in ICICI Bank, Ujjivan, Bharti Infratel, CARE Ratings, Berger Paints, Narayan Hrudayalaya and South Indian Bank.

Key stocks which BHIL added during the market corrections were Britannia Industries, Ultratech Cement, IndusInd Bank, L & T Technology Services, Godrej Agrovet, Maruti and Minda Industries. BHIL also added to its existing investment in long held holdings - HDFC Bank, Reliance Industries, L&T, Infosys, Marico and Tech Mahindra, where it expects positive long-term outcomes.
BHIL also brought two new high-quality names into the portfolio – Housing Development Finance Corporation Ltd. and Kotak Mahindra Bank.

BHIL's other equities portfolio generated a negative return of 16.8% for FY2020, better than the Sensex in a declining market. BHIL's other equities portfolio now has much more balanced weight in financials (31% of other equities portfolio at cost) as a proxy for growth in the domestic economy. In FY2020, investments in ICICI Bank, Berger Paints, Dr. Lal Pathlabs, Reliance Industries, Ultratech Cement and Narayan Hrudayalaya outperformed the Sensex, while United Phosphorous, IndusInd Bank, CONCOR, CARE Ratings, L&T, Maruti and Minda Industries underperformed.

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. The fixed income portfolio, apart from providing safety, also provides regular income and cash flow.

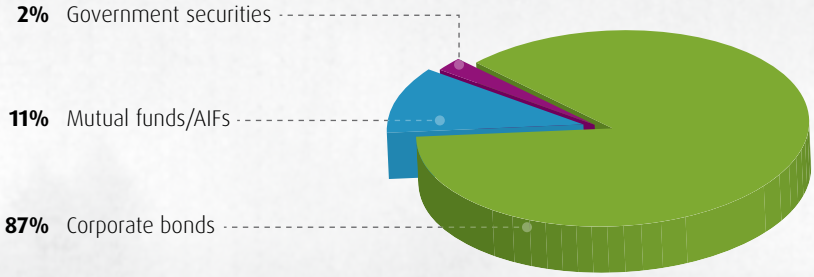
The yield on 10 year government security dropped by 120 basis points in FY2020 from last year's closing of 7.34%, closing the year at 6.14%.

In this backdrop, in FY2020, BHIL focused on quality accrual strategy with allocation towards AAA rated corporate bonds backed by evaluation by internal credit team. BHIL increased duration by investing in long tenor bonds of highly rated government owned public sector undertakings. As a result, debentures and bonds constitute 87% of its fixed income portfolio.

For FY2020, BHIL's realised yield on the portfolio was 7.9%. The total return (realised and unrealised) was 9.6%. At year end, BHIL's portfolio yield was 7.4% with average maturity of 3.1 years.

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

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



Post COVID-19, countries across the world are bracing up for deflationary forces to take hold and India's inflation which was inching upwards due to high food prices may not be immune to these extreme downside pressures imparted by the pandemic. This may put downward pressure on yields and have positive impact on fixed income investments.

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 BAL cross holding 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).

MSL has become a subsidiary of BHIL with effect from 17 June 2019.

On a consolidated basis, BHIL recorded profit for the year of ₹ 2,992.00 crore v/s ₹ 3,048.38 crore in FY2019.

Table 5: Consolidated financials of BHIL

(₹ In Crore)

Particulars	FY2020	FY2019
Total income	435.69	431.35
Share of profits of associates and joint venture	3,057.81	2,827.33
Profit before tax	3,313.67	3,170.02
Profit for the year attributable to BHIL	2,992.00	3,048.38
Other comprehensive income, net of tax	1,347.89	1,127.95
Total comprehensive income attributable to BHIL	4,339.89	4,176.33

Results of subsidiaries and associates

Subsidiaries

Bajaj Auto Holdings Ltd. (BAHL)

The financials of BAHL are given below:

Table 6: Financials of BAHL

(₹ In Crore)

Particulars	FY2020	FY2019
Total income	1.62	1.61
Profit before tax	1.60	1.58
Profit for the year	1.20	1.39
Profit attributable to BHIL (100%)	1.20	1.39

Maharashtra Scooters Ltd. (MSL)

The financials of MSL are given below:

Table 7: Financials of MSL

(₹ In Crore)

Particulars	FY2020	FY2019
Total income	213.83	95.93
Profit before tax	191.80	74.40
Profit for the year	179.94	72.80
Profit attributable to BHIL (51%/24%)	91.75	15.26

Associates

Bajaj Auto Ltd. (BAL)

The consolidated financials of BAL are given below:

Table 8: Consolidated financials of BAL

(₹ In Crore)

Particulars	FY2020	FY2019
Total income	31,443.22	31,702.12
Profit before tax and exceptional item	6,692.12	6,613.58
Profit for the year	5,211.91	4,927.61
Profit attributable to BHIL(35.77%*/33.43%)	1,671.97	1,547.33

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

Bajaj Finserv Ltd. (BFS)

The consolidated financials of BFS are given below:

Table 9: Consolidated financials of BFS

(₹ In Crore)

Particulars	FY2020	FY2019
Total income	54,351.47	42,605.57
Profit before tax	8,301.66	8,154.74
Profit for the year	3,369.13	3,219.04
Profit attributable to BHIL (41.63%/39.29%)	1,385.84	1,264.74

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	FY2020	FY2019
Current ratio	2	17
Operating profit margin %	92.8%	91.1%
Net profit margin %	82.8%	79.0%
Return on net worth %	16.9%	7.4%

Current ratio is significantly higher in FY2019 due to the amount funded in the bank account for cheques issued but not encashed by WMDC.

Return on net worth is 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 the fairness, transparency, accountability, commitment to values, ethical business conduct and about considering all stakeholders' interest while conducting the business. In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations and amendments thereto, (hereinafter referred to as 'SEBI Listing Regulations'), given below are the corporate governance policies and practices of Bajaj Holdings & Investment Ltd. ('the Company' or 'BHIL') for the financial year 2019-20.

This Report, therefore, states compliance as per requirements of the Companies Act, 2013 ('the Act') and 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 have gone well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws, including SEBI Listing Regulations.

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.

Board of Directors

In keeping with the commitment of the Management to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of executive, independent directors 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 a combination of executive and non-executive directors with a woman independent director. 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. In view of the sad demise of Nanoo Pamnani, an Independent Director of the Company, on 22 February 2020, the board, in his place has appointed one more Independent Director by way of a circular resolution on 25 March 2020.

As on 31 March 2020, the Board of the Company consisted of ten directors, of whom one was executive (Managing Director), five were non-executive independent (including one woman independent director) and four were non-executive and non-independent. The Board has no institutional nominee director.

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

Number of meetings of the Board

During the financial year 2019-20, the Board met six times, viz. 17 May 2019, 26 July 2019, 19 September 2019, 23 October 2019, 30 January 2020 and 21 February 2020. The gap between any two meetings has been less than one hundred and twenty days.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for 2019-20

Name of director	Category	Relationship with other directors	No. of Board meetings attended	Whether attended last AGM
Rahul Bajaj*	Chairman, Non-executive	Father of Rajiv Bajaj and Sanjiv Bajaj	1/1	N.A.
Niraj Bajaj @	Chairman, Non-executive	Brother of Madhur Bajaj	5/5	Yes
Sanjiv Bajaj	Managing Director and CEO, executive	Son of Rahul Bajaj and brother of Rajiv Bajaj	6/6	Yes
Madhur Bajaj	Non-executive	Brother of Niraj Bajaj	4/6	Yes
Rajiv Bajaj	Non-executive	Son of Rahul Bajaj and brother of Sanjiv Bajaj	6/6	Yes
D J Balaji Rao	Non-executive, independent	-	6/6	Yes
Nanoo Pamnani$	Non-executive, independent	-	5/6	Yes
Manish Kejriwal	Non-executive	-	2/6	Yes
Dr. Gita Piramal	Non-executive, independent	-	6/6	Yes
Dr. Naushad Forbes	Non-executive, independent	-	4/6	Yes
Anami N Roy#	Non-executive, independent	-	6/6	Yes
Pradip P Shah**	Non-executive, independent	-	-	N.A.

*Ceased to be Non-executive Director and Chairman w.e.f. 17 May 2019 and appointed as Chairman Emeritus w.e.f.18 May 2019
@Appointed as Non-executive Director and Chairman of the Company w.e.f. 18 May 2019
$Ceased to be an Independent Director consequent upon his sad demise on 22 February 2020
#Appointed as an Additional and Independent Director w.e.f. 1 April 2019
**Appointed as an Additional and Independent Director w.e.f. 25 March 2020

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.

Non-executive directors' compensation

The shareholders of the Company vide special 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, in the manner as may be decided by the Board of Directors from time to time during the five year term up to 31 March 2021.

In terms of the said approvals, non-executive directors of the Company are being paid, in addition to the sitting fee of ₹ 100,000 per meeting for every meeting of the Board and its Committees, commission at the rate of ₹ 200,000 per meeting of the Board and its Committees attended by them as member, subject to the overall ceiling of one percent of the net profits.

In consideration of the extra services rendered by Late Nanoo Pamnani, at the request of the Management, Nanoo Pamnani became entitled for payment of ₹ 90 lakh (same as in the previous year) as additional commission for the year 2019-20 pursuant to the aforesaid approvals.

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

Information supplied to the Board

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

In terms of quality and importance, the information supplied by the Management to the Board of the Company is far ahead of the list mandated under regulation 17(7) read with Part A of Schedule II to the SEBI Listing Regulations. As stated elsewhere, the independent directors of the Company at their meeting held on 21 May 2020, 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 papers. 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 requirements under the NBFC Master Directions, the following information is also being placed before the Board at regular intervals:

i. Progress made in putting in place a progressive risk management system, risk management policy and strategy followed.

ii. Conformity with the prescribed corporate governance standards.

iii. Minutes of the meetings of Risk Management Committee, Asset Liability Management Committee and IT Strategy Committee.

Orderly succession to Board and Senior Management

The Board of the Company satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.

Directorships and memberships of board committees

Details of directorships and memberships in the various committees as held by the directors of the Company are given in Table 2.

Table 2: Number of directorships and committee positions of directors as on 31 March 2020

Name of the director	Directorships			Committee positions in listed and unlisted public limited companies	
	In equity listed companies	In unlisted public limited companies	In private limited companies	As Member (including as Chairman)	As Chairman
Niraj Bajaj	4	4	10	1	1
Sanjiv Bajaj	5	5	9	7	-
Madhur Bajaj	5	-	4	-	-
Rajiv Bajaj	5	-	3	-	-
D J Balaji Rao	5	-	-	4	2
Manish Kejriwal	3	1	1	6	-
Dr. Gita Piramal	4	-	2	7	2
Dr. Naushad Forbes	5	-	8	5	1
Anami N Roy	6	2	3	5	2
Pradip P Shah	7	2	6	7	2

Notes: None of the directors holds office as a director, including as alternate director, in more than twenty companies at the same time. None of them have 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 in the Company does not serve as an independent director in more than three equity listed companies and in fact not even in a single entity.

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

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 Companies Act, 2013 have been excluded. Only Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.

Directorships help by Directors in Equity Listed Companies

The names of equity listed entities where the directors of the Company held directorships including the category of directorships are given in Table 3.

Table 3: Name of equity listed entities where directors of the Company held directorships as on 31 March 2020

Name of the director	Name of listed entities	Category
Niraj Bajaj	a) Mukand Ltd.	Chairman and Managing Director, Executive
	b) Bajaj Holdings & Investment Ltd.	Chairman, Non-executive
	c) Mukand Engineers Ltd.	Non-executive
	d) Bajaj Auto Ltd.	Non-executive
Sanjiv Bajaj	a) Bajaj Holdings & Investment Ltd.	Managing Director and CEO, Executive
	b) Bajaj Finserv Ltd.	Chairman and Managing Director, Executive
	c) Maharashtra Scooters Ltd.	Chairman, Non-executive
	d) Bajaj Auto Ltd.	Non-executive
	e) Bajaj Finance Ltd.	Vice-Chairman, 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
Rajiv Bajaj	a) Bajaj Auto Ltd.	Managing Director and CEO, 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
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) CMI FPE Ltd.	Non-executive, Independent
Manish Kejriwal	a) Bajaj Finserv Ltd.	Non-executive
	b) Bajaj Holdings & Investment Ltd.	Non-executive
	c) Bharti Airtel Ltd.	Non-executive, Independent

Table 3: Name of equity listed entities where directors of the Company held directorships as on 31 March 2020 (Contd.)

Name of the director	Name of listed entities	Category
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
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

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 forms part of this 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

Regulation 17(5) of the SEBI Listing Regulations requires 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.

The Board, at its meeting held on 10 September 2014, adopted a revised Code of Conduct for all Directors and Senior Management of the Company and the same has been placed on the Company's website at http://www.bhil.in/inv/codes_policies.html

All Directors and Senior Management personnel have affirmed compliance with the Code for 2019-20. A declaration to this effect signed by the Managing Director and 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 regulation 25(2) of the SEBI Listing Regulations.

Formal letter of appointment to independent directors

The Company issues a formal letter of appointment to independent directors in the manner as provided in the Act. As per regulation 46(2) of the SEBI Listing Regulations, the terms and conditions of appointment of independent directors are placed on the Company's website at http://www.bhil.in/inv/codes_policies.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 made 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, Chairman and individual directors, which is available on the website of the Company at http://www.bhil.in/inv/codes_policies.html
- With a view to evaluating the performance of Board, its various Committees, individual Directors and Chairman for the year 2019-20, the Company vide its e-mail dated 12 February 2020, informed the directors regarding the newly introduced automated process to carry out annual performance evaluation through an IT platform – 'HR Craft'.
- From the individual ratings received from the directors, a report on Summary of ratings in respect of Performance Evaluation of the Board, Committees, Chairman and Directors for the financial year 2019-20 and a Consolidated Report thereof were arrived at by HR Craft.
- The report of performance evaluation so arrived at, was then noted and discussed by the Board at its meeting held on 21 May 2020.
- The Nomination and Remuneration Committee reviewed the implementation and compliance of the performance evaluation at its meeting held on 21 May 2020.
- Details on the evaluation of Board, non-independent Directors and Chairperson of the Company as carried out by the independent directors at their meeting held on 21 May 2020 have been furnished in a separate para elsewhere in this Report.

Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a Remuneration Policy. 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 detailed remuneration policy is placed on the Company's website at http://www.bhil.in/inv/codes_policies.html

Board Diversity Policy

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

Familiarisation Programme

With a view to familiarizing the independent directors with the Company's operations, as required under regulation 25(7) of 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://www.bhil.in/inv/codes_policies.html

Whistle Blower Policy/Vigil Mechanism

Pursuant to section 177(9) of the Act, Regulation 22 of the SEBI Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Board at its meeting held on 14 March 2019 has amended the existing Whistle Blower Policy.

The Whistle Blower Policy/Vigil Mechanism provides a mechanism for the director/employee to report without fear of victimisation, any unethical behaviour, suspected or actual fraud, violation of the Code of Conduct and instances of leak of Unpublished Price Sensitive Information, which are detrimental to the organisation's interest. The mechanism protects whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice. The Company affirms that no employee has been denied access to the Audit Committee.

The directors in all cases and employees in appropriate or exceptional cases will have direct access to the Chairman of the Audit Committee. The said Policy is placed on the Company's website at http://www.bhil.in/inv/codes_policies.html

Dividend Distribution Policy

The Company has adopted the Dividend Distribution Policy. More particulars about the same are given in the Directors' Report.

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 defined under regulation 16(1)(c) of the SEBI Listing Regulations.

During the year under review, MSL became a subsidiary of the Company.

The revised Policy on 'material subsidiaries' in terms of regulation 16(1)(c) of the SEBI Listing Regulations as approved by the Board at its meeting held on 14 March 2019, is placed at http://www.bhil.in/inv/codes_policies.html

Provisions to the extent applicable as required under regulation 24 of the 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, 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 (RPTs) which were entered into by the Company during the year under review, were on arms' length basis and in the ordinary course of business and did not attract provisions of section 188 of the Act and were also not material RPTs as per regulation 23 of the SEBI Listing Regulations.

All Related Party Transactions during the financial year 2019-20 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 (IndAS 24) issued by Institute of Chartered Accountants of India is set out separately in this Annual Report.

During the financial year 2019-20, there were no materially significant related party transactions that may have 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://www.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 Shareholders 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; or

   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 shareholders would be necessary, where the transaction(s) with a related party exceed the following threshold limits:

(₹ In Crore)

Sr. No.	Description	Threshold limits
1.	Sale, purchase or supply of any goods or materials or securities	95
2.	Selling or otherwise disposing off or buying of any property including by way of leave 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

Disclosures

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

Core Skills/Expertise/Competencies

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.

As a green initiative, the Chart/matrix of such core skills/expertise/competence along with the names of directors who possess such skills is placed on website of the Company i.e. http://www.bhil.in/inv/miscellaneous.html

Audit Committee

Pursuant to the Act, the SEBI Listing Regulations and the NBFC Regulations, the Company has constituted an Audit Committee. The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Act, the SEBI Listing Regulations and the NBFC Regulations.

In compliance with the provisions of the Act and the SEBI Listing Regulations, out of four, three members of the Audit Committee, including the Chairman, are independent directors. All the members are non-executive directors and are financially literate and have accounting or related financial management expertise.

In line with the provisions of the SEBI Listing Regulations, the terms of reference of the Committee were revised by the Board at its meeting held on 14 March 2019. The revised terms of reference are in accordance with the provisions of the Act, the SEBI Listing Regulations and the NBFC Regulations. The detailed terms of reference of Audit Committee have been placed at http://www.bhil.in/inv/terms_of_reference_of_audit_committee.html

Meetings and attendance

During 2019-20, the Audit Committee met four times viz. on 17 May 2019, 26 July 2019, 23 October 2019 and 30 January 2020. The meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between any two meetings.

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 2019-20

Name of director	Category	No. of meetings attended
D J Balaji Rao@	Chairman, Non-executive, Independent	4/4
Nanoo Pamnani#	Non-executive, Independent	4/4
Manish Kejriwal	Non-executive	2/4
Dr. Naushad Forbes	Non-executive, Independent	4/4
Pradip P Shah$	Chairman, Non-executive, Independent	-
Dr. Gita Piramal&	Non-executive, Independent	-

@Ceased to be a Member and Chairman of Audit Committee w.e.f. 25 March 2020
#Ceased to be a Member of the Committee consequent upon his sad demise on 22 February 2020
$Appointed as a Member and Chairman of the Committee w.e.f. 25 March 2020
&Inducted as a Member of the Committee w.e.f. 25 March 2020

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.

D J Balaji Rao, the then Chairman of the Audit Committee, was present at the annual general meeting of the Company held on 26 July 2019 to answer shareholders' 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.

In compliance with the provisions of the Act and the SEBI Listing Regulations, out of three, two members of the Nomination and Remuneration Committee, including the Chairman, are independent directors.

In line with the provisions of the SEBI Listing Regulations, the terms of reference of the Committee were revised by the Board at its meeting held on 14 March 2019. 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 of Directors. The detailed terms of reference of Nomination and Remuneration committee have been placed at
http://www.bhil.in/inv/terms_of_ref_of_Nomination_Remuneration_committee.html

During the year under review, the Committee met once on 17 May 2019.

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 2019-20

Name of director	Category	No. of meetings attended
Dr. Gita Piramal*	Chairperson, Non-executive, Independent	1/1
Nanoo Pamnani**	Chairman, Non-executive, Independent	1/1
D J Balaji Rao	Non-executive, Independent	1/1
Rahul Bajaj@	Non-executive	1/1
Niraj Bajaj$	Non-executive	N.A.

