

## DIRECTORS' REPORT

Dear Shareholders,

Your directors present the Second Annual Report along with the audited financial statements for FY2023.

### Company overview

Bajaj Finserv Asset Management Limited ("BFS-AMC" or the "Company"), was incorporated on 18 October 2021 (CIN - U65990PN2021PLC205292). The Company is a 100% subsidiary of Bajaj Finserv Limited.

Your Company has received an approval from the Securities and Exchange Board of India (SEBI) vide letter no. IMD-RAC-2/P/OW/2023/08608/1 dated March 01, 2023, to act as an Investment Manager for the schemes of Bajaj Finserv Mutual Fund.

BFS-AMC is set to offer an array of innovative investment solutions using a differentiated approach to invest in mutual fund. With a future-focused investment strategy, it aims to help every Indian achieve life's financial goals. The draft Scheme Information Document (SID) of various schemes has been filed with SEBI.

The Company is in the process of expanding its team, putting in place policies and controls, and is gearing up for launch of mutual fund schemes in the coming financial year.

Your Company has undertaken registration with Association of Mutual Funds in India (AMFI).

Bajaj Finserv Mutual Fund Trustee Limited continues to be Trustees of Bajaj Finserv Mutual Fund.

### Financial Results

The financial performance of the Company for the period ended 31 March 2023 is given below:

Particulars	(Rs. In lakh)	
	For the year ended 31 March 2023	For the period ended 18 October 2021 to 31 March 2022
Total revenue from operations	336.07	26.94
Expenditure excluding depreciation	4005.43	298.18
Depreciation	132.70	13.66
<b>Profit/(Loss) before Tax</b>	<b>(3802.06)</b>	<b>(284.90)</b>
Current tax	-	-
Deferred tax	6.21	(6.21)
Other comprehensive income	(131.47)	-
Tax on above	-	-
Other comprehensive income for the year (net of tax)	(131.47)	-
<b>Total comprehensive income/ (loss) for the year</b>	<b>(3939.74)</b>	<b>(278.69)</b>
Earnings per share of face value of Rs. 10 each	(4.98)	(4.20)

During the period ended 31 March 2023, the Company incurred a loss of Rs. 3939.74 lakh.

## Transfer to Reserves

In view of the losses, no amount has been transferred to the Reserves for the year under review.

## Dividend

Considering the losses, the Board do not recommend any dividend for the FY2023.

## Subsidiaries, Associates and Joint Ventures

The Company does not have any subsidiary, associate company or joint venture company in terms of provisions of Companies Act, 2013.

## Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the FY2023 and the date of this Report.

## Risk Management

The Company has a Board approved Risk Management Manuals and Framework. It is in the process of institutionalizing a risk framework in line with the SEBI Regulations.

The Board does not foresee any major threat/risk to the business of the Company.

## Directors and Key Managerial Personnel

### I. Directors

The Board structure as on 31 March 2023 is as follows:

Sr. No	Name of the Director	DIN	Designation
1.	Shri Sanjiv Bajaj	00014615	Chairman, Non-Executive AND Non-Independent Director
2.	Shri Sandesh Kirkire	01854543	Non-Executive and Independent Director
3.	Ms. Malvika Sahni Sinha	08373142	Non-Executive and Independent Director
4.	Shri Ganesh Mohan	07985728	Chief Executive Officer and Whole Time Director

During the year there was no change in Directors of the Company.

As per SEBI (Mutual Funds) Regulations, 1996, at least 50% of the Board of an Asset Management should comprise of Independent Directors. It can be seen from the above, that the Board constitution is in line with SEBI (Mutual Funds) Regulations, 1996.

### II. Key Managerial Personnel (KMP)

Following are the Whole-time Key Managerial Personnel of the Company, as per Companies Act, 2013:

1. Shri Ganesh Mohan, Chief Executive Officer
2. Shri S. Sreenivasan, Chief Financial Officer and
3. Ms. Uma Shende, Company Secretary

During the year there was no change in Whole-time KMP.

#### Number of Meetings of the Board

During the year under review, 5 (five) meetings of the Board of Directors of the Company were held on 27 April 2022, 25 July 2022, 19 October 2022, 25 January 2023 and 6 March 2023. The time gap between any two consecutive meetings has been less than one hundred and twenty days.