*Appointed as Member and Chairperson of the Committee w.e.f.25 March 2020
** Ceased to be a Member of the Committee consequent upon his sad demise on 22 February 2020
@Ceased to be a Member of the Committee w.e.f. 17 May 2019
$ Appointed as a Member of the Committee w.e.f. 18 May 2019

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

i) Noting of provisions regarding number of meetings and quorum;
ii) Noting of updated terms of reference of the Nomination and Remuneration Committee;
iii) Recommendation of remuneration payable to senior management;
iv) Approval of revision in the remuneration payable to Managing Director and CEO effective from 1 April 2019;
v) Vacancy caused by the sad demise of Nanoo Pamnani on 22 February 2020 and appointment of Pradip P Shah as Independent Director in his place.

Nanoo Pamnani, the then Chairman of the Nomination and Remuneration Committee, was present at the annual general meeting of the Company held on 26 July 2019, to answer shareholders' 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. 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 the year under review, the Company did not trade in nor had any exposure in commodities market.

During the year under review, the Committee met once on 19 September 2019.

Table 6: Composition of Risk Management Committee and attendance record of members for 2019-20

Name of director/member	Category	No. of meetings attended
Pradip P Shah*	Chairman, Non-Executive, Independent	N.A.
Nanoo Pamnani**	Chairman, Non-Executive, Independent	1/1
Sanjiv Bajaj	Executive	1/1
Anant Marathe@	Member	--
Anish Amin#	Member	1/1

*Appointed as Chairman of the Committee w.e.f.25 March 2020
** Ceased to be a Member of the Committee consequent upon his sad demise on 22 February 2020
@Ceased to be a Member of the Committee w.e.f.26 July 2019
#Appointed as a Member of the Committee w.e.f. 26 July 2019

Stakeholders' Relationship Committee

Pursuant to the Act and the SEBI Listing Regulations, the Company has constituted a Stakeholders' Relationship Committee. This Committee was constituted to specifically look into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends etc.

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

In compliance with the provisions of the SEBI Listing Regulations, the terms of reference of the Committee were revised by the Board at its meeting held on 14 March 2019.

The detailed terms of reference of Stakeholders' Relationship committee have been placed at http://www.bhil.in/inv/terms_of_ref_of_%20stakeholders-relationship_committee.html

During the year under review, the Committee met on 30 January 2020, to, inter alia, review the status of investors' services rendered. At the meeting, the Committee also discussed in detail about the changes in the management and organisational set up of KFin Technologies Pvt. Ltd. which was until known as Karvy Fintech Pvt. Ltd. and the implications thereof on the RTA operations relating to the Company.

Table 7: Composition of Stakeholders' Relationship Committee and attendance record of members for 2019-20

Name of director	Category	No. of meetings attended
Dr. Gita Piramal	Chairperson, non-executive, independent	1/1
Nanoo Pamnani*	Non-executive, independent	1/1
Manish Kejriwal	Non-executive	1/1
Dr. Naushad Forbes**	Non-executive, independent	NA

* Ceased to be a Member of the Committee consequent upon his sad demise on 22 February 2020
** Appointed as a member of the Committee w.e.f. 25 March 2020

The Company Secretary of the Company acts as the Compliance Officer. The Secretarial Auditor was also present at the meeting.

The Committee expressed its satisfaction on the overall status of compliance and actions taken on various investor related matters.

Dr. Gita Piramal, Chairperson of the Stakeholders' Relationship Committee, was present at the annual general meeting of the Company held on 26 July 2019, to answer shareholders' queries.

Table 8: Investors' complaints attended and resolved during 2019-20

Investors' complaints	Attended/resolved during 2019-20
Pending at the beginning of the year	Nil
Received during the year	11
Disposed of during the year	10
Remaining unresolved at the end of the year	1*

* As on 31 March 2020, there was 1 pending issue to be addressed or resolved. This complaint has since been resolved.

Pursuant to regulation 39(4) of the SEBI Listing Regulations for dealing with physical unclaimed shares, the Company has a demat account with HDFC Bank, titled 'Bajaj Holdings & Investment Ltd. - Unclaimed Suspense Account', to which all the unclaimed shares stand transferred in terms of the said circular. During the year, under review, all the shares lying unclaimed in the 'Unclaimed Suspense Account' have been transferred to IEPF Account and consequently no shares are lying in the 'Unclaimed Suspense Account'.

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

Duplicate Share Certificate Issuance Committee

The Board at its meeting held on 4 February 2016, to meet the requirement of section 46 of the Act, read with rule 6 of the Companies (Share Capital and Debentures) Rules, 2014 and regulation 39 of the SEBI Listing Regulations, constituted a Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate lost or misplaced.

During the year under review, the Committee met once on 30 January 2020.

Table 9: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of members for 2019-20.

Name of director	Category	No. of meetings attended
Niraj Bajaj	Chairman, non-executive	1/1
Sanjiv Bajaj	Managing Director, executive	1/1
Rajiv Bajaj	Non-executive	1/1

Independent Directors' Meeting

In compliance with Schedule IV to the Act and regulation 25(3) of the SEBI Listing Regulations, the independent directors held their separate meeting on 21 May 2020, without the attendance of non-independent directors and members of the Management, to inter alia discuss the following:

i) Noting of report of Performance Evaluation from the Chairman of the Board for 2019-2020;

ii) Review the performance of non-independent directors and the Board as a whole;

iii) Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors; and

iv) Assess 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 Dr. Gita Piramal as Chairperson for the meeting, deliberated on the above and expressed their satisfaction on each of the matters.
The Independent Directors meeting which was scheduled on 19 March 2020, was cancelled as a measure to counter the pandemic corona virus.

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.

The register of contracts is maintained by the Company pursuant to section 189 of the Act. The register is signed by all the directors present at the respective Board meetings.

Criteria of making payments to non-executive directors

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

As stated earlier, the Remuneration Policy, inter alia, disclosing the criteria of making payments to directors, key managerial personnel and employees is placed at www.bhil.in

Details of Remuneration of directors

All non–executive directors are paid sitting fees and commission and one independent director is paid additional commission as per the details provided in the annexure to the Directors' Report in section VI(B) of Form MGT–9, i.e., extract of the Annual Return.

Managing Director and Chief Executive Officer

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

The Managing Director 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, none of the directors was paid any performance-linked incentive.

In 2019-20, 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 for the year 2019-20 are provided in an annexure to the Directors' Report in section VI(B) of Form MGT-9, i.e. extract of the Annual Return.

Shareholding of Directors

Information on shares held by directors in the Company as on 31 March 2020 is provided in an annexure to the Directors' Report in section IV(v) of Form MGT-9, i.e. extract of the Annual Return.

Management

Management discussion and analysis

This is given as separate chapter in the Annual Report.

Disclosure of material transactions

Pursuant to regulation 26(5) of the SEBI Listing Regulations, the Senior Management has made periodical 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. The same was Nil.

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, SEBI had amended SEBI (Prohibition of Insider Trading) Regulations 2015 (Insider Trading Regulations). In view of the amendment to the said Regulations, the Board of Directors, at its meeting held on 14 March 2019, approved the following, with effect from 1 April 2019:

a. Revised Code of Conduct to Regulate, Monitor and Report trading by Designated Persons – which was further revised by the board at its meeting held on 23 October 2019, pursuant to the amendments vide notification dated 25 July 2019 and 17 September 2019
b. Revised Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information
c. Revised Whistle blower policy
d. Institutional mechanism for prevention of Insider Trading
e. Amendment to the terms of reference of the Audit Committee
f. List of designated persons for the Code of Conduct mentioned above

The code of conduct and code of fair disclosure framed by the Company have helped in ensuring compliance with the Insider Trading Regulations requirements.

Means of Communication

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

The Company has its own website, www.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'/shareholders' email addresses. The Company, during the year under review, sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report, credit of dividend intimation letters, etc. in electronic form at the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get the same in physical form, upon request.

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

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

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

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM, if any
72nd AGM	20 July 2017 at 4.00 p.m.	Re-appointment of Sanjiv Bajaj as Managing Director for a fresh term of five years w.e.f. 1 April 2017 and fixing his remuneration
73rd AGM	20 July 2018 at 4.00 p.m.	None
74th AGM	26 July 2019 at 4.00 p.m.	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
		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
		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
		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

Special resolutions passed through Postal Ballot during 2019-20:

During the year under review, the following special resolutions were passed by way of postal ballot on 14 March 2020:

Sr. No	Particulars
1	Approval for alteration in Objects clause of the Memorandum of Association of the Company
2	Approval for adoption of new set of Articles of Association of the Company
3	Approval to fix the Foreign Portfolio Investors' investment limit
4	Approval for payment of remuneration to Managing Director and CEO of the Company

The Company had appointed Shyamprasad D Limaye, Practising Company Secretary (FCS No. 1587, CP No. 572) as Scrutiniser for conducting the postal ballot including remote e-voting process in a fair and transparent manner.

The Scrutiniser's Report was submitted to the Company on 16 March 2020 and the same is also placed on the Company's website http://www.bhil.in/inv/miscellaneous.html

Sr. No	Description	Votes (No. of shares and %) In favour	Against
1.	Approval for alteration in Objects clause of the Memorandum of Association of the Company	79,759,401 (99.99%)	232 (0.00%)
2.	Approval for adoption of new set of Articles of Association of the Company	79,696,592 (99.92%)	61,898 (0.08%)
3.	Approval to fix the Foreign Portfolio Investors' investment limit	64,304,220 (81.00%)	15,082,042 (19.00%)
4.	Approval for payment of remuneration to Managing Director and CEO of the Company	78,934,594 (98.97%)	817,846 (1.03%)

Procedure for postal ballot

The Company had sent the postal ballot notice dated 30 January 2020 and postal ballot form along with postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs. The Company had also published notice in the newspapers for the information of the members. Voting rights were reckoned on the equity shares held by the members as on the cut-off date. The voting period for Postal Ballot and E-voting was from 14 February 2020 to 14 March 2020.

The postal ballot results were intimated to the Stock Exchanges pursuant to regulation 44(3) of the SEBI Listing Regulations, as well as displayed on the Company's website at www.bhil.in The Company has also complied with the procedure for Postal Ballot in terms of the provisions of section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

There is no immediate proposal for passing any resolution through postal ballot.

Details of capital market non-compliance, if any

There was no non-compliance by the Company of any legal requirements; nor has there been any penalty/stricture imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years.

Compliance Certificate

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

Report on corporate governance

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on Corporate Governance during 2019-20. The Company has been regularly forwarding the quarterly compliance report to the Stock exchanges as required under regulation 27(2) of the 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:

(Amount In ₹)

Sr. No.	Particulars	Statutory Audit Fee	Other Services
1	S R B C & CO LLP	14,50,000	45,000
2	S R B C & Associates	--	11,50,000
3	E&Y	--	50,000
4	Kirtane & Pandit LLP	8.75,000	70,000

Auditors' certificate on corporate governance

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

Compliance of mandatory and discretionary arequirements

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. The Board

Chairman's office has been made available for the Non-executive Chairman. He is allowed reimbursement of expenses incurred in performance of his duties.

2. Shareholder rights

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

3. Modified opinion(s) in audit report

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

4. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION

75th Annual General Meeting (AGM)

Date	22 July 2020
Time	4.00 p.m.
Venue/Mode	The Company is conducting meeting through video conferencing ('VC') / other audio visual means ('OAVM') pursuant to the MCA circular. For details please refer to the Notice of AGM.

The Ministry of Corporate Affairs vide its circular dated 8 April 2020, 13 April 2020 and 5 May 2020 has provided option to companies to conduct Annual General Meeting during Calendar Year 2020 through "VC or OAVM" and send financial statement (including board's report, auditors report and other documents to be attached therewith) through email only.

Accordingly, the Annual report of the Company for the financial year 2020 along with Notice of AGM are being sent only by email to the members, and all other persons/entities entitled to receive the same and that the 75th Annual General Meeting will be convened through VC or OAVM.

Financial calendar

Approval of audited annual results for year ending 31 March	May
Mailing of annual reports	June
Annual general meeting	July
Unaudited first quarter financial results	July
Unaudited second quarter financial results	October
Unaudited third quarter financial results	January/early February

Share transfer agent

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

All operations of Karvy Computershare Pvt. Ltd. were transferred to Karvy Fintech Pvt. Ltd. with effect from 17 November 2018. Further, during the year under review, the name of Karvy Fintech Pvt. Ltd. was changed to KFin Technologies Pvt. Ltd. (hereinafter referred to as 'KFin') with effect from 5 December 2019. All the share registry services are now handled in the name of KFin.

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 being processed at KFin. The work related to dematerialisation/rematerialisation is handled by KFin through connectivity with NSDL and CDSL.

Dividend

The Board of Directors of the Company at its meeting held on 21 February 2020, declared an interim dividend of ₹ 40 per equity share (400%) of face value of ₹ 10 each for the financial year 2019-20. The same was credited/dispatched to the shareholders on 9 March 2020.

The Board of Directors of the Company has proposed the above-referred interim dividend as final dividend for the financial year ended 31 March 2020.

Dividend paid in the previous year was ₹ 32.50 per equity share (325%).

Payment of dividend

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations'), and SEBI circular dated 20 April 2019, companies shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, the interim dividend which was declared on 21 February 2020 was paid through electronic mode, where the bank account details of the members were available. Where dividend payments were made through electronic mode, intimation regarding such remittance has been sent separately to the members. In case where the dividend cannot be paid through electronic mode, the same has been paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members has been printed on the warrants.

Pursuant to aforesaid circular, the Company has been requesting its members holding shares in physical form to furnish details regarding their PAN and bank account for enabling payment of dividend through electronic mode. Members who are yet to respond are requested to provide the same at the earliest.

For enabling the payment of dividend in future through electronic mode, members holding shares in physical form are requested to furnish updated particulars of their bank account 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. The request for updating particulars of bank account should be signed as per the specimen signature registered with KFin/depository participants, as the case may be.

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 (hereinafter 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 (Fund) set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the past financial years to 2011-12 has been already transferred by the Company to the said Fund from September 2015 onwards.

Unpaid/unclaimed dividend for the financial year 2012-13 shall become due for transfer to the said Fund in August 2020. Members are requested to verify their records and send their claim, if any, for the financial year 2012-13, before the amount becomes due for transfer to the Fund. Communication is being sent to the members, who have not yet claimed dividend for the financial year 2012-13, requesting them to claim the same as well as unpaid dividend, if any, for the subsequent years.

The Company has uploaded the details of unclaimed dividend on the Company's website at http://www.bhil.in/inv/stock_history.html#Unclaimed-Dividend and also on the website specified by the Ministry of Corporate Affairs at https://www.iepf.gov.in/IEPF/services.html

Transfer of shares to IEPF

Pursuant to section 124(6) of the Act and 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, within a period of thirty days of expiry of said seven years.

Accordingly, in due compliance of the provisions of rule 6(3) of IEPF Rules, the Company will send individual letters throughSpeed Post/by email or other permissible mode of communication to such shareholders, whose dividend from the year 2012-13 has remained unclaimed, requesting them to claim the amount of unpaid dividend on or before the Company proceeds with transfer of 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 and these details will also be made available on the Company's website at www.bhil.in

During the year under review, the Company transferred 55,023 equity shares of the face value of ₹ 10 each pertaining to the year 2011-12 in respect of 62 shareholders to the Demat Account of the IEPF Authority held with NSDL. Details of such shareholders, whose shares are transferred to IEPF and their unpaid dividends for the subsequent years are available to the concerned shareholders on the website of the Company at
http://www.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 including the procedure to claim the dividend and shares are available on the Company's website at
http://www.bhil.in/inv/stock_history.html#Unclaimed-Dividend

Shareholders are requested to get in touch with the compliance officer for further details on the subject at investors@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 FY2020, no shares were transferred in the physical form except for those whose transfer deed was lodged prior to 1 April 2019 and was returned due to deficiency in the document and were thus re-lodged post the 1 April 2019.

Share transfers received by KFin/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. The total number of shares transferred in the physical category during FY2020 was 67,641 against 63,638 during FY2019, the details thereof were placed before the Board of Directors on a quarterly basis.

As per SEBI norms, efforts are underway to update Permanent Account Number (PAN) and Bank account details of its concerned Shareholder(s) and the Company has been requesting the shareholders to update their details from time to time. Members are requested to update these details with KFin/Company at the earliest.

Relaxation granted by SEBI in wake of the COVID-19 pandemic

SEBI, considering the nation-wide lockdown, in the wake of the COVID-19 pandemic, granted relaxation by extending the timelines for processing various investor requests in case of physical securities including rematerialization of shares, transmission of shares, resolution of grievances, issue of duplicate share certificates, etc.

Dematerialisation/rematerialisation of shares and liquidity

During 2019-20, 222,842 shares were dematerialised, compared to 441,276 shares during 2018-19. No shares were rematerialised during the year 2019-20.

Shares held in physical and electronic mode as on 31 March 2020 are as given in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2020		Position as on 31 March 2019		Net change during 2019-20	
	No. of shares	% of total shareholding	No. of shares	% of total shareholding	No. of shares	% of total shareholding
Physical	8,735,941	7.85	9,013,367	8.10	277,426	0.25
Demat:						
NSDL	99,250,931	89.18	98,931,426	88.89	319,505	0.29
CDSL	3,306,638	2.97	3,348,717	3.01	-42,079	-0.04
Sub Total	102,557,569	92.15	102,280,143	91.90	277,426	0.25
Total	**111,293,510**	**100**	**111,293,510**	**100**	--	--

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 the year 2019-20, the listing fees payable to these stock exchanges have been paid in full.

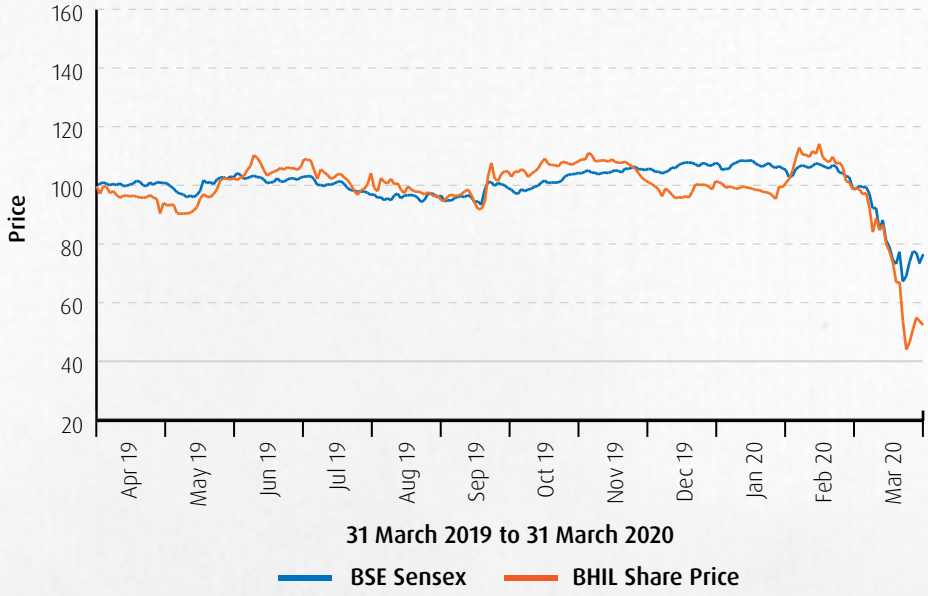
Market price data

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 2019-20.

Table 2: Monthly highs and lows of equity shares of Bajaj Holdings & Investment Ltd. during 2019-20 (₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr-19	3,453.50	3,010.00	3,461.20	2,980.00	39,031.55
May-19	3,534.95	3,032.00	3,548.00	3,030.05	39,714.20
Jun-19	3,799.00	3,470.05	3,793.95	3,470.00	39,394.64
Jul-19	3,750.95	3,260.80	3,749.90	3,262.25	37,481.12
Aug-19	3,584.00	3,229.00	3,590.00	3,220.00	37,332.79
Sep-19	3,705.00	3,117.40	3,710.00	3,111.00	38,667.33
Oct-19	3,800.00	3,490.00	3,800.00	3,489.55	40,129.05
Nov-19	3,912.00	3,557.00	3,903.95	3,552.00	40,793.81
Dec-19	3,550.00	3,250.00	3,589.85	3,250.00	41,253.74
Jan-20	3,500.25	3,260.45	3,500.00	3,260.00	40,723.49
Feb-20	3,949.35	3,355.00	3,950.00	3,350.80	38,297.29
Mar-20	3,446.00	1,471.85	3,460.00	1,460.15	29,468.49

Bajaj Holdings & Investment Ltd. stock performance Vs BSE Sensex, during 2019-20 indexed to 100 on 31 March 2019



Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2020, while Table 4 gives the data according to size classes.

Table 3: Distribution of shareholding across categories as on

Categories	31 March 2020		31 March 2019	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	55,544,458	49.91	54,563,446	49.03
Friends and associates of Promoters	13,905,113	12.49	14,151,745	12.72
Foreign Institutional Investors/Foreign Portfolio Investors	17,425,100	15.66	16,057,305	14.43
Public financial institutions	351,287	0.32	1,243,192	1.12
Mutual Funds	1,171,474	1.05	981,686	0.88
Nationalised and other Banks	51,595	0.04	152,780	0.14
NRIs and OCBs	720,540	0.65	694,322	0.62
Others	22,123,943	19.88	23,449,034	21.06
Total	**111,293,510**	**100.00**	**111,293,510**	**100.00**

Table 4: Distribution of shareholding according to size class as on 31 March 2020

Category	Number of shareholders	% to total shareholders	Number of shares	% to total shares
1 to 500	49,420	92.69	2,447,616	2.20
501 to 1000	1,445	2.71	1,067,215	0.96
1001 to 2000	950	1.78	1,360,058	1.22
2001 to 3000	425	0.80	1,057,975	0.95
3001 to 4000	199	0.37	707,286	0.64
4001 to 5000	158	0.30	721,588	0.65
5001 to 10000	301	0.56	2,110,340	1.90
10001 And Above	418	0.78	101,821,432	91.49
Total	**53,316**	**100.00**	**111,293,510**	**100.00**

Shareholders' and investors' grievances

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

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning 11 complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/Investors in the prescribed format, as the case may be and no action remained to be taken at the Company's end.

As a step towards green initiative, the Company has availed services offered by Depositories (NSDL and CDSL) to update email addresses of shareholders of the Company who have not registered their email addresses. This would enable such shareholders to immediately receive various email communication from the Company from time to time including the Annual Report, dividend credit intimation, half-yearly communication etc.

Demat suspense account with HDFC Bank for unclaimed shares

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

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

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

During the year, under review, all the shares lying unclaimed in the 'Unclaimed Suspense Account' has been transferred to IEPF Account and consequently no shares are lying in the 'Unclaimed Suspense Account'.

The summary of this account for the year 2019-20 is as follows:

Sr. No.	Particulars	No. of shareholders	Outstanding shares
i.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year i.e. 1 April 2019	8	319
ii.	No. of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2019-20	0	-
iii.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2019-20	0	-
iv.	No. of shareholders whose shares were transferred to IEPF Authority during the year 2019-20	8	319
v.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. 31 March 2020	-	-

Nomination

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

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

Webcast of AGM

As per SEBI notification dated 9 May 2018, 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).

The Company which was in the top 100 as on 31 March 2019 had provided for one-way live webcast of the AGM of 2019.

However, the Company has gone out of the list of top 100 listed entities as on 31 March 2020 and hence, the above provision with respect to providing live-webcast of proceedings of the ensuing 75th AGM does not apply to the Company this year.

Voting through electronic means

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

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

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

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

Cut-off date, as per the said Rules, shall be 15 July 2020 and the remote e-voting shall be open for a period of three days, from 19 July 2020 (9.00 a.m.) till 21 July 2020 (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 Fifth annual general meeting and is also placed on the Company's website.

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

KPRISM- Mobile service application by KFIN

To enhance shareholders' experience and with an aim to resolve shareholders' grievance at the earliest, KFin has launched a new mobile application – 'KPRISM' for providing online service to shareholders. KPRISM can be accessed at http://kprism.karvy.com/ Shareholders may download the mobile application and register themselves (which is a onetime activity) for availing of a host of services.

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

Share Transfer Agent

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

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

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report on the Standalone Ind AS Financial Statements

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

Opinion

We have audited the accompanying standalone Ind AS financial statements of Bajaj Holdings & Investment Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2020, 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 Ind AS 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 2020, its profit including other comprehensive loss, 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 2020. 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 Ind AS Financial Statements (Contd.)

Key audit matters	How our audit addressed the key audit matter
Accounting for investments *(as described in Note 5B of the standalone financial statements)*	
The Company has investments aggregating to ₹ 3,232.04 crore in government debt securities and other debt securities as at 31 March 2020. These investments were subsequently measured at amortised cost till 31 March 2019 and were then reclassified to being subsequently measured at FVTOCI with effect from 1 April 2019 consequent to a change in the Business model with regards to these investments. The Company applies FVTOCI, where it has ability to demonstrate that the conditions, i.e. objective of the business model of the Company being achieved by both collecting contractual cash flows and selling financial assets and the underlying instruments in the portfolio fulfilling the solely payments of principal and interest ('SPPI') test; have been met. The Company applies significant judgment to determine whether these conditions have been fulfilled effective from 1 April 2019. Since these conditions have been fulfilled, the Company, has reclassified government debt securities and other debt securities, as subsequently measured at FVTOCI.	Our audit procedures included the following: • Performed test of controls on the operating effectiveness of internal controls on investments. • Verified classification of investments in government debt securities and other debt securities on a sample basis. • Obtained specific management representations on the assumptions used and the judgments exercised. • Tested the disclosures made by the Company in the standalone financial statements.

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 loss, 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.

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.

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

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 2020 and are therefore the key audit matters. We describe these matters in our auditor's 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.

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

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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 2020 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 24 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 Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAACD7804
Pune: 21 May 2020

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 ₹ 1.14 crore (net block of ₹ 1.12 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, 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 to the Company 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, customs duty, 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 dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Income tax 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, 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, 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 Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAACD7804
Pune: 21 May 2020

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 Ind AS 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 over financial reporting of Bajaj Holdings & Investment Ltd. ('the Company') as of 31 March 2020 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. 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 over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of internal financial controls over financial reporting with reference to these financial statements

A Company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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;

Annexure 2 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 over financial reporting with reference to these standalone financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at 31 March 2020, 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.

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

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAACD7804
Pune: 21 May 2020

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	20.09	3.30
Bank balance other than cash and cash equivalents	4	10.15	6.71
Investment in subsidiaries, associates and joint venture	5A	2,913.35	2,674.10
Other investments	5B	7,421.60	7,620.76
Other financial assets	6	121.03	126.74
		10,486.22	**10,431.61**
Non-financial assets			
Current tax assets (net)		34.67	34.67
Deferred tax assets (net)	7	45.17	139.39
Investment property	8	183.87	187.19
Right-of-use asset	9A	167.94	–
Property, plant and equipment	9B	7.24	6.24
Other non-financial assets	10	1.27	246.41
		440.16	**613.90**
Total		**10,926.38**	**11,045.51**

Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		3.92	1.12
Lease liability	28	167.77	–
Other financial liabilities	11	39.62	34.52
		211.31	**35.64**
Non-financial liabilities			
Current tax liabilities (net)		12.78	12.78
Provisions	12	6.01	5.52
Other non-financial liabilities	13	3.79	2.15
		22.58	**20.45**
EQUITY			
Equity share capital	14	111.29	111.29
Other equity	15	10,581.20	10,878.13
		10,692.49	**10,989.42**
Total		**10,926.38**	**11,045.51**
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 Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

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 Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2020	2019
Revenue from operations			
Interest income	16	231.01	360.98
Dividend income		1,884.94	608.85
Rental income		17.99	18.10
Net gain on fair value changes	17	29.85	5.70
Total revenue from operations		2,163.79	993.63
Other income	18	42.07	4.64
Total income		**2,205.86**	**998.27**
Expenses			
Employee benefits expenses	19	35.90	28.13
Finance costs - interest on operating lease liability	28	12.54	–
Depreciation, amortisation and impairment	20	31.51	4.10
Other expenses	21	77.82	56.40
Total expenses		**157.77**	**88.63**
Profit before tax		**2,048.09**	**909.64**
Tax expense			
Current tax		80.38	129.95
Tax debits pertaining to earlier years		4.28	–
Deferred tax		(3.44)	(8.50)
Provision for possible non-utilisation of MAT credit		140.00	–
Total tax expense	22	221.22	121.45
Profit for the year		**1,826.87**	**788.19**

Statement of Profit and Loss (Contd.)

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2020	2019
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(1.07)	(0.45)
Tax impacts on above		0.37	0.16
Net (loss)/gain on equity instruments designated at FVTOCI		(1,248.38)	542.22
Tax impacts on above		53.37	(25.94)
Items that will be reclassified to profit or loss			
Net gain on debt instruments designated at FVTOCI		39.19	-
Tax impacts on above		(4.56)	-
Valuation gains on derivative hedging instruments		0.11	-
Tax impacts on above		(0.04)	-
Other comprehensive income for the year (net of tax)		**(1,161.01)**	**515.99**
Total comprehensive income for the year		**665.86**	**1,304.18**
Basic and diluted Earnings per share (in ₹)	23	164.1	70.8
(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 Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

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 Changes in Equity

A Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2020	2019
At the beginning of the year		111.29	111.29
Changes in equity share capital during the year		–	–
At the end of the year	14	**111.29**	111.29

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	
Balance as at 31 March 2018	15	444.42	3,706.96	1,584.33	2,356.76	2,017.98	–	10,110.45
Profit for the year		–	–	–	788.19	–	–	788.19
Other comprehensive income (net of tax)		–	–	–	(0.29)	516.28	–	515.99
Total comprehensive income for the year ended 31 March 2019		**–**	**–**	**–**	**787.90**	**516.28**	**–**	**1,304.18**
Transactions with owners in their capacity as owners								
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		–	–	157.64	(157.64)	–	–	–
Reclassification of gain on sale of FVTOCI equity instruments		–	–	–	92.50	(92.50)	–	–
Final dividend, declared and paid during the year		–	–	–	(445.17)	–	–	(445.17)
Tax on final dividend		–	–	–	(91.33)	–	–	(91.33)
Balance as at 31 March 2019	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)
Total comprehensive income for the year ended 31 March 2020		**–**	**–**	**–**	**1,826.17**	**(1,195.01)**	**34.70**	**665.86**
Transactions with owners in their capacity as owners								
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)
Balance as at 31 March 2020	15	**444.42**	**3,706.96**	**2,107.34**	**3,198.67**	**1,089.11**	**34.70**	**10,581.20**
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 Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

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

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
I. Operating activities		
Profit before tax	2,048.09	909.64
Adjustments to reconcile profit before tax to net cash flows		
Add		
i) Depreciation, amortisation and impairment	31.51	4.10
ii) Finance costs - interest on operating lease liability	12.54	–
iii) Unrealised foreign exchange loss on revaluation	6.85	–
	50.90	4.10
Less		
i) Profit on sale of investments, net	18.80	3.52
ii) Income from units of mutual fund	11.05	2.18
iii) Amortisation of premium/discount on acquisition of debt securities	0.99	13.37
	30.84	19.07
	2,068.15	894.67
Change in assets and liabilities		
i) (Increase)/decrease in loans and other assets	228.08	(199.69)
ii) (Increase)/decrease in other bank balances	(3.44)	(0.63)
iii) Increase/(decrease) in liabilities and provisions	5.52	4.91
	230.16	(195.41)
(Purchase)/sale of money market mutual funds, etc., net *	(375.85)	26.23
Net cash flow from/(used in) from operating activities before income-tax	1,922.46	725.49
Income-tax paid	(73.59)	(98.14)
Net cash flow from operating activities	**1,848.87**	**627.35**
Carried forward	1,848.87	627.35

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Brought forward	1,848.87	627.35
II. Investing activities		
i) Purchase of property, plant and equipment	(1.20)	(0.04)
ii) Investment in subsidiary, associates and joint venture *	(239.25)	(1,598.71)
iii) Sale of investments *	2,479.54	2,774.23
iv) Purchase of investments *	(3,082.88)	(1,338.72)
Net cash used in investing activities	**(843.79)**	**(163.24)**
III. Financing activities		
i) Dividend paid	(803.43)	(444.54)
ii) Corporate dividend tax paid	(155.92)	(91.33)
iii) Cash payment for principal portion of operating lease liability	(16.40)	–
iv) Cash payment for interest portion of operating lease liability	(12.54)	–
Net cash used in financing activities	**(988.29)**	**(535.87)**
Net change in cash and cash equivalents	**16.79**	**(71.76)**
Cash and cash equivalents as at the beginning of the year	3.30	75.06
Cash and cash equivalents as at the end of the year	20.09	3.30

* 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

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

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 2020

1 Bajaj Holdings & Investment Ltd. (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. 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). 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

A. 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 2020 (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. Other income

The Company recognises other income on accrual basis as it becomes due.

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 2020 (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:

Assets given on lease in relation to investment property	as per schedule II	useful life
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 property 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 property

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 property. Investment property measured initially at its 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 property 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'.

5. Investments and financial assets

A. Investment in subsidiaries, associates and joint venture

Interest in subsidiaries, associates and a joint venture 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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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)

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.

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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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 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 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.

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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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.

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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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 operates 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.

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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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.

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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.

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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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 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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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.

2C Changes in business model and disclosures

1. Change in business model: Ind AS 109 – Financial Instruments

From 1 April 2019, the Company has, changed its business objective of holding investments in fixed income securities from 'collecting contractual cash flows' to 'both collecting contractual cash flows and selling financial assets when required' to re-align with changing interest rates, tenors and business model. Consequently, the fair value gain/(loss) on these securities has been recognised in 'Other Comprehensive Income' (OCI) that will be reclassified to profit and loss on sale.

2. New Standard: Ind AS 116 – Leases:

Effective 1 April 2019, the Company has adopted Ind AS 116 - Leases and applied the standard to its lease arrangements using the Modified Retrospective Approach. Based on the same and as permitted under the specific transitional provisions in the standard, the Company has not restated the comparative figures.

On transition, the adoption of the new standard resulted in recognition of a right-of-use asset of ₹ 195.93 crore and a corresponding lease liability of ₹ 179.64 crore (net of payments made) as at 1 April 2019. Consequently, the lease rent expense, in respect of operating lease, is now partially reflected under Depreciation, on right-of-use asset, and partially under Finance costs as interest on operating lease liability.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

3 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Balances with banks	20.09	3.30
	20.09	3.30

4 Bank balances other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Unclaimed dividend accounts	10.15	6.71
	10.15	6.71

5 Investments

(₹ In Crore)

Particulars	As at 31 March 2020	2019
A Investment in subsidiaries, associates and joint venture		
Investment in equity instruments carried at cost		
In subsidiaries		
Maharashtra Scooters Ltd.*	239.49	–
Bajaj Auto Holdings Ltd.	0.25	0.25
Cost	**239.74**	**0.25**
In associates		
Bajaj Auto Ltd.	1,929.79	1,929.79
Bajaj Finserv Ltd.	743.82	743.82
Cost	**2,673.61**	**2,673.61**
In joint venture		
Maharashtra Scooters Ltd.	–	0.24
Cost	–	0.24
Total (A)	**2,913.35**	**2,674.10**

* 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 2020 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2020	As at 31 March 2019
B Other investments		
Investments carried at amortised cost		
In preference shares		
Mukand Ltd.	0.16	0.20
Amortised cost	**0.16**	**0.20**
Investments carried at fair value through other comprehensive income		
In government debt securities		
Government of India stock	63.64	127.58
Stocks of various State Governments	–	236.29
Fair value through other comprehensive income as at 31 March 2020/ Amortised cost as at 31 March 2019	**63.64**	**363.87**
In debt securities		
Aditya Birla Finance Ltd.	–	50.06
Bajaj Finance Ltd.	153.57	–
Bajaj Housing Finance Ltd.	147.98	–
Britannia Industries Ltd.	0.66	–
Export Import Bank Of India	95.84	250.00
ECL Finance Ltd.	–	49.98
HDB Financial Services Ltd.	144.84	24.96
Housing Development Finance Corporation Ltd.	299.44	–
Hero Fincorp Ltd.	100.26	99.91
Indian Railway Finance Corporation Ltd.	273.78	149.99
JM Financial Credit Solutions Ltd.	24.10	24.98
JM Financial Product Ltd.	–	49.95
Kotak Mahindra Prime Ltd.	20.05	100.04
LIC Housing Finance Ltd.	300.82	227.60
L&T Finance Ltd.	–	49.51
NTPC Ltd.	130.31	162.01
National Highway Authority Of India	107.08	125.37
National Bank For Agriculture And Rural Development Of India	316.16	–
Power Finance Corporation Ltd.	255.07	400.22
Power Grid Corporation Of India Ltd.	166.32	250.88
Rural Electrification Corporation Ltd.	286.08	346.19
State Bank of India	150.70	150.57
Sundaram Finance Ltd.	145.16	124.89
Tata Capital Ltd.	–	149.94
Tata Motor Finance Ltd.	50.18	45.83
Fair value through other comprehensive income as at 31 March 2020/ Amortised cost as at 31 March 2019	**3,168.40**	**2,832.88**

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
In equity instruments		
Bajaj Electricals Ltd. (Group company)	504.52	931.91
Hercules Hoists Ltd. (Group company)	31.88	72.61
Mukand Engineers Ltd. (Group company)	0.04	0.09
Mukand Ltd. (Group company)	10.79	43.89
Bajaj Hindusthan Sugar Ltd.	3.46	10.32
Bharti Infratel Ltd.	14.17	49.33
BSE Ltd.	-	22.52
Britannia Industries Ltd.	69.71	26.43
Bata India Ltd.	129.46	149.92
Berger Paints India Ltd.	68.81	33.43
Care Ratings Ltd.	13.70	49.27
Container Corporation Of India Ltd.	37.57	45.03
Dr. Lal Pathlabs Ltd.	32.44	23.65
Godrej Agrovet Ltd.	23.37	-
HDFC Bank Ltd.	302.88	367.78
Housing Development Finance Corporation Ltd.	40.83	-
Heidelberg Cement India Ltd.	49.74	53.51
ICICI Bank Ltd.	468.94	704.58
Infosys Ltd.	121.24	107.86
Indusind Bank Ltd.	16.60	55.18
Kotak Mahindra Bank Ltd.	41.93	-
Larsen & Toubro Ltd.	129.16	179.46
Lupin Ltd.	22.32	27.99
L&T Technology Services Ltd.	20.11	6.38
Marico Ltd.	150.54	131.68
Maruti Suzuki India Ltd.	84.43	75.63
Minda Industries Ltd.	41.33	30.02
Narayana Hrudayalaya Ltd.	30.29	32.35
Pilani Investment & Industries Corporation Ltd.	0.13	0.26
Reliance Industries Ltd.	206.13	201.18
South Indian Bank Ltd.	5.27	21.17
Spandana Sphoorty Financial Ltd.	41.18	-
SBI Card & Payments Services Ltd.	1.03	-
Tech Mahindra Ltd.	136.43	150.55
Tree House Education & Accessories Ltd.	0.78	1.39