The details pertaining to the attendance of each director at the meetings of the Board of directors held during the FY2023 are mentioned below:

Sr. No.	Name of Director	Category	Number of Board Meetings held during FY2023	
			Entitled to attend	Attended
1.	Shri Sanjiv Bajaj	Chairman and Non-Executive Director	5	5
2.	Shri Sandesh Kirkire	Non-Executive and Independent Director	5	4
3.	Ms. Malvika Sahni Sinha	Non-Executive and Independent Director	5	5
4.	Shri. Ganesh Mohan	Chief Executive Officer & Whole Time Director	5	5

#### Meeting of Independent Directors

In accordance with schedule IV of the Act, all the Independent Directors of the Company met once without the presence of non-independent directors and members of the management on 25 January 2023 during FY2023 to review the performance of Non-Independent Directors and the Board as a whole and performance review of the Chairman of the Company and evaluation of the flow of Information. They opined that the flow of information to the Board was adequate and commensurate with the operations of the Company.

#### Board Evaluation

Pursuant to section 178 and as per Schedule IV of the Act, the performance evaluation of independent directors shall be done by the entire Board excluding the director being evaluated, on the basis of performance and fulfilment of criteria of independence and their independence from management.

On the basis of the report of the performance evaluation, it shall be determined whether to extend or continue the term of appointment of independent director.

Accordingly, the Board has carried out an annual performance evaluation of its own performance and Individual directors.

The manner in which formal annual evaluation of performance was carried out by the Board for the year 2022-23 is given below:

- Based on the criteria for performance evaluation, a questionnaire-cum-rating sheet was deployed using an IT platform for seeking confidential feedback of the directors with regard to the performance of the Board, Independent directors and Individual directors.

- From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation for the year 2022-23 and a consolidated report thereof were arrived at. The aforesaid report was then discussed and noted by the Board at its meeting held on 19 April 2023.
- Based on the aforementioned report and evaluation, the Board determined that the term of appointment of all independent directors may continue.
- Other than Chairman of the Board, no other director had access to the individual ratings given by directors.

### Annual Return

Pursuant to section 92(3) read with section 134(3)(a) of the Act, Annual Return for the financial year ended 31 March 2023 forms a part of this report and which is also available on the website of Company and can be accessed at <https://www.bajajamc.com/downloads>.

### Declaration by independent directors

The Independent Directors have submitted a declaration of independence, stating that they meet the criteria of independence provided under section 149(6) of the Act.

The independent directors have also confirmed compliance with the provisions of rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

### Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgements 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 loss of the Company for FY2023;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis; and
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that, such systems were adequate and were operating effectively.

### Particulars of Loans, Guarantees and Investments

During FY2023, the Company has not granted any loans, or provided any guarantee or securities in connection with loan under section 185 or 186 of the Act. The funds which were

not required for operations were parked in deposits with Banks and rated short-term instruments. Details of the same forms part of the notes to the financial statements.

### Deposits

During FY2023, your Company has not accepted any deposits within the meaning of sections 73 and 74 of the Act, read together with the Companies (Acceptance of Deposits) Rules, 2014 as amended.

### Share Capital

During the year authorised share capital of the Company was increased from Rs. 60,00,00,000/- (Rupees Sixty Crore only) divided into 6,00,00,000 Equity Shares of Rs. 10/- each to Rs. 200,00,00,000/- (Rupees Two Hundred Crore only) divided into 20,00,00,000 Equity Shares of Rs. 10/- each.

During the year under review, the Company issued and allotted 4,00,00,000 equity shares of Rs. 10/- each of the Company on Rights Basis to Bajaj Finserv Ltd. (the holding company).

As on 31 March 2023, the issued, subscribed and paid-up equity share capital stands at Rs 100,00,00,000/- comprising of 10,00,00,000 Equity Shares of Rs. 10/- each.

### Related Parties Transactions

All contracts/arrangement/transactions entered by the Company with related parties during FY2023 were in compliance with the applicable provisions of the Act including on arm's length basis and in the ordinary course of business of the Company under the Act. None of the transactions required members' prior approval under the Act.

There were no transaction requiring disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this Report.

### Significant and material orders passed by the regulators or courts

During FY2023, no significant or material orders were passed by any regulator or court or tribunal, impacting the going concern status and Company's operations in future.

### Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information pertaining to the conservation of energy and technology absorption in terms of section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is stated as below:

#### **(a) Conservation of energy and technology absorption**

The Company is yet to commence its operations. Further, the nature of services rendered by the Company are not energy-intensive in nature. However, the Company would endeavour to adopt best practices and other processes towards conservation of energy to the extent possible.

Further, being essentially a financial services company, no particulars regarding technology absorption are required to be given in this Report.

**(b) Foreign Exchange earnings and outgo during the year**

During FY2023, the Company did not have any foreign exchange earnings and outgo.

**Nomination and Remuneration Committee**

The provisions of section 178 of the Act relating to the Constitution of a Nomination and Remuneration Committee are not applicable to the Company.

**Audit Committee**

Your Company has constituted Audit Committee as per SEBI circular no. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/17 dated 9 February 2022. The present composition of audit committee is as under:

Sr. No.	Name	Designation
1	Shri Sandesh Kirkire	Chairman, Independent Director
2	Ms. Malvika Sinha	Member, Independent Director
3	Shri Sanjiv Bajaj	Member, Non- Independent Director

During the year under review, 3 (three) meetings of the Committee were held on 19 October 2022, 25 January 2023 and 6 March 2023.

All members were present at the meetings of the Committee.

All recommendations of the committee has been accepted by the Board.

**Directors liable to retire by rotation**

Shri Sanjiv Bajaj retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

**Corporate Social Responsibility**

The provisions of section 135 of the Act relating to Corporate Social Responsibility are not applicable to the Company.

**Adequacy of Internal Controls**

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

**Statutory Auditors**

In terms of section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, KKC LLP & Associates (earlier known as Khimji Kunverji & Co LLP) Registration No. (FRN 105146W/W100621) were appointed as the Statutory Auditors of the Company by the Board of Directors at its meeting held on 8 November 2021 to hold office for a term of four years from the conclusion of the first AGM till the conclusion of the fifth AGM of the Company, to be scheduled in the year 2026.

Shareholders of the Company has approved the KKC LLP & Associates as Statutory Auditors of the Company to hold office for a term of four years from the conclusion of the first AGM till the conclusion of the fifth AGM of the Company, to be scheduled in the year 2026.

During the year KKC LLP & Associates were the Statutory Auditors of the Company.

The statutory audit report for FY2023 does not contain any qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors.

#### Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Shri Sachin Bhagwat, Practising Company Secretary (Membership No. A10189, Certificate of Practice No. 6029), to undertake secretarial audit of the Company.

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

The auditors report are unqualified. However, Secretarial Auditor was unable to express his opinion on statutory auditors' tenure due to divergent views.

M/s. KKC LLP & Associates was appointed as the first auditors of the Company at the Board meeting held on 8 November 2021 and they held office upto the date of the first Annual General Meeting held on 25 July 2022. The Company being a class of companies falling under the coverage section 139(2), the appointment of auditors is capped for two terms of 5 consecutive years. Hence, at the first Annual General Meeting, M/s. KKC LLP & Associates were appointed for a term of 4 consecutive years to hold office from the conclusion of first Annual General Meeting till the conclusion of fifth Annual General Meeting. The auditors, if appointed, for a second term of 5 years will not breach the overall cap of 10 consecutive years.

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

#### Scheme Statutory Auditor

The Board at the meeting held on 6 March 2023 appointed M/s. Kirtane and Pandit LLP as Scheme Statutory Auditor of Bajaj Finserv Mutual Fund for FY2024.

#### Internal Auditors

Pursuant to section 138 of the Companies Act, 2013, Shri Vivek Likhite was appointed as Internal Auditor of the Company. He resigned as Internal Auditor of the Company with effect from 31 March 2023. M/s. Deloitte Touche Tomatsu India LLP were appointed as internal auditor of the Company and Bajaj Finserv Mutual Fund for three consecutive financial years commencing from FY2024.

#### Secretarial Standards

The Company has complied with the requirements prescribed under the Secretarial Standards on meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

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

Pursuant to Prevention of Sexual Harassment Policy of the Company, an internal committee with requisite members has been constituted. During FY2023, the Company has not received any Complaint under the act.