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
UPL Ltd.	61.09	97.22
Ujjivan Financial Services Ltd.	29.15	108.70
Ultratech Cement Ltd.	90.36	86.50
National Stock Exchange Of India Ltd.	424.47	376.39
Indian Commodity Exchange Ltd. (Formerly National Multi-Commodity Exchange Ltd.)	30.53	30.53
Fabindia Overseas Private Ltd.	125.00	–
Fair value	**3,611.81**	**4,304.71**
In real estate funds		
J M Financial Property Fund - I	1.53	2.27
Urban Infrastructure Venture Capital Ltd.	2.83	3.08
India Real Estate Investment Fund	18.73	10.46
Fair value	**23.09**	**15.81**
In alternative investment funds		
Embassy Office Parks REIT	24.63	–
Kedaara Capital Advisors- LLP AIF	35.69	31.42
V.E.C. Strategic Advantage Scheme II	3.19	8.99
BPEA India Credit Investment Trust II	47.46	30.99
IFMR FImpact Medium Term Opportunities Fund 2	25.43	25.38
Trifecta Venture Debt Fund - II	25.32	–
Fair value	**161.72**	**96.78**
Investments carried at fair value through profit and loss		
In mutual funds		
ICICI Prudential Liquid - Direct Plan-Growth	–	6.51
Sundaram Money Fund - Direct Plan-Growth	67.61	–
IDFC Cash Fund Direct Growth	100.04	–
Nippon India Liquid Fund Direct Growth	150.65	–
Nippon India Overnight Fund - Direct Growth Plan	74.48	–
Fair value	**392.78**	**6.51**
Total (B)	**7,421.60**	**7,620.76**
Total Investments (C) = (A) + (B)	**10,334.95**	**10,294.86**

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

6 Other financial assets
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Interest receivable on investments, considered good	106.35	112.41
Interest receivable on investments, doubtful	1.18	1.18
Less: Impairment loss allowance	1.18	1.18
Security deposits	14.41	14.28
Derivative asset	0.11	–
Others	0.16	0.05
	121.03	126.74

7 Deferred tax assets (net)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Deferred tax liabilities		
On account of timing difference in Property, plant and equipment	1.33	1.42
Financial instruments		
Amortisation of discount on acquisition of fixed income securities	3.15	1.96
Movement in fair value of financial assets designated at FVTPL	0.32	0.02
Movement in fair value of financial assets designated at FVTOCI	11.26	65.54
	14.73	67.52
Gross deferred tax liabilities	16.06	68.94
Deferred tax assets		
On account of timing difference in Retiral and other employee benefits		
Provision for compensated absences	0.29	0.31
Defined benefit plan provisions - P&L	–	0.10
Defined benefit plan provisions - OCI	0.67	0.30
	0.96	0.71
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	0.36	1.03
Impairment allowance for financial asset	2.53	2.53
	2.89	3.56
Long-term capital loss	–	2.05
Lease assets	5.62	–
Other temporary differences	0.03	0.03
	5.65	2.08
MAT credit entitlement	191.73	201.98
Less: Provision for possible non-utilisation of MAT credit *	140.00	–
Gross deferred tax assets	61.23	208.33
	45.17	139.39

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

7 Deferred tax assets (net) (Contd.)

Movement in deferred tax assets

(₹ In Crore)

Particulars	Property, plant and equipment	Financial instruments	Retiral and other employee benefits	MAT credit entitlement and others	Total
At 31 March 2018	(7.54)	(40.48)	0.75	235.76	188.49
(Charged)/credited					
To profit and loss	6.12	2.46	(0.20)	(31.70)	(23.32)
To other comprehensive income	–	(25.94)	0.16	–	(25.78)
At 31 March 2019	(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
At 31 March 2020	(1.33)	(11.84)	0.96	57.38	45.17

8 Investment property

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Gross carrying amount		
Opening balance	218.48	218.48
Additions	–	–
Closing balance	218.48	218.48
Accumulated depreciation		
Opening balance	31.29	27.35
Depreciation charge	3.32	3.94
Closing balance	34.61	31.29
Net carrying amount	183.87	187.19

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

8 Investment property (Contd.)

i) Amounts recognised in profit or loss for investment properties

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Rental income	17.99	18.10
Direct operating expenses from property that generated rental income	(6.16)	(3.03)
Profit from investment properties before depreciation	11.83	15.07
Depreciation	(3.32)	(3.94)
Profit from investment property	8.51	11.13

ii) Contractual obligations

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

iii) Leasing arrangements

Certain investment properties are leased out to tenants under operating leases. Disclosure on future rent receivable is included in Note 28.

iv) Fair value

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Investment property	273.42	281.07

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.

9A Right-of-use asset

Current 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. Based on the same and as permitted under the specific transitional provisions in the standard, the Company has not restated the comparative figures and hence, there are no previous year figures. (See note 28)

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

9B Property, plant and equipment

Current year

(₹ In Crore)

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

Previous year

(₹ In Crore)

Particulars	Gross block (a)(c)				Accumulated depreciation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year (c)	As at 31 March 2019	As at 31 March 2019
Land freehold (d) (f)	–	–	–	–	–	–	–	–	–
Land leasehold (f)	1.16	–	0.02 (e)	1.14	–	–	–	–	1.14
Buildings (b)	8.18	–	–	8.18	2.98	–	0.14	3.12	5.06
Computers	–	0.04	–	0.04	–	–	–	–	0.04
Leased assets: Plant and machinery	87.50	–	87.50	–	87.50	87.50	–	–	–
Total	96.84	0.04	87.52	9.36	90.48	87.50	0.14	3.12	6.24

(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 property 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 property amounting to ₹ 3.32 crore (Previous year ₹ 3.94 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 & Investment Ltd.).

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

10 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Income tax refund receivable	–	3.81
Amount remitted against purchase of shares *	–	222.48
Pre-paid expenses	1.06	19.56
Others	0.21	0.56
	1.27	246.41

* represents cheques issued to WMDC (Western Maharashtra Development Corporation), co-promoter in the Company's joint venture in MSL (Maharashtra Scooters Ltd.) in accordance with Hon'ble SC order dated 9 January 2019. The Company has on 17 June 2019 acquired 3,085,712 equity shares representing 27% stake in MSL from WMDC, see note 5A.

11 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Unclaimed dividend	10.15	6.71
Directors' remuneration and commission payable	15.36	14.53
Employee benefits payable	3.56	2.40
Security deposits	10.55	10.88
	39.62	34.52

12 Provisions

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Provision for employee benefits [See note 26]		
Provision for gratuity	0.80	1.12
Provision for compensated absences	0.82	0.76
Provision for long-term incentive plan	4.39	3.64
	6.01	5.52

13 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Taxes and duties payable	3.47	1.88
Other payables	0.32	0.27
	3.79	2.15

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

14 Equity share capital

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Authorised		
150,000,000 equity shares of ₹ 10 each	150.00	150.00
Issued, subscribed and fully paid-up shares		
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 2020		As at 31 March 2019	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	111,293,510	111.29	111,293,510	111.29
Equity shares issued during the year	–	–	–	–
Outstanding at the end of the year	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 2020		As at 31 March 2019	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Jamnalal Sons Pvt. Ltd.	19,823,377	17.81%	19,517,715	17.54%
Jaya Hind Industries Ltd. (formerly known as Jaya Hind Investments Pvt. Ltd.)	5,905,401	5.31%	5,905,401	5.31%

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

15 Other equity

(₹ In Crore)

Particulars	As at 31 March 2020	2019
a. Reserves and surplus:		
Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	1,741.97	1,584.33
Add: Transferred from surplus in Statement of Profit and Loss	365.37	157.64
Balance as at the end of the year	2,107.34	1,741.97
Securities premium account		
Balance as at the beginning and end of the year	444.42	444.42
General reserve		
Balance as at the beginning and end of the year	3,706.96	3,706.96
Retained earnings		
Balance as at the beginning of the year	2,543.02	2,356.76
Profit for the year	1,826.87	788.19
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/losses of defined benefit plans	(0.70)	(0.29)
Reclassification of gain on sale of FVTOCI equity instruments	157.64	92.50
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	365.37	157.64
Final dividend, declared and paid during the year	361.70	445.17
Tax on final dividend	70.39	91.33
Interim dividend, declared and paid during the year	445.17	-
Tax on interim dividend	85.53	-
Total appropriations	1,328.16	694.14
Balance as at the end of the year	3,198.67	2,543.02
Other reserves		
Equity instruments through other comprehensive income		
Balance as at the beginning of the year	2,441.76	2,017.98
Add: Net gain/(loss) on equity instruments designated at FVTOCI for the year (net of tax impacts)	(1,195.01)	516.28
Less: Reclassification of gain on sale of FVTOCI equity instruments	157.64	92.50
	1,089.11	2,441.76
Debt instruments through other comprehensive income		
Balance as at the beginning of the year	-	-
Add: Net gain on debt instruments designated at FVTOCI for the year (net of tax impacts)	43.01	-
Less: Reclassification of gain on sale of FVTOCI debt instruments	8.38	-
	34.63	-

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

15 Other equity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Hedge instruments through other comprehensive income		
Balance as at the beginning of the year	–	–
Add: Net gain on hedge instruments designated at FVTOCI for the year (net of tax impacts)	0.07	–
Less: Reclassification of gain on settlement of FVTOCI hedge instruments	–	–
	0.07	–
	10,581.20	10,878.13

b. Nature and purpose of reserve

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the 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 investments 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 investments 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 2020 (Contd.)

16 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Interest income on		
Investments (at amortised cost)	1.25	360.19
Investments (at FVTOCI)	229.09	--
Others	0.67	0.79
	231.01	360.98

17 Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Income from real estate and other funds	11.05	2.18
On financial instruments through FVTPL	10.42	8.60
Others		
Gain/(Loss) on sale of debt instrument at amortised cost	-	(5.08)
Gain/(Loss) on sale of debt instrument at FVTOCI	8.38	-
Total net gain on fair value changes	29.85	5.70
Fair value changes		
Realised	28.94	5.69
Unrealised	0.91	0.01
	29.85	5.70

18 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Business support service	42.04	4.59
Provision no longer required	0.02	0.02
Miscellaneous receipts	0.01	0.03
	42.07	4.64

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

19 Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Salaries, wages and bonus to employees	33.38	25.99
Contribution to provident and other funds	2.48	2.06
Staff welfare expenses	0.04	0.08
	35.90	28.13

20 Depreciation, amortisation and impairment

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Depreciation on property, plant and equipment	0.18	0.14
Depreciation on right-of-use assets	27.99	–
Depreciation on investment property	3.32	3.94
Amount written off against leasehold land	0.02	0.02
	31.51	4.10

21 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Repairs to buildings	5.05	1.69
Repairs to machinery and others	4.39	–
Rent	0.98	1.06
Rates and taxes	2.17	2.39
Insurance	0.82	0.54
Payment to auditor	0.15	0.14
Directors' fees and travelling expenses	1.97	2.50
Exchange loss *	–	11.15
Unrealised foreign exchange loss on revaluation	6.85	–
Commission to non-executive directors	2.24	1.66
Business support service expenses	0.54	12.91
Expenditure towards Corporate Social Responsibility (CSR) activities	12.10	11.88
Legal and professional charges	0.50	1.81
Contribution to electoral bonds	10.00	–
Aircraft operation expenses	22.77	0.98
Miscellaneous expenses	7.29	7.69
	77.82	56.40

* pertains to foreign exchange loss on payment from lessor against assignment of aircraft purchase agreement

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

21 Other expenses (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Payment to auditor		
As auditor		
Audit fee	0.08	0.08
Tax audit fee	0.03	0.02
Limited review	0.03	0.02
Other services (certification fees and other matters)	0.01	0.01
Reimbursement of expenses [₹ 82,338 (Previous year ₹ 20,478)]		
Tax on above charged to Statement of Profit and Loss	–	0.01
	0.15	0.14
Expenditure towards Corporate Social Responsibility (CSR) activities		
Gross amount required to be spent by the Company during the year	12.02	11.82
Amount spent in cash during the year on		
(i) Construction/acquisition of any asset	–	–
(ii) On purpose other than (i) above	12.10	11.88
	12.10	11.88

22 Tax expense

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
(a) Tax expense		
Current tax		
Current tax on profit for the year	80.38	129.95
Total current tax expense	80.38	129.95
Deferred tax		
Decrease/(increase) in deferred tax assets	(4.84)	(0.49)
(Decrease)/increase in deferred tax liabilities	1.40	(8.01)
Total deferred tax expenses/(benefit)	(3.44)	(8.50)
Tax debits pertaining to earlier years	4.28	–
Provision for possible non-utilisation of MAT credit	140.00	–
Tax expense	221.22	121.45

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

22 Tax expense (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
(b) Reconciliation of tax expense and the accounting profit multiplied by Statutory tax rate		
Profit before tax	2,048.09	909.64
Tax at the Indian tax rate of 34.944% (Previous year - 34.944%)	715.68	317.86
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	2.11	2.08
Disallowance under section 14A	17.96	10.36
Others	–	3.91
Tax effect of amounts which are deductible (non taxable) in calculating taxable income:		
Dividend income	(658.67)	(212.76)
Others	(0.14)	–
Provision for possible non-utilisation of MAT credit	140.00	–
Tax debits pertaining to earlier years	4.28	–
Tax expense	221.22	121.45

23 Earnings per share (EPS)

Particulars	For the year ended 31 March 2020	2019
Profit for the year (₹ In Crore)	1,826.87	788.19
Weighted average number of shares outstanding during the year (Nos)	111,293,510	111,293,510
Earnings per share (Basic and Diluted) ₹	164.1	70.8
Face value per share ₹	10.0	10.0

24 Contingent liabilities

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Claims against the Company not acknowledged as debts	0.11	0.05
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	24.70

In all the cases mentioned above, outflow is not probable and hence, not provided by the Company.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

25 Capital and other commitments

There are no capital and other commitments outstanding as on 31 March 2020 and 31 March 2019.

26 Employee benefits plan

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.

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	7.71	5.06
Fair value of plan assets	6.91	3.94
Net funded obligation	**0.80**	**1.12**
Expense recognised in the Statement of Profit and Loss		
Current service cost	0.67	0.57
Interest on net defined benefit liability/(asset)	0.06	0.09
Total expense charged to Statement of Profit and Loss	**0.73**	**0.66**
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	0.85	0.40
Remeasurements during the period due to		
Changes in financial assumptions	0.69	0.03
Changes in demographic assumptions	–	0.01
Experience adjustments	0.45	0.38
Actual return on plan assets less interest on plan assets	(0.07)	0.03
Closing amount recognised in OCI outside Statement of Profit and Loss	**1.92**	**0.85**
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	1.12	1.56
Expense charged to Statement of Profit and Loss	0.73	0.66
Amount recognised outside Statement of Profit and Loss	1.07	0.45
Employer contributions	(2.12)	(1.55)
Closing net defined benefit liability/(asset)	**0.80**	**1.12**

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

26 Employee benefits plan (Contd.)

Funded schemes (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Movement in benefit obligation		
Opening of defined benefit obligation	5.06	3.81
Current service cost	0.67	0.57
Interest on defined benefit obligation	0.39	0.29
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	0.69	0.03
Actuarial loss/(gain) arising from change in demographic assumptions	–	0.01
Actuarial loss/(gain) arising on account of experience changes	0.44	0.38
Benefits paid	–	(0.03)
Liabilities assumed/(settled)	0.46	–
Closing of defined benefit obligation	**7.71**	**5.06**
Movement in plan assets		
Opening fair value of plan assets	3.94	2.25
Employer contributions	2.11	1.55
Interest on plan assets	0.33	0.20
Remeasurements due to		
Actual return on plan assets less interest on plan assets	0.07	(0.03)
Benefits paid	–	(0.03)
Assets acquired/(settled)	0.46	–
Closing fair value of plan assets	**6.91**	**3.94**
Disaggregation of assets		
Category of assets		
Insurer managed funds	6.91	3.94
Others	–	–
Grand Total	**6.91**	**3.94**

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

26 Employee benefits plan (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.

	As at 31 March 2020		As at 31 March 2019	
Particulars	**Discount rate**	**Salary escalation rate**	**Discount rate**	**Salary escalation rate**
Senior staff				
Impact of increase in 50 bps on DBO	(4.95%)	5.09%	(5.55%)	5.78%
Impact of decrease in 50 bps on DBO	5.28%	(4.83%)	5.94%	(5.46%)
Junior staff				
Impact of increase in 50 bps on DBO	(8.80%)	9.45%	(8.88%)	9.64%
Impact of decrease in 50 bps on DBO	9.79%	(8.59%)	9.91%	(8.74%)

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 the plan next year is ₹ 0.79 crore.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

26 Employee benefits plan (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
31 March 2020					
Senior staff	0.07	0.64	0.23	14.70	15.64
Junior staff	–	–	0.02	1.46	1.48
31 March 2019					
Senior staff	0.04	0.05	0.18	12.41	12.68
Junior staff	–	–	0.01	0.86	0.87

Particulars	As at 31 March 2020	2019
Weighted average duration of defined benefit obligation (in years)		
Senior staff	10.26	11.48
Junior staff	18.64	18.75

Principal Actuarial Assumptions (Expressed as Weighted Averages)

Particulars	As at 31 March 2020	2019
Discount rate (p.a.)	6.80%	7.70%
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 2020 (Contd.)

26 Employee benefits plan (Contd.)

Unfunded schemes

Particulars	As at 31 March 2020		As at 31 March 2019	
	Compensated Absences	Long-term incentive plan	Compensated Absences	Long-term incentive plan
Present value of unfunded obligations	0.82	4.39	0.76	3.64
Expense recognised in the Statement of Profit and Loss	0.90	1.82	0.57	1.39
Amount recorded as Other Comprehensive Income	–	–	–	–
Discount rate (p.a.)	6.80%	6.80%	7.70%	7.70%
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 2020	2019
Defined contribution plans		
Provident fund paid to Government authorities	1.00	0.74
Superannuation paid to trust	0.72	0.64
Pension fund paid to Government authorities	0.02	0.01
Others	–	–
Defined Benefit Plans		
Gratuity	0.73	0.66
Others	0.01	0.01
Total	2.48	2.06

27 Segment information

The Company's business activity, including its subsidiaries, associates and joint venture, falls within a single business segment i.e. investment..

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

28 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.

(₹ In Crore)

Particulars	As at 31 March 2020	2019
i) Premise		
Gross carrying amount	218.48	218.48
Depreciation for the year	3.32	3.94
Accumulated depreciation	34.61	31.29
ii) The total future minimum lease rentals receivable at the balance sheet date is as under:		
Receivable		
Within one year	18.86	17.90
After one year but not more than five years	47.66	64.85
More than five years	–	–
	66.52	82.75

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.

Effective 1 April 2019, the Company has adopted Ind AS 116 – Leases and applied the standard to its lease arrangements using the Modified Retrospective Approach. Based on the same and as permitted under the specific transitional provisions in the standard, the Company has not restated the comparative figures.

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

(₹ In Crore)

Particulars	Right-of-use asset
As at 1 April 2019	195.93
Additions	–
Less: Depreciation	27.99
As at 31 March 2020	167.94

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

28 Lease (Contd.)

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

(₹ In Crore)

Particulars	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
As at 31 March 2020	167.77

The maturity analysis of lease liabilities are disclosed in note 33.

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

(₹ In Crore)

Particulars	For the year ended 31 March 2020
Depreciation expense of right-of-use assets	27.99
Interest expense on lease liabilities	12.54
Total amount recognised in Statement of Profit and Loss	40.53

The Company had total cash outflow for leases of ₹ 28.94 crore for the year ended 31 March 2020.

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 2020 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019-20		2018-19	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A. Subsidiaries:					
Bajaj Auto Holdings Ltd. (Fully owned subsidiary)	Contribution to equity (24,500 shares of ₹ 100 each)	–	0.25	–	0.25
	Dividend received	–	–	0.86	–
Maharashtra Scooters Ltd. (51 % shares held by Bajaj Holdings & Investment Ltd. - previous year 24%)	Contribution to equity (5,828,560 shares of ₹ 10 each) Previous year (2,742,848 shares of ₹ 10 each)	–	239.49	–	0.24
	Dividend received	48.38	–	9.05	–
	Shares of BHIL held by MSL (3,387,036 shares of ₹ 10 each)	–	(3.39)	–	(3.39)
	Dividend paid	24.56	–	13.55	–
B. Associates, joint ventures and investing parties:					
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
	Purchase of shares by BAL [3,500,000 shares of ₹10 each] Previous year [2,910,050 shares of ₹ 10 each]	–	(3.50)	–	(2.91)
	Dividend received	1,741.09	–	547.68	–
	Dividend paid	25.38	–	–	–
	Business support services rendered	26.18	–	1.98	–
	Business support services received	0.03	–	12.52	–
	Revenue expenses reimbursement received	0.43	–	0.43	–
	Revenue expenses reimbursement paid	0.01	–	0.85	–
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	–	10.90	–
	Business support services rendered	0.12	–	0.08	–
	Revenue expenses reimbursement received	0.48	–	0.04	–
C. Key management personnel and their relatives:					
Rahul Bajaj (Chairman up to 17 May 2019, Chairman Emeritus w.e.f. 18 May 2019)	Sitting fees	0.02	–	0.04	–
	Commission	0.04	(0.04)	0.07	(0.07)
Madhur Bajaj	Sitting fees	0.04	–	0.03	–
	Commission	0.08	(0.08)	0.06	(0.06)
Rajiv Bajaj	Sitting fees	0.06	–	0.03	–
	Commission	0.12	(0.12)	0.06	(0.06)
Sanjiv Bajaj (Managing Director & CEO) (Also Key management personnel)	Short-term employee benefits (including Commission)	18.31	(13.12)	17.62	(12.87)
	Post-employment benefits	1.69	–	1.52	–
Niraj Bajaj (Chairman w.e.f from 18 May 2019)	Sitting fees	0.05	–	–	–
	Commission	0.10	(0.10)	–	–
D. Other entities/persons:					
Bajaj Allianz General Insurance Co. Ltd.	Insurance premium paid	0.66	0.15	0.43	0.07
	Revenue expenses reimbursement received	0.04	–	–	–
Bajaj Allianz Life Insurance Co. Ltd.	Revenue expenses reimbursement received	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	–	–
	Business support services rendered	15.75	–	2.54	–
	Business support services received	0.51	–	0.34	–

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019-20		2018-19	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
	Dividend paid (Previous Year - ₹ 3000)	-	-	-	-
	Revenue expenses reimbursement received	0.04	-	0.03	-
	Revenue expenses reimbursement paid	-	-	0.01	-
Bajaj Housing Finance Ltd.	Investment/(Redeemed) in non-convertible debentures/ Commercial Paper	-	150.00	-	-
Bajaj Electricals Ltd.	Contribution to equity (18,793,840 shares of ₹ 2 each) Previous year (16,697,840 shares of ₹ 2 each)	64.97	176.75	-	111.78
	Dividend received	5.84	-	5.84	-
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	-	0.06	-
	Maintenance charges paid	1.68	-	1.70	-
	Security deposit paid/(received back)	(0.06)	0.39	0.02	0.45
Hind Musafir Agency Ltd.	Services received	0.21	(0.06)	0.16	(0.02)
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	-	0.16	-	0.20
	Redemption of preference shares	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	0.94	-	0.78	-
	Shares of BHIL held by Hercules Hoists (286,094 shares of ₹ 10 each)	-	0.29	-	0.29
	Dividend paid	2.07	-	1.14	-
Kedaara Capital Advisors LLP	Contribution given for investments	0.37	15.52	0.37	17.50
	Proceeds from redemption of units	8.83	-	10.87	-
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.72	-	0.64	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity Contribution	0.13	-	0.04	-
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity Contribution	2.00	-	1.52	-
D J Balaji Rao	Sitting fees	0.11	-	0.06	-
	Commission	0.22	(0.22)	0.12	(0.12)
Late Nanoo Pamnani (up to demise on 22 February 2020)	Sitting fees	0.12	-	0.08	-
	Commission	1.14	(1.14)	1.05	(1.05)
Manish Kejriwal	Sitting fees	0.05	-	0.05	-
	Commission	0.10	(0.10)	0.09	(0.09)
P Murari	Sitting fees	-	-	0.02	-
	Commission	-	-	0.03	(0.03)
Dr. Naushad Forbes	Sitting fees	0.08	-	0.05	-
	Commission	0.16	(0.16)	0.09	(0.09)
Dr. Gita Piramal	Sitting fees	0.08	-	0.05	-
	Commission	0.16	(0.16)	0.09	(0.09)
Anami Roy	Sitting fees	0.06	-	-	-
	Commission	0.12	(0.12)	-	-

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 2020 (Contd.)

30 Fair value measurement

i) Financial instruments by category

(₹ In Crore)

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
Government securities, bonds and debentures	–	3,232.04	–	–	–	3,196.75
Liquid mutual funds	392.78	–	–	6.51	–	–
Preference shares	–	–	0.16	–	–	0.20
Equity shares	–	3,611.81	–	–	4,304.71	–
Real estate funds	–	23.09	–	–	15.81	–
Alternative investment funds	–	161.72	–	–	96.78	–
Other financial assets	–	–	121.03	–	–	126.74
Cash and cash equivalents	–	–	20.09	–	–	3.30
Other bank balances	–	–	10.15	–	–	6.71
Total financial assets	**392.78**	**7,028.66**	**151.43**	**6.51**	**4,417.30**	**3,333.70**
Financial liabilities						
Trade payables	–	–	3.92	–	–	1.12
Other financial liabilities	–	–	39.62	–	–	34.52
Lease liability	–	–	167.77	–	–	–
Total financial liabilities	**–**	**–**	**211.31**	**–**	**–**	**35.64**

ii) Fair value hierarchy

This section explains the basis of 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 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 2020 (Contd.)

30 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
Financial investments at FVTPL					
Liquid mutual funds	5B	392.78	–	–	392.78
Financial investments at FVTOCI					
Equity shares	5B	3,611.81	–	–	3,611.81
Debt securities	5B	3,232.04	–	–	3,232.04
Real estate funds	5B	–	23.09	–	23.09
Alternative investment funds	5B	–	161.72	–	161.72
Total financial assets		7,236.63	184.81	–	7,421.44

Financial assets which are measured at amortised cost for which fair values as at 31 March 2020 are disclosed below.

(₹ 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 property	8	–	273.42	–	273.42

Financial assets measured at fair value - recurring fair value measurements at 31 March 2019

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
Liquid mutual funds	5B	6.51	–	–	6.51
Financial investments at FVTOCI					
Equity shares	5B	3,897.80	406.91	–	4,304.71
Real estate funds	5B	–	15.81	–	15.81
Alternative investment funds	5B	–	96.78	–	96.78
Total financial assets		3,904.31	519.50	–	4,423.81

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

30 Fair value measurement (Contd.)

ii) Fair value hierarchy (Contd.)

Financial assets which are measured at amortised cost for which fair values as at 31 March 2019 are disclosed below.

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Government securities, bonds and debentures	5B	3,176.26	–	–	3,176.26
Preference shares	5B	–	0.20	–	0.20
Total financial assets		3,176.26	0.20	–	3,176.46

Assets disclosed at fair value - at 31 March 2019

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	8	–	281.07	–	281.07

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 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) (Previous year FIMMDA (Fixed Income Money Market and Derivative Association of India))
- Commercial papers and certificate of deposits, being short term maturity papers, amortised cost is assumed to be the fair value

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ In Crore)

Particulars	31 March 2020		31 March 2019	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Investments				
Government securities, bonds and debentures	–	–	3,196.75	3,176.26
Preference shares	0.16	0.16	0.20	0.20
Total financial assets	0.16	0.16	3,196.95	3,176.46

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.

31 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

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at FVTOCI and FVTPL, such as investments etc.	Credit ratings	Setting limits on the amount of acceptable risk, diversification of investment limits, monitoring of counterparties basis credit rating

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 FVTOCI and financial assets measured at 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 part of non-equity investments 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. Counterparty limits maybe 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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

31 Financial risk management

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 30).

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.

E. Other risk (Market risk)

The Company has deployed its surplus funds in debt instruments (including through mutual funds) and money market instruments. The Company is exposed to price risk on such investments; which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

The Company has invested 34% 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 shocks (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 and STABLE A1+ rating and thus the Company does not have significant risk exposure here.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

32 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 instruments, income generating debt instruments (including through mutual funds) and money market instruments 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.

(₹ In Crore)

Particulars	As at 31 March 2020	As at 31 March 2019
Equity	10,692.49	10,989.42
Less: Tangible and other assets	191.28	193.43
Working capital	121.09	361.74
Deferred tax assets (net)	45.17	139.39
Investments in subsidiary, associates and joint venture	2,913.35	2,674.10
Investment in equity, debt and similar investments	7,421.60	7,620.76

No changes were made in the objectives, policies and processes of capital management during the year.

b) Dividends distributed and proposed

(₹ In Crore)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividends recognised in the financial statements		
Final dividend for the year ended 31 March 2019 of ₹ 32.50 (31 March 2018 - ₹ 40.00) per equity share, declared and paid	361.70	445.17
Interim dividend for the year ended 31 March 2020 of ₹ 40.00 (31 March 2019 - ₹ Nil) per equity share, declared and paid	445.17	–
Dividends not recognised at the end of the reporting period		
No final dividend has been recommended by the Directors for the year ended 31 March 2020. Directors had recommended the payment of a final dividend of ₹ 32.50 for the year ended 31 March 2019. The proposed dividend declared in the previous year was subject to the approval of shareholders in the ensuing annual general meeting.	–	361.70

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

33 Maturity analysis of assets and liabilities

Particulars	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	20.09	–	20.09	3.30	–	3.30
Bank balance other than cash and cash equivalents	0.44	9.71	10.15	–	6.71	6.71
Investment in subsidiaries, associates and joint venture	–	2,913.35	2,913.35	–	2,674.10	2,674.10
Other investments	576.40	6,845.20	7,421.60	257.01	7,363.75	7,620.76
Other financial assets	106.62	14.41	121.03	112.46	14.28	126.74
Non-financial assets						
Current tax assets (net)	–	34.67	34.67	–	34.67	34.67
Deferred tax assets (net)	–	45.17	45.17	–	139.39	139.39
Investment property	–	183.87	183.87	–	187.19	187.19
Right-of-use asset	–	167.94	167.94	–	–	–
Property, plant and equipment	–	7.24	7.24	–	6.24	6.24
Other non-financial assets	1.27	–	1.27	242.13	4.28	246.41
Total	**704.82**	**10,221.56**	**10,926.38**	**614.90**	**10,430.61**	**11,045.51**
Liabilities						
Financial liabilities						
Trade payables	3.92	–	3.92	1.12	–	1.12
Lease liability	30.66	137.11	167.77	–	–	–
Other financial liabilities	19.36	20.26	39.62	16.93	17.59	34.52
Non-financial liabilities						
Current tax liabilities (net)	–	12.78	12.78	–	12.78	12.78
Provisions	1.81	4.20	6.01	1.04	4.48	5.52
Other non-financial liabilities	3.79	–	3.79	2.15	–	2.15
Total	**59.54**	**174.35**	**233.89**	**21.24**	**34.85**	**56.09**
Net	**645.28**	**10,047.21**	**10,692.49**	**593.66**	**10,395.76**	**10,989.42**

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

34 Schedule to Balance Sheet as on 31 March 2020

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)

(₹ In Lakh)

Particulars	Amount Outstanding	Amount Overdue
Liabilities side		
1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
(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)	–	–
2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)		
(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

(₹ In Lakh)

Particulars	Amount Outstanding
Asset Side	
3. Break-up of loans and advances including bills receivables (other than those included in (4) below)	
(a) Secured	–
(b) Unsecured (Comprises advance income-tax paid and other miscellaneous receivables)	15,697
4. Break-up of leased assets and stock on hire and other assets counting towards AFC activities	
(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	–

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

34 Schedule to Balance Sheet as on 31 March 2020 (Contd.)

(₹ In Lakh)

Particulars			Amount Outstanding
Asset Side (Contd.)			
5. Break-up of investments*			
Current Investments			
a. Quoted			
(i) Shares –	(a) Equity		–
	(b) Preference		–
(ii) Debentures and bonds			–
(iii) Units of mutual funds			39,278
(iv) Government securities			–
(v) Others			–
b. 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		–
			39,278
Long-term Investments			
a. Quoted			
(i) Shares –	(a) Equity		596,954
	(b) Preference		–
(ii) Debentures and bonds			316,840
(iii) Units of mutual funds			–
(iv) Government securities			6,364
(v) Others (Please specify)			–
b. Unquoted			
(i) Shares –	(a) Equity		58,025
	(b) Preference		16
(ii) Debentures and bonds			–
(iii) Units of mutual funds			16,018
(iv) Government securities			–
(v) Others – (please specify): Investment property			18,387
			1,012,604
Total			**1,051,882**

* 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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

34 Schedule to Balance Sheet as on 31 March 2020 (Contd.)

Asset Side (Contd.)

6. Borrower group-wise classifications of assets financed as in (3) and (4) above: (Please see note (2) below)

(₹ In Lakh)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related parties **			
(a) Subsidiaries	–	–	–
(b) Companies in the same group	–	–	–
(c) Other related parties	–	54	54
2. Other than related parties	–	15,643	15,643
Total	–	15,697	15,697

7. Investor group wise classification of all investments (current and long-term) in shares and securities (both quoted and unqouted)

(₹ In Lakh)

Category	Market value/breakup or fair value or NAV	Book value^ (Net of provisions
1. Related parties **		
(a) Subsidiaries (quoted and unquoted, hence disclosed at break up value)	124,309	23,974
(b) Companies in the same group (disclosed at market value)	4,817,129	267,361
(c) Other related parties		
– Unquoted (disclosed at face value)	16	16
– Quoted	54,723	22,207
2. Other than related parties		
– Unquoted @	74,018	42,731
– Quoted (disclosed at market value)	613,403	564,336
	5,683,598	920,625

** As per Accounting Standard 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:

1. 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.
2. 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.
3. All Accounting Standards 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 2020 (Contd.)

34 Schedule to Balance Sheet as on 31 March 2020 (Contd.)

Asset Side (Contd.)

9. Investments

(₹ In Lakh)

Particulars	As at 31 March 2020	2019
(1) Value of investments		
(i) Gross value of investments		
(a) In India	1,051,882	1,048,205
(b) Outside India,	–	–
(ii) Provisions for depreciation		
(a) In India	–	–
(b) Outside India,	–	–
(iii) Net value of investments		
(a) In India	1,051,882	1,048,205
(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

(₹ In Lakh)

Particulars		As at 31 March 2020	2019
Break up of 'Provisions and Contingencies' shown under the head expenditure in Profit and Loss Account			
(i)	Provisions for depreciation on investment	–	–
(ii)	Provision towards NPA	–	–
(iii)	Provision made towards income tax	22,122	12,145
(iv)	Other provision and contingencies	–	–
(v)	Provision for standard assets	–	–

11. CRAR

Particulars		As at 31 March 2020	2019
(i)	CRAR %	97%	98%
(ii)	CRAR – Tier I capital (%)	97%	98%
(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	–	–

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

34 Schedule to Balance Sheet as on 31 March 2020 (Contd.)

Asset Side (Contd.)

12. Exposure

A. Exposure to Real Estate Sector

(₹ In Lakh)

Category	As at 31 March 2020	As at 31 March 2019
(a) Direct exposure	–	–
(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 seperately)	–	–
(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) Indirect exposure	77,612	22,760
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	77,612	22,760

B. Exposure to Capital Market

(₹ In Lakh)

Category	As at 31 March 2020	As at 31 March 2019
(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;	507,586	441,530
(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
Total exposure to capital market	507,586	441,530

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

34 Schedule to Balance Sheet as on 31 March 2020 (Contd.)

Asset Side (Contd.)

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	39,278	–	3,144	14,402	816	189,196	74,559	730,487	1,051,882
Deposits	–	–	–	–	–	–	–	–	–
Advances	–	–	–	–	–	–	–	–	–
Investments	39,278	–	3,144	14,402	816	189,196	74,559	730,487	1,051,882
Foreign currency assets	–	–	–	–	–	–	–	–	–

14 Miscellaneous Disclosures

a) Registration obtained from other financial secor 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 see note 29 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 2020 (Contd.)

35 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 2020 and 31 March 2019 and hence, no disclosures have been made in this regard.

36 Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements

37 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

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

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 Ind AS Financial Statements

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

Opinion

We have audited the accompanying consolidated Ind AS 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'), its associates comprising of the consolidated Balance sheet as at 31 March 2020, 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 Ind AS 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 2020, 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 your attention to Note 30A to the consolidated financial statements, which describes the uncertainty caused by Novel Coronavirus (COVID-19) pandemic with respect to Bajaj Finance Ltd.'s (BFL) estimates of impairment of loans to its customers and that such estimates may be affected by the severity and duration of the pandemic.

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 2020. 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 Ind AS Financial Statements (Contd.)

Key audit matters	How our audit addressed the key audit matter
(a) Accounting for investments	
The Holding Company has investments aggregating to ₹ 3,232.04 crore in government debt securities and other debt securities as at 31 March 2020. These investments were subsequently measured at amortised cost till 31 March 2019 and were then reclassified to being subsequently measured at FVTOCI with effect from 1 April 2019 consequent to a change in the Business model with regards to these investments. The Holding Company applies FVTOCI, where it has ability to demonstrate that the conditions, i.e. objective of the business model of the Holding Company being achieved by both collecting contractual cash flows and selling financial assets and the underlying instruments in the portfolio fulfilling the solely payments of principal and interest ('SPPI') test; have been met. The Holding Company applies significant judgment to determine whether these conditions have been fulfilled effective from 1 April 2019. Since these conditions have been fulfilled, Holding Company, has reclassified government debt securities and other debt securities, as subsequently measured at FVTOCI.	Our audit procedures included the following: • Performed test of controls on the operating effectiveness of internal controls on investments. • Verified classification of investments in government debt securities and other debt securities on a sample basis. • Obtained specific Management representations on the assumptions used and the judgments exercised. • Tested the disclosures made by the Holding Company in its financial statements.
(b) Impact of COVID-19 on consolidated financial statements of Bajaj Auto Ltd. ('BAL')	
COVID-19 was declared a global pandemic by World Health Organisation. In line with the directions on lockdown issued by the State Governments of Maharashtra and Uttarakhand, BAL temporarily suspended the operations of its manufacturing units at four locations from 23 March 2020 till 31 March 2020; and subsequently up-to further dates as instructed by the respective State Governments. COVID-19 has resulted in restriction in movement of goods during the period from 23 March 2020 till 31 March 2020 impacting normal business operations for the Company including revenues, receivables, purchases including services and inventories at the year-end and hence considered a key audit matter.	We have performed the following procedures to assess and evaluate the impact on consolidated financial statements of BAL because of business decisions, government actions or economic environment developments: • Performed cut-off procedures for a larger sample of invoices during the lockdown period for both domestic as well as export sales. • Enquired with BAL on the manner of financial support (if any) provided to the dealers, vendors and service providers; and their recognition in the consolidated financial statements. • Enquired with BAL on any information on the liquidity position of any dealers; and ascertained the need for any additional provisioning for impairment/credit loss in the consolidated financial statements of BAL. • We assessed the disclosures on COVID-19 made in the consolidated financial statements of BAL. • Our ability to perform regular audit procedures has been impacted which has required us in certain cases to perform alternative audit procedures and exercise significant judgment in respect of the following: – Audit and quality control procedures which were earlier performed in person could not be performed; and hence alternative procedures have been performed based on inquiries (through phone calls, video calls and e-mail communications) and review of scanned documentation sent through e-mails, followed up with sighting with original documents. – Year-end inventory observation of inventory counts could not be performed. However, inventory counts were observed subsequent to year end; and rolled back to year end.
(c) Impairment of financial assets (expected credit losses) of Bajaj Finserv Ltd. ('BFS')	
Ind AS 109 requires 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's financial assets.	• Read and assessed BFS's accounting policies for impairment of financial assets and their compliance with Ind AS 109. • For BFS's subsidiaries engaged in lending, read and assessed their policies with respect to moratorium pursuant to the Reserve Bank of India circular dated 27 March 2020 ('RBI circular') allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 May 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 Ind AS Financial Statements (Contd.)

Key audit matters	How our audit addressed the key audit matter
(c) Impairment of financial assets (expected credit losses) of BFS (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.	• 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/default in view of factors caused by COVID-19 (such as policy on moratorium referred above for subsidiaries of BFS engaged in lending). • Tested the ECL model, including assumptions and underlying computation. Assessed the floor/minimum rates of provisioning applied by BFS for financial assets with inadequate historical defaults. • Tested assumptions used by the Management in determining the overlay for macro-economic factors (including COVID-19). • 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 Ind AS financial statements of BFS 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 BFS	
Financial accounting and reporting systems, 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 BFS. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over programme 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.	Our audit procedures included the following: • Tested the design and operating effectiveness of the BFS's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • 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. • Tested the BFS'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 of BFS.
(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 BFS, 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.

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.

Independent Auditors' Report on the Consolidated Ind AS Financial Statements (Contd.)

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.

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.

Independent Auditors' Report on the Consolidated Ind AS Financial Statements (Contd.)

- 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.

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 2020 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 Ind AS financial statements include total assets of ₹ 8,225.78 crore as at 31 March 2020, and total revenues of ₹ 15.38 crore and net cash inflows of ₹ 74.76 crore for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, whose financial statements, other financial information and auditors' reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 105.11 crore for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of three 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 three companies forming part of the Group 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 three companies forming part of the Group is based solely on the report 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 2020 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 2020 has been duly certified by the BALIC's Appointed Actuary and in his opinion,

Independent Auditors' Report on the Consolidated Ind AS Financial Statements (Contd.)

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 2020 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.

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.

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 other financial information of the 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 2020 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 subsidiaries and associates, none of the directors of the Group's companies and its associates, incorporated in India, is disqualified as on 31 March 2020 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 over financial reporting with reference to these consolidated financial statements of the Holding Company, its subsidiaries 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 2020 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;

Independent Auditors' Report on the Consolidated Ind AS Financial Statements (Contd.)

(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 28 and Note 29 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 29 to the consolidated financial statements;

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 for the year ended 31 March 2020.

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

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAACC7798
Pune: 21 May 2020

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 Ind AS 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. as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of Bajaj Holdings & Investment Ltd. (hereinafter referred to as the 'Holding Company'), its subsidiaries and its associate companies, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the Holding Company, its subsidiaries and its associate companies, 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. 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 company's internal financial controls over financial reporting with reference to these 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements.

Annexure 1 to Independent Auditors' Report (Contd.)

Meaning of internal financial controls over financial reporting with reference to these consolidated financial statements

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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;

(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 over financial reporting with reference to these consolidated financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 Holding Company, its subsidiaries and its associate companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at 31 March 2020, 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.

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 Auditors' 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 2020. 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.

Annexure 1 to Independent Auditors' Report (Contd.)

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 2020. 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 over financial reporting with reference to these consolidated financial statements of the Holding Company, in so far as it relates to its 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 Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAACC7798
Pune: 21 May 2020

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	95.40	3.48
Bank balance other than cash and cash equivalents	4	16.91	6.71
Trade receivables	5	4.70	–
Investment in associates and joint venture	6A	20,236.98	18,618.26
Other investments	6B	11,830.77	7,638.60
Other financial assets	7	126.78	126.74
		32,311.54	**26,393.79**
Non-financial assets			
Current tax assets (net)		37.03	36.32
Deferred tax assets (net)	8A	45.17	139.39
Investment property	9	183.87	187.19
Property, plant and equipment	10A	22.63	6.30
Right-of-use assets	10B	167.94	–
Inventories	11	3.36	–
Other non-financial assets	12	2.36	246.41
		462.36	**615.61**
Total		**32,773.90**	**27,009.40**

Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		0.34	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		4.65	1.13
Lease liabilities		167.77	–
Other financial liabilities	13	50.89	34.53
		223.65	**35.66**
Non-financial liabilities			
Current tax liabilities (net)		14.13	12.78
Deferred tax liabilities (net)	8B	225.37	0.99
Provisions	14	6.89	5.52
Other non-financial liabilities	15	4.24	2.15
		250.63	**21.44**
EQUITY			
Equity share capital	16	111.29	111.29
Other equity	17	27,652.25	26,841.01
Non-controlling interest		4,536.08	–
		32,299.62	**26,952.30**
Total		**32,773.90**	**27,009.40**
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 Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

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 Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2020	2019
Revenue from operations			
Interest income	18	247.19	360.99
Dividend income		79.11	40.36
Rental income		18.01	18.12
Net gain on fair value changes	19	33.69	7.23
Revenue from contracts with customers - sale of goods	20	15.38	-
Total revenue from operations		393.38	426.70
Other income	21	42.31	4.65
Total income		**435.69**	**431.35**
Expenses			
Employee benefits expenses	22	44.54	28.13
Finance costs - interest on operating lease liability		12.54	-
Cost of raw materials consumed		9.39	-
Changes in inventories of work-in-progress	23	(1.73)	-
Depreciation, amortisation and impairment	24	33.33	4.10
Other expenses	25	81.76	56.43
Total expenses		**179.83**	**88.66**
Share of profits of associates and joint venture		3,057.81	2,827.33
Profit before tax		**3,313.67**	**3,170.02**
Tax expense			
Current tax		83.28	130.27
Tax debits pertaining to earlier years		4.50	-
MAT credit entitlement		(0.34)	(0.29)
Net current tax		87.44	129.98
Deferred tax		(2.96)	(8.34)
Provision for possible non-utilisation of MAT credit		149.00	-
Total tax expense	26	233.48	121.64
Profit after tax		**3,080.19**	**3,048.38**
Profit attributable to non-controlling interests		88.19	-
Profit for the year		**2,992.00**	**3,048.38**

Consolidated Statement of Profit and Loss (Contd.)

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2020	2019
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(24.89)	(12.56)
Tax impacts on above		3.40	3.63
Net gain/(loss) on equity instruments designated at FVTOCI		(3,416.93)	1,216.19
Tax impacts on above		332.92	(106.55)
Net gain on business combination	35	3,152.62	–
Items that will be reclassified to profit or loss			
Valuation gains/(losses) on derivative hedging instruments		(87.34)	1.75
Tax impacts on above		24.32	(0.61)
Other adjustments		(1.02)	(1.58)
Change in foreign currency translation reserve of subsidiary of associate		58.74	(35.26)
Net gain on debt instruments designated at FVTOCI		334.09	81.21
Tax impacts on above		(56.18)	(18.27)
Other comprehensive income for the year (net of tax)		**319.73**	**1,127.95**
Total comprehensive income for the year		**3,399.92**	**4,176.33**
Profit attributable to			
Owners of the company		2,992.00	3,048.38
Non-controlling interests		88.19	–
Total comprehensive income attributable to			
Owners of the company		4,339.89	4,176.33
Non-controlling interests		(939.97)	–
Basic and diluted Earnings per share (in ₹)	27	268.8	273.9
(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 Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

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 Statement of Changes in Equity

A Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2020	2019
At the beginning of the year		111.29	111.29
Changes in equity share capital during the year		–	–
At the end of the year	16	**111.29**	111.29

B Other equity

(₹ In Crore)

		Reserves and surplus					Other reserves					
Particulars	**Note No.**	**Securities premium**	**General reserve**	**Capital 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**	**Share of associates and joint venture**	**Total attributable to equity holders of the parent**	**Total non-controlling interest**	**Total**
Balance as at 1 April 2018	17	444.42	16,612.86	–	1,584.33	4,218.22	2,330.32	–	(100.21)	25,089.94	–	25,089.94
Profit for the year		–	–	–	–	3,048.38	–	–	–	3,048.38	–	3,048.38
Other comprehensive income (net of tax)		–	–	–	–	(8.93)	1,109.64	–	27.24	1,127.95	–	1,127.95
Total comprehensive income for the year ended 31 March 2019		**–**	**–**	**–**	**–**	**3,039.45**	**1,109.64**	**–**	**27.24**	**4,176.33**	**–**	**4,176.33**
Transactions with owners in their capacity as owners												
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		–	–	–	157.64	(157.64)	–	–	–	–	–	–
Reclassification of gain on sale of FVTOCI equity instruments		–	–	–	–	92.50	(92.50)	–	–	–	–	–
Share of accumulated reserves of associate		–	(1,888.58)	–	–	–	–	–	–	(1,888.58)	–	(1,888.58)
Final dividend, declared and paid during the year		–	–	–	–	(445.17)	–	–	–	(445.17)	–	(445.17)
Tax on final dividend		–	–	–	–	(91.51)	–	–	–	(91.51)	–	(91.51)
Balance as at 31 March 2019	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	35	–	–	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
Total comprehensive income for the year ended 31 March 2020		**–**	**–**	**4,232.40**	**–**	**2,970.62**	**(3,123.69)**	**34.70**	**225.86**	**4,339.89**	**(939.97)**	**3,399.92**

Consolidated Statement of Changes in Equity (Contd.)

B Other equity (Contd.)

(₹ In Crore)

Particulars	Note No.	Reserves and surplus					Other reserves			Total attributable to equity holders of the parent	Total non-controlling interest	Total
		Securities premium	General reserve	Capital 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	Share of associates and joint venture			
Transactions with owners in their capacity as owners												
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 net gain on business combination			135.44	-	-	-	(135.44)	-	-	-	-	-
Reclassification of gain on sale of FVTOCI equity instruments		-	-	-	-	157.64	(157.64)	-	-	-		-
Recognition of non-controlling interest	35	-	-	-	-	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)
Balance as at 31 March 2020	17	**444.42**	**12,325.90**	**4,232.40**	**2,107.34**	**8,472.18**	**(117.58)**	**34.70**	**152.89**	**27,652.25**	**4,536.08**	**32,188.33**
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 Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

On behalf of the Board of Directors

Anant Marathe
Chief Financial Officer

Sriram Subbramaniam
Company Secretary

Sanjiv Bajaj
Managing Director & CEO

Madhur Bajaj
Director

Consolidated Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
I. Operating activities		
Profit before tax	3,313.67	3,170.02
Less: Share of profits of associates and joint venture	3,057.81	2,827.33
Add: Dividend from associates	1,912.70	567.67
	2,168.56	910.36
Adjustments to reconcile profit before tax to net cash flows		
Add:		
i) Depreciation, amortisation and impairment	33.33	4.10
ii) Finance costs - interest on operating lease liability	12.54	–
iii) Unrealised foreign exchange loss on revaluation	6.85	–
	52.72	4.10
Less:		
i) Profit on sale of investments, net	25.44	5.05
ii) Income from units of mutual fund	11.21	2.18
iii) Amortisation of premium/discount on acquisition of debt securities	0.71	13.37
	37.36	20.60
	2,183.92	893.86
Change in assets and liabilities		
i) (Increase)/decrease in loans and other assets	225.50	(199.58)
ii) Increase in trade receivables	(0.97)	–
iii) Increase in inventories	(1.85)	–
iv) Increase in other bank balances	(3.44)	(0.63)
v) Increase in liabilities and provisions	3.69	4.92
	222.93	(195.29)
(Purchase)/sale of money market mutual funds, etc., net *	(413.68)	27.33
Net cash flow from operating activities before income-tax	1,993.17	725.90
Income-tax refund for earlier years (net)	3.86	–
Income-tax paid	(77.20)	(98.26)
Net cash flow from operating activities	**1,919.83**	**627.64**
Carried forward	1,919.83	627.64

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Brought forward	1,919.83	627.64
II. Investing activities		
i) Purchase of property, plant and equipment	(3.71)	(0.04)
ii) Acquisition of a subsidiary, net of cash acquired	(238.85)	–
iii) Investment in associate and joint venture	–	(1,598.71)
iv) Sale of investments*	2,633.53	2,774.23
v) Purchase of investments*	(3,190.64)	(1,338.72)
vi) Sale proceeds of property, plant and equipment	0.04	–
Net cash flow used in investing activities	**(799.63)**	**(163.24)**
III. Financing activities		
i) Dividend paid	(823.92)	(444.54)
ii) Corporate dividend tax paid	(175.42)	(91.51)
iii) Cash payment for principal portion of operating lease liability	(16.40)	–
iv) Cash payment for interest portion of operating lease liability	(12.54)	–
Net cash used in financing activities	**(1,028.28)**	**(536.05)**
Net change in cash and cash equivalents	**91.92**	**(71.65)**
Cash and cash equivalents as at the beginning of the year	3.48	75.13
Cash and cash equivalents as at the end of the year	95.40	3.48

* 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

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

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 consolidated financial statements for the year ended 31 March 2020

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, 1956. 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). 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 2020.

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 2020	% Shareholding of Bajaj Holdings & Investment Ltd. and its subsidiaries as at 31 March 2019	Consolidated as
Bajaj Auto Ltd.*	India	35.77%	33.43%	Associate^
Bajaj Finserv Ltd.**	India	41.63%	39.29%	Associate
Bajaj Auto Holdings Ltd.	India	100.00%	100.00%	Subsidiary
Maharashtra Scooters Ltd. (subsidiary w.e.f. 17 June 2019)	India	51.00%	24.00%	Subsidiary/ Joint Venture

^ Equity pickup of Bajaj Holdings & Investment Ltd. share in Bajaj Auto Ltd.'s profit is net of elimination of cross-holding of Bajaj Auto Ltd. 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 2020	% Shareholding of Bajaj Auto Ltd. as at 31 March 2019	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. (incorporated on 20 December 2019)	Thailand	100.00%	NA	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 2020	% Shareholding of Bajaj Finserv Ltd. as at 31 March 2019	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	52.82%	54.99%	Subsidiary
Bajaj Finserv Direct Ltd. (formerly Bajaj Financial Holdings Ltd.)	India	100.00%	100.00%	Subsidiary
Bajaj Finserv Health Ltd. (incorporated on 5 July 2019)	India	100.00%	NA	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 2020

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 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, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

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

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 associate.

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.

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 2020 for details in regard to other significant accounting policies.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

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

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 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 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.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

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

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 2020 (Contd.)

3 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Balances with banks	22.40	3.48
Cash equivalents		
Fixed deposits with maturity of less than three months from date of acquisition	73.00	–
	95.40	3.48

4 Bank balances other than cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Unclaimed dividend accounts	15.96	6.71
Deposits with original maturity for more than three months but less than or equal to twelve months	0.95	–
	16.91	6.71

5 Trade receivables
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Trade receivables	4.70	–
	4.70	–

6A Investment in associates and joint venture

(₹ In Crore)

Particulars	At Cost
As at 31 March 2020	
Equity instruments	
associates	20,236.98
Total	20,236.98
As at 31 March 2019	
Equity instruments	
associates	16,473.35
joint venture	2,144.91
Total	18,618.26

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

6B Other investments

(₹ In Crore)

Particulars	At amortised cost	At fair value through other comprehensive income	At fair value through profit and loss	Total
As at 31 March 2020				
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 share	0.16	–	–	0.16
Equity instruments	–	7,814.30	–	7,814.30
Real estate funds	–	23.09	–	23.09
Alternative investment funds	–	161.72	–	161.72
Total – gross	139.76	11,231.15	459.86	11,830.77
Less: Impairment loss allowance	–	–	–	–
Total – Net	139.76	11,231.15	459.86	11,830.77

(₹ In Crore)

Particulars	At amortised cost	At fair value through other comprehensive income	At fair value through profit and loss	Total
As at 31 March 2019				
Government debt securities	363.87	–	–	363.87
Debt securities	2,832.88	–	–	2,832.88
Mutual funds	–	–	26.26	26.26
Preference share	0.20	–	–	0.20
Equity instruments	–	4,302.80	–	4,302.80
Real estate funds	–	15.81	–	15.81
Alternative investment funds	–	96.78	–	96.78
Total – gross	3,196.95	4,415.39	26.26	7,638.60
Less: Impairment loss allowance	–	–	–	–
Total – Net	3,196.95	4,415.39	26.26	7,638.60

All investments in 6A and 6B above are within India

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

7 Other financial assets
(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Interest receivable on investments, considered good	111.80	112.41
Interest receivable on investments, doubtful	1.18	1.18
Less: Impairment loss allowance	1.18	1.18
Security deposits	14.52	14.28
Derivative asset	0.11	–
Others	0.35	0.05
	126.78	126.74

8A Deferred tax assets (net)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Deferred tax liabilities		
On account of timing difference in property, plant and equipment	1.33	1.42
Financial instruments		
Amortisation of discount on acquisition of fixed income securities	3.15	1.96
Movement in fair value of financial assets designated at FVTPL	0.32	0.02
Movement in fair value of financial assets designated at FVTOCI	11.26	65.54
	14.73	67.52
Gross deferred tax liabilities	16.06	68.94
Deferred tax assets		
On account of timing difference in retiral and other employee benefits:		
Provision for compensated absences	0.29	0.31
Defined benefit plan provisions - P&L	–	0.10
Defined benefit plan provisions - OCI	0.67	0.30
	0.96	0.71
Financial instruments		
Amortisation of premium/discount on acquisition of fixed income securities	0.36	1.03
Impairment allowance for financial asset	2.53	2.53
	2.89	3.56
Long-term capital loss	–	2.05
Lease assets	5.62	–
Other temporary differences	0.03	0.03
	5.65	2.08
MAT credit entitlement	191.73	201.98
Less: Provision for possible non-utilisation of MAT credit	140.00	–
Gross deferred tax assets	61.23	208.33
	45.17	139.39

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

8A Deferred tax assets (net) (Contd.)

Movement in deferred tax assets

(₹ In Crore)

Particulars	Property, plant and equipment	Financial instruments	Retiral and other employee benefits	MAT credit entitlement and others	Total
At 31 March 2018	(7.54)	(41.61)	0.75	235.76	187.36
(Charged)/credited					
To profit and loss	6.12	3.59	(0.20)	(31.70)	(22.19)
To other comprehensive income	–	(25.94)	0.16	–	(25.78)
At 31 March 2019	(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
At 31 March 2020	(1.33)	(11.84)	0.96	57.38	45.17

8B Deferred tax liabilities (net)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Deferred tax liabilities		
On account of timing difference in property, plant and equipment	1.51	–
Financial instruments		
Movement in fair value of financial assets designated at FVTPL	1.66	1.29
Movement in fair value of financial assets designated at FVTOCI	223.21	–
Gross deferred tax liabilities	226.38	1.29
Deferred tax assets		
Retiral and other employee benefits		
Provision for compensated absences	0.26	–
Defined benefit plan provisions - P&L	0.12	–
MAT credit entitlement	9.63	0.30
Less: Provision for possible non-utilisation of MAT credit	9.00	–
Gross deferred tax assets	1.01	0.30
	225.37	0.99

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

9 Investment property

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Gross carrying amount		
Opening balance	218.48	218.48
Additions	–	–
Closing balance	218.48	218.48
Accumulated depreciation		
Opening balance	31.29	27.35
Depreciation charge	3.32	3.94
Closing balance	34.61	31.29
Net carrying amount	183.87	187.19

i) Amounts recognised in profit or loss for investment properties

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Rental income	17.99	18.10
Direct operating expenses from property that generated rental income	(6.16)	(3.03)
Profit from investment properties before depreciation	11.83	15.07
Depreciation	(3.32)	(3.94)
Profit from investment property	8.51	11.13

ii) Contractual obligations

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

iii) Leasing arrangements

Certain investment properties are leased out to tenants under operating leases.

iv) Fair value

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Investment property	273.42	281.07

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.

10A Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block					Accumulated depreciation					Net block
	As at 1 April 2019	Additions	Acquisition of a subsidiary (See note 35)	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Acquisition of a subsidiary (See note 35)	Deductions/ adjustments	For the year	As at 31 March 2020	As at 31 March 2020
Land freehold	0.04	–	–	–	0.04	–	–	–	–	–	0.04
Land leasehold	1.14	–	0.03	0.02	1.15	–	–	–	–	–	1.15
Buildings	8.28	–	5.70	–	13.98	3.20	5.32	–	0.15	8.67	5.31
Computers	0.04	0.29	–	–	0.33	–	–	–	0.03	0.03	0.30
Electric installations	–	0.06	–	–	0.06	–	–	–	–	–	0.06
Furniture and fixtures	–	0.85	0.29	–	1.14	–	0.20	–	0.03	0.23	0.91
Office equipments	–	–	0.04	–	0.04	–	0.04	–	–	0.04	–
Vehicles	–	–	0.31	0.08	0.23	–	0.16	0.04	0.02	0.14	0.09
Plant and machinery	–	2.51	24.96	0.01	27.46	–	10.92	–	1.77	12.69	14.77
Total	**9.50**	**3.71**	**31.33**	**0.11**	**44.43**	**3.20**	**16.64**	**0.04**	**2.00**	**21.80**	**22.63**

10A Property, plant and equipment

Previous year

(₹ In Crore)

Particulars	Gross block				Accumulated depreciation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions/ adjustments	For the year	As at 31 March 2019	As at 31 March 2019
Land freehold	0.04	–	–	0.04	–	–	–	–	0.04
Land leasehold	1.16	–	0.02	1.14	–	–	–	–	1.14
Buildings	8.28	–	–	8.28	3.06	–	0.14	3.20	5.08
Computers	–	0.04	–	0.04	–	–	–	–	0.04
Leased assets									
Plant and machinery	87.50	–	87.50	–	87.50	87.50	–	–	–
Total	**96.98**	**0.04**	**87.52**	**9.50**	**90.56**	**87.50**	**0.14**	**3.20**	**6.30**

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

10B Right-of-use asset

Current 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 Group has adopted Ind AS 116 - Leases with effect from 1 April 2019 using the modified retrospective approach. Based on the same and as permitted under the specific transitional provisions in the standard, the Group has not restated the comparative figures and hence, there are no previous year figures.

11 Inventories

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Raw materials and components	0.57	–
Work-in-progress	2.74	–
Stores	0.04	–
Loose tools	0.01	–
	3.36	–

12 Other non-financial assets

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Income tax refund receivable	–	3.81
Amount remitted against purchase of shares*	–	222.48
Pre-paid expenses	1.06	19.56
Others	1.30	0.56
	2.36	246.41

* represents cheques issued to WMDC (Western Maharashtra Development Corporation), co-promoter in the Company's joint venture in MSL (Maharashtra Scooters Ltd.). WMDC had filed 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, the Company has on 17 June 2019 acquired 3,085,712 equity shares representing 27% stake in MSL from WMDC, 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 consolidated financial statements for the year ended 31 March 2020 (Contd.)

13 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Unclaimed dividend	15.96	6.71
Directors' remuneration and commission payable	15.36	14.53
Employee benefits payable	4.78	2.40
Security deposits	10.57	10.89
Others	4.22	–
	50.89	34.53

14 Provisions

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Provision for employee benefits (See note 38)		
Provision for gratuity	0.80	1.12
Provision for compensated absences	1.70	0.76
Provision for long-term incentive plan	4.39	3.64
	6.89	5.52

15 Other non-financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Taxes and duties payable	3.52	1.88
Other payables	0.72	0.27
	4.24	2.15

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

16 Equity share capital

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Authorised		
150,000,000 equity shares of ₹ 10 each	150.00	150.00
Issued, subscribed and fully paid-up shares		
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 2020		As at 31 March 2019	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	111,293,510	111.29	111,293,510	111.29
Equity shares issued during the year	–	–	–	–
Outstanding at the end of the year	111,293,510	111.29	111,293,510	111.29

b. Terms/rights attached to equity shares

The Group 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 Group, the holders of equity shares will be entitled to receive remaining assets of the Group, 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 2020		As at 31 March 2019	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Jamnalal Sons Pvt. Ltd.	19,823,377	17.81%	19,517,715	17.54%
Jaya Hind Industries Ltd. (formerly known as Jaya Hind Investments Pvt. Ltd.)	5,905,401	5.31%	5,905,401	5.31%

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

17 Other equity

(₹ In Crore)

Particulars	As at 31 March 2020	2019
a. Reserves and surplus		
Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	1,741.97	1,584.33
Add: Transferred from surplus in Statement of Profit and Loss	365.37	157.64
Balance as at the end of the year	2,107.34	1,741.97
Securities premium account	444.42	444.42
General reserve		
Balance as at the beginning of the year	14,724.28	16,612.86
Add: Net share acquired during the year (see note 35)	135.44	–
Add: Share of accumulated reserves of associates	(2,533.82)	(1,888.58)
Balance as at the end of the year	12,325.90	14,724.28
Capital reserve		
Balance as at the beginning of the year	–	
Add: Gain on business combination (see note 35)	4,232.40	–
Balance as at the end of the year	4,232.40	–
Retained earnings		
Balance as at the beginning of the year	6,655.85	4,218.22
Add: Net share acquired during the year (see note 35)	1.61	–
Profit for the year	2,992.00	3,048.38
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/losses of defined benefit plans	(21.38)	(8.93)
Reclassification of gain on sale of FVTOCI equity instruments	157.64	92.50
Less: Appropriations		
Transfer to Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	365.37	157.64
Final dividend, declared and paid during the year	350.69	445.17
Interim dividend, declared and paid during the year	431.62	–
Tax on final dividend	74.34	91.51
Tax on interim dividend	91.52	–
Total appropriations	1,313.54	694.32
Balance as at the end of the year	8,472.18	6,655.85
Other reserves		
Equity instruments through other comprehensive income		
Balance as at the beginning of the year	3,347.46	2,330.32
Add: Net share acquired during the year (see note 35)	37.40	–
Add: Net gain/(loss) on equity instruments designated at FVTOCI for the year (net of tax impacts)	(3,344.80)	1,109.64
Less: Reclassification of gain on sale of FVTOCI equity instruments	157.64	92.50
	(117.58)	3,347.46

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

17 Other equity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Debt instruments through other comprehensive income		
Balance as at the beginning of the year	–	–
Add: Net gain on debt instruments designated at FVTOCI for the year (net of tax impacts)	43.01	–
Less: Reclassification of gain on sale of FVTOCI debt instruments	8.38	–
	34.63	–
Hedge instruments through other comprehensive income		
Balance as at the beginning of the year	–	–
Add: Net gain on hedge instruments designated at FVTOCI for the year (net of tax impacts)	0.07	–
	0.07	–
Share of associates and joint venture		
Valuation gains/losses on derivative hedging instruments	(92.34)	(29.26)
Valuation gains/losses on equity instruments at FVTOCI	(12.05)	-
Valuation gains/losses on debt instruments at FVTOCI	126.81	(116.47)
Change in foreign currency translation reserve of subsidiary of associate	129.51	70.77
Others	0.96	1.99
	152.89	(72.97)
	27,652.25	26,841.01

b. Nature and purpose of 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 such as issuance of bonus shares in accordance with the 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 investments 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 investments 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.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

18 Interest income

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Interest income on		
Investments (at amortised cost)	17.43	360.20
Investments (at FVTOCI)	229.09	–
Others	0.67	0.79
	247.19	360.99

19 Net gain on fair value changes

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Income from real estate and other funds	11.05	2.18
On financial instruments through FVTPL	13.77	10.13
Others		
Gain/(Loss) on sale of debt instrument at amortised cost	0.49	(5.08)
Gain/(Loss) on sale of debt instrument at FVTOCI	8.38	–
Total net gain on fair value changes	33.69	7.23
Fair value changes		
Realised	29.52	5.96
Unrealised	4.17	1.27
	33.69	7.23

20 Revenue from contracts with customers - sale of goods

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Sale of products	15.23	–
Scrap sale	0.15	–
	15.38	–

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

21 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Business support service	42.04	4.59
Provision no longer required	0.26	0.02
Miscellaneous receipts	0.01	0.04
	42.31	4.65

22 Employee benefits expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Salaries, wages and bonus to employees	40.45	25.99
Contribution to provident and other funds	3.21	2.06
Staff welfare expenses	0.88	0.08
	44.54	28.13

23 Changes in inventories of work-in-progress

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Inventories at the end of the year		
Work-in-progress	2.74	–
Inventories at the beginning of the year		
Work-in-progress (Acquisition of a subsidiary, see note 35)	1.01	–
	(1.73)	–

24 Depreciation, amortisation and impairment

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Depreciation on property, plant and equipment	2.00	0.14
Depreciation on right-of-use assets	27.99	–
Depreciation on investment property	3.32	3.94
Amount written off against leasehold land	0.02	0.02
	33.33	4.10

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

25 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Repairs to buildings	5.05	1.69
Repairs to machinery and others	4.87	–
Rent	0.98	1.06
Rates and taxes	2.21	2.39
Insurance	0.88	0.54
Payment to auditor	0.26	0.15
Directors' fees and travelling expenses	2.20	2.50
Exchange loss*	–	11.15
Unrealised foreign exchange loss on revaluation	6.85	–
Commission to non-executive directors	2.24	1.66
Business support service expenses	0.54	12.91
Expenditure towards Corporate Social Responsibility (CSR) activities	12.26	11.88
Legal and professional charges	0.87	1.83
Contribution to electoral bonds	10.00	–
Aircraft operation expenses	22.77	–
Miscellaneous expenses	9.78	8.67
	81.76	56.43

* pertains to foreign exchange loss on payment from lessor against assignment of aircraft purchase agreement

26 Tax expense

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
(a) Tax expense		
Current tax		
Current tax on profit for the year	83.28	130.27
Less: MAT credit entitlement	0.34	0.29
Total current tax expense	82.94	129.98
Deferred tax		
Decrease/(increase) in deferred tax assets	(4.84)	(0.49)
(Decrease)/increase in deferred tax liabilities	1.88	(7.85)
Total deferred tax expenses/(benefit)	(2.96)	(8.34)
Tax debits pertaining to earlier years	4.50	–
Provision for possible non-utilisation of MAT credit *	149.00	–
Tax expense	233.48	121.64

* On an assessment of its ability to utilise the available MAT credit, the Management has determined MAT credit of ₹ 149.00 crore (previous year ₹ Nil) may be unlikely to be set off/adjusted in the future periods due to significant changes in the Income Tax Act, 1961 during the current 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 2020 (Contd.)

26 Tax expense (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
(b) Reconciliation of tax expense and the accounting profit multiplied by Statutory tax rate		
Profit before tax	3,313.67	3,170.02
Less: Share of profits of associates and joint venture, already after tax	3,057.81	2,827.33
Profit before tax and share of profits of associates and joint venture	255.86	342.69
Tax at the Indian tax rate of 34.944% (Previous year - 34.944%)	89.41	119.75
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Corporate social responsibility expenditure	2.11	2.08
Disallowance under section 14A	17.96	10.36
Others	–	3.97
Tax effect of amounts which are deductible (non taxable) in calculating taxable income		
Dividend income	(27.64)	(14.09)
Others	(1.86)	(0.43)
Provision for possible non-utilisation of MAT credit	149.00	–
Tax debits pertaining to earlier years	4.50	–
Tax expense	233.48	121.64

27 Earnings Per Share (EPS)

Particulars	For the year ended 31 March 2020	2019
Profit for the year (₹ In Crore)	2,992.00	3,048.38
Weighted average number of shares outstanding during the year (Nos)	111,293,510	111,293,510
Earnings per share (Basic and Diluted) ₹	268.8	273.9
Face value per share ₹	10.0	10.0

28 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 24
Capital commitments	Note 25
Lease disclosures	Note 28
Financial risk management	Note 31
Dues to micro, small and medium enterprises	Note 35

The amounts of contingent liabilities and capital commitments of the associates and group's share in those amounts are separately disclosed in note 29.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

29 Investments in associates

The Group has a 35.77% (31 March 2019: 33.43%) interest in Bajaj Auto Ltd. and a 41.63% (31 March 2019: 39.29%) interest in Bajaj Finserv Ltd.

The following table illustrates the summarised financial information of the Group's investment in these companies

(₹ In Crore)

Bajaj Auto Ltd.

Particulars	As at 31 March 2020	2019
Non-current assets	19,894.00	21,761.25
Current assets	6,616.02	7,073.16
Non-current liabilities	(594.60)	(726.81)
Current liabilities **	(4,253.33)	(4,873.78)
Non-controlling interest	(0.01)	(0.01)
Equity	21,662.08	23,233.81
Proportion of the Group's ownership	32.62%	33.43%
Group's share of equity	7,066.88	7,766.39
Inter company eliminations	139.27	(630.47)
Carrying amount of the investment	7,206.15	7,135.92
Contingent liabilities	1,628.49	1,785.06
Capital commitments	176.69	68.82
Group's share of contingent liabilities	531.27	596.69
Group's share of capital commitments	57.64	23.00
Revenue from operations	29,918.65	30,357.63
Other income	1,524.57	1,344.49
Cost of raw materials and components consumed	(19,484.62)	(20,274.72)
Purchase of traded goods	(1,586.67)	(1,579.38)
Changes in inventories of finished goods, work-in-progress and traded goods	63.01	56.42
Employee benefits expense	(1,390.81)	(1,256.89)
Finance costs	(3.16)	(4.48)
Depreciation and amortisation expense	(246.43)	(265.69)
Other expenses	(2,453.89)	(2,143.65)
Expenses, included in above items, capitalised	29.97	30.10
Total expenses	(25,072.60)	(25,438.29)
Share of profits of associate	321.50	349.75
Exceptional items	–	342.00
Profit before tax	6,692.12	6,955.58
Tax expense	(1,480.22)	(2,027.98)
Profit attributable to non-controlling interest	0.01	0.01
Profit for the year	5,211.91	4,927.61
Other comprehensive income (net of tax)	(509.10)	(45.35)
Total comprehensive income for the year	4,702.81	4,882.26
Group's share of profit	1,700.30	1,647.16
Inter company eliminations	(28.33)	(99.83)
Group's share of profit for the year	1,671.97	1,547.33

** includes marked to market losses of ₹ 155.26 crore relating to derivative contracts.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

29 Investments in associates (Contd.)

(₹ In Crore)

Bajaj Finserv Ltd.

Particulars	As at 31 March 2020	2019
Financial assets	241,440.17	200,754.94
Non-financial assets	9,944.02	7,767.92
Financial liabilities	(197,535.11)	(169,529.11)
Non-financial liabilities	(2,987.68)	(2,446.03)
Non-controlling interest	(19,560.15)	(12,807.65)
Equity	31,301.25	23,740.07
Proportion of the Group's ownership	41.63%	39.29%
Group's share of equity	13,030.83	9,337.43
Inter company eliminations	–	–
Carrying amount of the investment	13,030.83	9,337.43
Contingent liabilities	2,501.29	1,855.66
Capital commitments	3,352.62	692.28
Group's share of contingent liabilities	1,041.30	729.07
Group's share of capital commitments	1,395.71	271.99
Revenue from operations	54,346.69	42,604.00
Other income	4.78	1.57
Employee benefits expenses	(4,755.11)	(3,801.77)
Finance costs	(9,338.53)	(6,540.03)
Fees and commission expense	(2,206.10)	(1,692.77)
Impairment on financial instruments	(4,120.37)	(1,688.67)
Claims incurred pertaining to insurance business	(12,512.17)	(10,663.70)
Reinsurance ceded	(4,520.67)	(3,119.33)
Net change in insurance/investment contract liabilities	(4,353.87)	(3,701.96)
Depreciation, amortisation and impairment	(456.79)	(226.09)
Other expenses	(3,786.86)	(3,017.87)
Total expenses	(46,050.47)	(34,452.19)
Share of profits of joint venture	0.66	1.36
Profit before tax	8,301.66	8,154.74
Tax expense	(2,308.06)	(2,780.89)
Profit attributable to non-controlling interest	(2,624.47)	(2,154.81)
Profit for the year	3,369.13	3,219.04
Other comprehensive income (net of tax)	661.52	143.56
Total comprehensive income for the year	6,655.12	5,517.41
Group's share of profit for the year	1,385.84	1,264.74

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

30 Material partly owned subsidiary

Financial information of subsidiary that has material non-controlling interests is provided below

Particulars	Country of incorporation and operation	As at 31 March 2020	As at 31 March 2019
Maharashtra Scooters Ltd. (See note 35)	India	51%	24%

Information regarding non-controlling interest

(₹ In Crore)

Particulars	As at 31 March 2020
Accumulated balances of material non-controlling interest	
Maharashtra Scooters Ltd.	4,536.08
Profit/(loss) allocated to material non-controlling interest	
Maharashtra Scooters Ltd.	88.19

Summarised Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	15.38	14.50
Other income	198.45	81.43
Total income	213.83	95.93
Cost of raw material and components consumed	9.39	7.79
Changes in inventories of work-in-progress	(1.73)	(0.11)
Employee benefits expenses	8.65	8.10
Depreciation and amortisation expense	1.82	1.55
Other expenses	3.90	4.20
Total expenses	22.03	21.53
Profit before tax	191.80	74.40
Tax expense	11.86	1.60
Profit for the year	179.94	72.80
Total comprehensive income	**(2,998.09)**	**3,143.41**
Attributable to non-controlling interests	(939.97)	
Dividends paid to non-controlling interests	46.46	

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

30 Material partly owned subsidiary (Contd.)

Summarised Balance Sheet

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Non-current assets	8,029.20	11,538.93
Current assets	196.58	175.13
Non-current liabilities	2.89	380.97
Current liabilities	12.11	9.88
Equity	8,210.78	11,323.21
Attributable to:		
Equity holders of the parent	4,709.79	
Non-controlling interest	4,536.08	

Summarised Cash Flow information

(₹ In Crore)

Particulars	For the year ended 31 March 2020	2019
Operating	(7.01)	0.65
Investing	194.69	44.60
Financing	(112.92)	(45.30)
Net increase/(decrease) in cash and cash equivalents	**74.76**	**(0.05)**

30A COVID-19 impact

The COVID-19 pandemic has resulted in a significant decrease in the economic activities across the country, on account of lockdown that started on 25 March 2020, which inter alia affected the business operations of our associate companies, including their subsidiaries, which impact these consolidated financial statements.

(i) Bajaj Finance Limited (BFL), a subsidiary of Bajaj Finserv Limited 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, based on historical experience and other emerging/forward looking factors on account of the pandemic. BFL has also made an additional expected credit loss provision of ₹ 900 crore in view of the potential stress caused by the COVID-19 situation based on certain assumptions around probability of defaults. The Group believes that the factors considered are reasonable under the current circumstances.

Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic, which could have a corresponding impact on the financial position and performance of the Group.

(ii) Similarly, Bajaj Auto Ltd., an associate company, has considered the possible effects that may result from the global health pandemic relating to COVID-19 on its operations. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, Bajaj Auto Ltd. has used internal sources of information and market based intelligence to arrive at its estimates.

31 Segment information

The Group's business activity, including its subsidiaries, associates and joint venture, falls within a single business segment i.e. investment.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

32 Fair value measurement

i) Financial instruments by category

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
Government securities, bonds and debentures	–	3,232.04	90.60	–	–	3,196.75
Liquid mutual funds	459.86	–	–	26.26	–	–
Certificate of Deposit	–	–	49.00	–	–	–
Preference shares	–	–	0.16	–	–	0.20
Equity shares	–	7,814.30	–	–	4,302.80	–
Real estate funds	–	23.09	–	–	15.81	–
Alternative investment funds	–	161.72	–	–	96.78	–
Other financial assets	–	–	126.78	–	–	126.74
Cash and cash equivalents	–	–	95.40	–	–	3.48
Other bank balances	–	–	16.91	–	–	6.71
Trade receivables	–	–	4.70	–	–	–
Total financial assets	**459.86**	**11,231.15**	**383.55**	**26.26**	**4,415.39**	**3,333.88**
Financial liabilities						
Trade payables	–	–	4.99	–	–	1.13
Lease liability	–	–	167.77	–	–	–
Other financial liabilities	–	–	50.89	–	–	34.53
Total financial liabilities	**–**	**–**	**223.65**	**–**	**–**	**35.66**

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 2020 (Contd.)

32 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
Financial investments at FVTPL					
Liquid mutual funds	6B	459.86	–	–	459.86
Financial investments at FVTOCI					
Debt securities	6B	3,232.04	–	–	3,232.04
Equity shares	6B	7,814.30	–	–	7,814.30
Real estate funds	6B	–	23.09	–	23.09
Alternative investment funds	6B	–	161.72	–	161.72
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 property	9	–	273.42	–	273.42

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

32 Fair value measurement (Contd.)

ii) Fair value hierarchy (Contd.)

Financial assets measured at fair value - recurring fair value measurements at 31 March 2019

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
Liquid mutual funds	6B	26.26	–	–	26.26
Financial investments at FVTOCI					
Equity shares	6B	3,895.89	406.91	–	4,302.80
Real estate funds	6B	–	15.81	–	15.81
Alternative investment funds	6B	–	96.78	–	96.78
Total financial assets		3,922.15	519.50	–	4,441.65

Financial assets which are measured at amortised cost for which fair values as at 31 March 2019 are disclosed below

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Government securities, bonds and debentures	6B	3,176.26	–	–	3,176.26
Preference shares	6B	–	0.20	–	0.20
Total financial assets		3,176.26	0.20	–	3,176.46

Assets disclosed at fair value - at 31 March 2019

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	9	–	281.07	–	281.07

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.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

32 Fair value measurement (Contd.)

ii) Fair value hierarchy (Contd.)

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 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) (Previous year FIMMDA (Fixed Income Money Market and Derivative Association of India))
- 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

(₹ In Crore)

Particulars	31 March 2020		31 March 2019	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Investments				
Government securities, bonds and debentures	90.60	92.57	3,196.75	3,176.26
Certificate of Deposit	49.00	49.00	–	–
Preference shares	0.16	0.16	0.20	0.20
Total financial assets	139.76	141.73	3,196.95	3,176.46

The carrying amounts of commercial papers, certificate of deposits, 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 consolidated financial statements for the year ended 31 March 2020 (Contd.)

33 Capital management

a) Objectives, policies and processes of capital management

The Group is cash surplus and has only equity capital. The Group 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 instruments, income generating debt instruments (including through mutual funds) and money market instruments 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 Group does not have any borrowings.

(₹ In Crore)

	As at 31 March	
Particulars	**2020**	**2019**
Equity	32,299.62	26,952.30
Less: Tangible and other assets	206.67	193.49
Working capital	205.40	363.55
Deferred tax assets (net)	(180.20)	138.40
Investments in associates and joint venture	20,236.98	18,618.26
Investment in equity, debt and similar investments	11,830.77	7,638.60

No changes were made in the objectives, policies and processes of capital management during the year.

b) Dividends distributed and proposed

(₹ In Crore)

	For the year ended 31 March	
Particulars	**2020**	**2019**
Dividends recognised in the financial statements		
Final dividend for the year ended 31 March 2019 of ₹ 32.50 (31 March 2018 - ₹ 40.00) per equity share, declared and paid	361.70	445.17
Interim dividend for the year ended 31 March 2020 of ₹ 40.00 (31 March 2019 - ₹ Nil) per equity share, declared and paid	445.17	–
Dividends not recognised at the end of the reporting period		
No final dividend has been recommended by the Directors for the year ended 31 March 2020. Directors had recommended the payment of a final dividend of ₹ 32.50 for the year ended 31 March 2019. The proposed dividend declared in the previous year was subject to the approval of shareholders in the ensuing annual general meeting.	–	361.70

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

34 Maturity analysis of assets and liabilities

(₹ In Crore)

Particulars	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	95.40	–	95.40	3.48	–	3.48
Bank balance other than cash and cash equivalents	7.20	9.71	16.91	–	6.71	6.71
Investment in associates and joint venture	–	20,236.98	20,236.98	–	18,618.26	18,618.26
Other investments	676.58	11,154.19	11,830.77	257.01	7,381.59	7,638.60
Trade receivables	4.70	–	4.70	–	–	–
Other financial assets	112.37	14.41	126.78	112.46	14.28	126.74
Non-financial assets						
Current tax assets (net)	–	37.03	37.03	–	36.32	36.32
Deferred tax assets (net)	–	45.17	45.17	–	139.39	139.39
Investment property	–	183.87	183.87	–	187.19	187.19
Right-of-use asset	–	167.94	167.94	–	–	–
Property, plant and equipment	–	22.63	22.63	–	6.30	6.30
Inventories	3.36	–	3.36	–	–	–
Other non-financial assets	2.36	–	2.36	242.13	4.28	246.41
Total	**901.97**	**31,871.93**	**32,773.90**	**615.08**	**26,394.32**	**27,009.40**
Liabilities						
Financial liabilities						
Trade payables	4.99	–	4.99	1.13	–	1.13
Lease liability	30.66	137.11	167.77	–	–	–
Other financial liabilities	29.09	21.80	50.89	16.93	17.60	34.53
Non-financial liabilities						
Current tax liabilities (net)	–	14.13	14.13	–	12.78	12.78
Deferred tax liabilities (net)	–	225.37	225.37	–	0.99	0.99
Provisions	1.81	5.08	6.89	1.04	4.48	5.52
Other non-financial liabilities	3.79	0.45	4.24	2.15	–	2.15
Total	**70.34**	**403.94**	**474.28**	**21.25**	**35.85**	**57.10**
Net	**831.63**	**31,467.99**	**32,299.62**	**593.83**	**26,358.47**	**26,952.30**

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

35 Business Combinations

(a) Summary of acquisition

Effective 17 June 2019, the Company has acquired 3,085,712 equity shares representing 27% stake in Maharahstra 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, 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

(₹ In Crore)

Particulars	Amount
Purchase consideration	
Cash paid (including interest at 18% p.a. from 14 January 2006)	239.25
Total purchase consideration	239.25

The assets and liabilities net of eliminations and tax thereon recognised as a result of the acquisition are as follows

(₹ In Crore)

Particulars	Amount
As at 17 June 2019	
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)
Net identifiable assets acquired	11,289.96

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

35 Business Combinations (Contd.)

Calculation of bargain purchase

(₹ In Crore)

Particulars	Amount
Net identifiable assets acquired	11,289.96
Sub-total (A)	11,289.96
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
Sub-total (B)	7,057.56
Bargain purchase gain recognised in OCI (A-B)	4,232.40

(b) The Company previously held 2,742,848 shares representing 24% stake in Maharashtra Scooters Limited 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.

Thus, net gain on business combination is as follows

(₹ In Crore)

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
Net gain on business combination	3,152.62

36 Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ In Crore)

Particulars	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
1. Parent								
Bajaj Holdings & Investment Ltd.	38.51%	10,692.49	61.06%	1,826.87	(86.14%)	(1,161.01)	15.34%	665.86
2. Subsidiaries (Indian)								
Bajaj Auto Holdings Ltd.	0.17%	47.97	0.04%	1.20	-	-	0.03%	1.20
Maharashtra Scooters Ltd.	33.34%	9,257.33	6.01%	179.94	94.63%	1,275.46	33.54%	1,455.40
(Less): Minority interests in subsidiary	(16.34%)	(4,536.08)	(2.95%)	(88.19)	76.28%	1,028.16	21.66%	939.97
(Less): Inter-company eliminations	(1.04%)	(288.32)	(2.44%)	(72.93)	-	-	(1.68%)	(72.93)
Associates (Investment as per equity method) (Indian)								
Bajaj Auto Ltd.	25.96%	7,206.15	55.89%	1,671.97	(0.29%)	(3.91)	38.43%	1,668.06
Bajaj Finserv Ltd.	46.94%	13,030.83	46.32%	1,385.84	15.52%	209.19	36.75%	1,595.03
(Less): Inter-company eliminations	(27.54%)	(7,646.83)	(63.93%)	(1,912.70)	-	-	(44.07%)	(1,912.70)
Total	**100.00%**	**27,763.54**	**100.00%**	**2,992.00**	**100.00%**	**1,347.89**	**100.00%**	**4,339.89**

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019-20 Transaction value	2019-20 Outstanding amounts carried in Balance Sheet	2018-19 Transaction value	2018-19 Outstanding amounts carried in Balance Sheet
A 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 Associates, joint venture and investing parties:					
Maharashtra Scooters Ltd. (A Joint venture - 24 % shares held by Bajaj Holdings & Investment Ltd. till 16 June 2019 and 51% Subsidiary from 17 June 2019)	Contribution to equity [5,828,560 shares of ₹ 10 each (Previous year 2,742,848) shares of ₹ 10 each)]	-	-	-	0.24
	Dividend received	-	-	9.05	-
	Shares of BHIL held by MSL (3,387,036 shares of ₹ 10 each)	-	-	-	3.39
	Dividend paid	-	-	13.55	-
Bajaj Auto Ltd. (An associate - 35.77% shares held by Bajaj Holdings Investment Ltd. (Previous Year 33.43%)	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	-	-
	Purchase of shares of BHIL by BAL [3,500,000 shares (Previous year 2,910,050 shares) of ₹ 10 each]	-	(3.50)	-	(2.91)
	Dividend received	1,863.02	-	588.32	-
	Dividend paid	25.38	-	-	
	Business support services rendered	26.18	-	1.98	-
	Business support services received	0.03	-	12.52	-
	Sale of goods	2.35	0.51	-	-
	Purchases of material and Other Services	0.03	-	-	-
	Revenue expenses reimbursement received	0.43	-	-	-
	Revenue expenses reimbursed paid	0.18	(0.02)	-	-
Bajaj Finserv Ltd. (An associate - 41.63% shares held by Bajaj Holdings & Investment Ltd.) (Previous Year 39.29%)	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	-	-
	Contribution to equity by BAHL (209,005 shares of ₹ 5 each)	-	26.15		26.15
	Dividend received	49.69	-	11.59	-
	Business support services rendered	0.12	-	0.08	-
	Revenue expenses reimbursement received	0.48	-	0.04	-
C Key management personnel and their relatives:					
Rahul Bajaj (Chairman up to 17 May 2019, Chairman Emeritus w.e.f. 18 May 2019)	Sitting fees	0.02	-	0.04	-
	Commission	0.04	(0.04)	0.07	(0.07)
Madhur Bajaj	Sitting fees	0.04	-	0.03	-
	Commission	0.08	(0.08)	0.06	(0.06)
Rajiv Bajaj	Sitting fees	0.06	-	0.03	-
	Commission	0.12	(0.12)	0.06	(0.06)
Sanjiv Bajaj (Managing Director & CEO) (Also Key management personnel)	Short-term employee benefits (including Commission)	18.31	(13.12)	17.62	(12.87)
	Post-employment benefits	1.69	-	1.52	-
Niraj Bajaj (Chairman w.e.f. 18 May 2019)	Sitting fees	0.05	-	-	-
	Commission	0.10	(0.10)	-	-
D Other entities/persons:					
Bajaj Allianz General Insurance Co. Ltd.	Insurance premium paid	0.72	-	0.43	0.07
	Revenue expenses reimbursement received	0.04	-	-	
	Unallocated premium	-	0.22		

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019-20		2018-19	
		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	0.04	–	–	–
Bajaj Finance Ltd.	Contribution to equity by MSL (18,974,660 shares of ₹ 2 each)	–	50.07	–	–
	Business support services rendered	15.75	–	2.54	–
	Business support services received	0.51	–	0.34	–
	Dividend received	30.36	–	7.59	–
	Revenue expenses reimbursement received	0.04	–	0.03	–
	Revenue expenses reimbursement paid	0.14	–	0.01	–
	Investment in non-convertible debentures	–	240.00	–	–
	Redemption received for non-convertible debentures	110.00	–		
	Interest received on non-convertible debentures	11.11	–	–	–
Bajaj Housing Finance Ltd.	Investment/(Redeemed) in non-convertible debentures/ Commercial Paper	–	150.00	–	–
Bajaj Electricals Ltd.	Contribution to equity by BHIL (18,793,840 shares (Previous year 16,697,840 shares) of ₹ 2 each)	64.97	176.75	–	111.78
	Dividend received	5.84	–	5.84	–
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	–	0.06	–
	Maintenance charges paid	1.68	–	1.70	–
	Security deposit paid	(0.06)	0.39	0.02	0.45
Hind Musafir Agency Ltd.	Services received	0.21	(0.06)	0.16	(0.02)
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	–	0.16	–	0.20
	Redemption of preference shares	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	0.94	–	0.78	–
	Shares of BHIL held by Hercules Hoists (286,094 shares of ₹ 10 each)	–	(0.29)	–	(0.29)
	Dividend paid	2.07	–	1.14	–
Kedaara Capital Advisors LLP	Contribution given for investments	0.37	15.52	0.37	17.50
	Proceeds from redemption of units	8.83	–	10.87	–
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	0.72	–	0.64	–
Bajaj Auto Employees Group Gratuity Fund	Gratuity Contribution	0.13	–	0.04	–
Bajaj Auto Senior staff Group Gratuity Fund	Gratuity Contribution	2.00	–	1.52	–
D J Balaji Rao	Sitting fees	0.11	–	0.06	–
	Commission	0.22	(0.22)	0.12	(0.12)
Late Nanoo Pamnani (up to demise on 22 February 2020)	Sitting fees	0.12	–	0.08	–
	Commission	1.14	(1.14)	1.05	(1.05)
Manish Kejriwal	Sitting fees	0.05	–	0.05	–
	Commission	0.10	(0.10)	0.09	(0.09)
P Murari	Sitting fees	–	–	0.02	–
	Commission	–	–	0.03	(0.03)
Dr. Naushad Forbes	Sitting fees	0.08	–	0.05	–
	Commission	0.16	(0.16)	0.09	(0.09)

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of transaction	2019-20		2018-19	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Dr. Gita Piramal	Sitting fees	0.08	–	0.05	–
	Commission	0.16	(0.16)	0.09	(0.09)
Anami Roy	Sitting fees	0.06	–	–	–
	Commission	0.12	(0.12)	–	–
Nareshkumar Patni	Sitting fees	0.05	–	0.03	–
Yogesh J Shah	Sitting Fee	0.05	–	0.03	–
Sadashiv S Survase	Sitting Fee	*	–	0.01	–
Vrushali Agashe	Sitting Fee	*	–	0.01	–
Abhinandan More	Sitting Fee	0.01	–	*	–
Vishwanath L Rajale	Sitting Fee	*	–	0.01	–
Sanjay Deogankar	Sitting Fee	*	–	0.03	–
Anish P Amin	Sitting Fee	0.03	–	–	–
V Rajagopalan	Sitting Fee	0.02	–	–	–
Lila Poonawalla	Sitting Fee	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.

38 Employee benefits plan

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 2020	2019
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	11.83	5.06
Fair value of plan assets	11.20	3.94
Net assets in case of MSL	**0.17**	**–**
Net funded obligation of BHIL	**0.80**	**1.12**

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

38 Employee benefits plan (Contd.)

Funded schemes (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Expense recognised in the Statement of Profit and Loss		
Current service cost	0.81	0.57
Interest on net defined benefit liability/(asset)	0.02	0.09
Total expense charged to Statement of Profit and Loss	**0.83**	**0.66**
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	0.85	0.40
Amount acquired on account of business combination	0.43	–
Remeasurements during the period due to		
Changes in financial assumptions	0.62	0.03
Changes in demographic assumptions	–	0.01
Experience adjustments	0.82	0.38
Actual return on plan assets less interest on plan assets	(0.06)	0.03
Closing amount recognised in OCI outside Statement of Profit and Loss	**2.66**	**0.85**
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	1.12	1.56
Amount acquired on account of business combination	(0.48)	–
Expense charged to Statement of Profit and Loss	0.83	0.66
Amount recognised outside Statement of Profit and Loss	1.38	0.45
Employer contributions	(2.23)	(1.55)
Closing net defined benefit liability/(asset)	**0.62**	**1.12**
Movement in benefit obligation		
Opening of defined benefit obligation	5.06	3.81
Amount acquired on account of business combination	4.22	–
Current service cost	0.81	0.57
Interest on defined benefit obligation	0.68	0.29
Remeasurements due to		
Actuarial loss/(gain) arising from change in financial assumptions	0.62	0.03
Actuarial loss/(gain) arising from change in demographic assumptions	–	0.01
Actuarial loss/(gain) arising on account of experience changes	0.81	0.39
Benefits paid	(0.83)	(0.04)
Liabilities assumed/(settled)	0.46	–
Closing of defined benefit obligation	**11.83**	**5.06**

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

38 Employee benefits plan (Contd.)

Funded schemes (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Movement in plan assets		
Opening fair value of plan assets	3.94	2.25
Amount acquired on account of business combination	4.70	–
Employer contributions	2.20	1.55
Interest on plan assets	0.66	0.20
Administration expenses	–	–
Remeasurements due to		
Actual return on plan assets less interest on plan assets	0.08	(0.03)
Benefits paid	(0.84)	(0.03)
Assets acquired/(settled)	0.46	–
Closing fair value of plan assets	**11.20**	**3.94**
Disaggregation of assets		
Category of assets		
Insurer managed funds	11.20	3.94
Others	–	–
Grand Total	**11.20**	**3.94**

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

38 Employee benefits plan (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 the plan next year is ₹ 0.95 crore.

Principal Actuarial Assumptions (Expressed as Weighted Averages)

	As at 31 March	
Particulars	**2020**	**2019**
Discount rate (p.a.)		
Bajaj Holdings & Investment Ltd.	6.80%	7.70%
Maharashtra Scooters Ltd.	6.40%	NA
Salary escalation rate (p.a.)		
Bajaj Holdings & Investment Ltd.	10%	10%
Maharashtra Scooters Ltd.	6.00%	NA

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 2020 (Contd.)

38 Employee benefits plan (Contd.)

Unfunded schemes (Contd.)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Compensated Absences	Long-term incentive plan	Compensated Absences	Long-term incentive plan
Present value of unfunded obligations	1.70	4.39	0.76	3.64
Expense recognised in the Statement of Profit and Loss	1.05	1.82	0.57	1.39
Amount recorded as Other Comprehensive Income	–	–	–	–
Discount rate (p.a.)	6.40% ~ 6.80%	6.80%	7.70%	7.70%
Salary escalation rate (p.a.)	6.00% ~ 10.00%	N.A	10.00%	N.A

Amount recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	As at 31 March 2020	2019
Defined contribution plans		
Provident fund paid to Government authorities	1.63	0.74
Superannuation paid to trust	0.72	0.64
Pension fund paid to Government authorities	0.02	0.01
Defined Benefit Plans		
Gratuity	0.83	0.66
Others	0.01	0.01
Total	3.21	2.06

39 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

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

per Arvind Sethi
Partner
Membership Number: 89802

Pune: 21 May 2020

On behalf of the Board of Directors

Anant Marathe
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sriram Subbramaniam
Company Secretary

Madhur Bajaj
Director

Salient features of the financial statements of subsidiaries for the year ended 31 March 2020

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

(₹ In Crore)

Particulars		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 2019 to 31 March 2020	1 April 2019 to 31 March 2020
c	Paid-up share capital	0.25	11.43
d	Reserves and surplus	47.73	8,210.77
e	Total assets	49.03	8,225.78
f	Total liabilities	49.03	8,225.78
g	Investments	47.05	8,079.88
h	Turnover	1.62	213.83
i	Profit before tax	1.60	191.80
j	Provision for tax	0.40	11.86
k	Profit after tax	1.20	179.94
l	Proposed Dividend	0%	0%
m	% of shareholding	100.00%	51.00%

Part B: Associates

(₹ In Crore)

Particulars		Bajaj Auto Ltd. (Associate)	Bajaj Finserv Ltd. (Associate)
a	Date on which the associate or 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 2020	31 March 2020
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*	7,206.15	13,030.83
g	Profit/(loss) for the year		
	Considered in consolidation*	5,186.53	3,369.13
	Not considered in consolidation	–	–

* after inter-company eliminations

On behalf of the Board of Directors

Anant Marathe
Chief Financial Officer

Sanjiv Bajaj
Managing Director & CEO

Sriram Subbramaniam
Company Secretary

Madhur Bajaj
Director

Pune: 21 May 2020

NOTES

BAJAJ

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