## Other Statutory Disclosures

- There was no change in the nature of the business of the Company.
- Disclosure pertaining to maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Act, is not applicable to your Company.
- There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year against the Company.
- There was no one-time settlement entered into with any Bank or financial institutions in respect of any loan taken by the Company.
- During the year under review, there were no frauds reported by the Statutory Auditors to the Board under section 143(12) of the Act.
- As the provisions of the section 197(12) of the Act read with rule 5(2) of Companies (Appointment and Remuneration) Rules, 2014 are not attracted to the Company, details and particulars of employees are not required to be furnished.
- Disclosure as required under section 197(14): Shri Ganesh Mohan, Whole-time Director, is entitled to participate in Employee Stock Options (ESOPs) of Bajaj Finserv Limited (BFS), in accordance with ESOPs scheme and shareholders approval of BFS.
- Shri Sanjiv Bajaj who is Chairman and Managing Director of the Holding Company, Bajaj Finserv Limited is not entitled to sitting fees for any Board and other Committee meetings.
- Only Independent Directors of the Company are entitled to sitting fees. Apart from remuneration there is no other pecuniary transaction with the Company.
- The Company has formulated Whistle blower policy / Vigil Mechanism which provides mechanism to the employees to report violation without fear of victimisation. The Directors in all cases and employees in exceptional cases will have direct access to the Chairman of Audit Committee of the Company.
- Details regarding annual performance evaluation of the Board are mentioned above.
- The financial statements of the Company for the year ended 31 March 2023 have been prepared as per schedule III to the Act and Indian Accounting Standards (IND AS).

## Acknowledgement

The Directors take this opportunity to thank its shareholders, trustee company, bankers and other service providers for their continued support. The Directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Board of India, Association of Mutual Funds in India and other authorities.

The Directors wish to place on record their appreciation to employees at all levels for their dedication and commitment.

**On behalf of the Board of directors of  
Bajaj Finserv Asset Management Ltd.**

**Sd/-  
Sanjiv Bajaj  
Chairman  
DIN: 00014615**

**Date:** 19 April 2023

**Place:** Pune

**SECRETARIAL AUDIT REPORT**

For the financial year ended 31 March, 2023

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

To,  
The Members,  
Bajaj Finserv Asset Management Limited  
S. No. 208/1B, Lohagaon,  
Viman Nagar,  
Pune 411014

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bajaj Finserv Asset Management Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

**Auditor's Responsibility:**

My responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. I have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records. I have also relied wherever required, on the Guidance note on Secretarial Audit issued by The Institute of Company Secretaries of India.

Due to the inherent limitations of audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

Unmodified opinion:

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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 on 31 March, 2023, complied with the 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 on 31 March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable to the Company)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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; *(Not applicable to the Company during the audit period)*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; *(Not applicable to the Company during the audit period)*
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; *(Not applicable to the Company during the audit period)*
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; *(Not applicable to the*

82

*Company during the Audit period)*

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; *(Not applicable to the Company)*
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)
- (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; (Not applicable to the Company)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; *(Not applicable to the Company)*; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; *(Not applicable to the Company)*
- (i) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; *(Not applicable to the Company)*

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, so far as the tenure of appointment of the auditors of the Company in the first Annual General Meeting is concerned, I am unable to express an opinion on the matter for the reason that there are divergent views held on the matter which is evidenced by material available in public domain and also in view of absence of any legal precedence on the matter.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The change in the composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. 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.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.


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

I further report that during the audit period the Company has issued and allotted 4,00,00,000 (Four Crore) equity shares of Rs. 10 each aggregating to Rs. 40,00,00,000 (Rupees Forty Crore) on rights basis.

This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.



Pune, 19 April, 2023

  
CS Sachin Bhagwat  
ACS: 10189, CP: 6029  
UDIN: A010189E000136821  
PR No.: 654/2020

Annexure

To,  
The Members,  
Bajaj Finserv Asset Management Limited  
S. No. 208/1B, Lohagaon,  
Viman Nagar,  
Pune 411014

My report of even date is to be read along with this letter:

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

Signature:



Sachin Bhagwat  
ACS:10189

CP: 6029

UDIN: A010189E000136821

PR Certificate No.: 654/2020



Place: Pune  
Date: 19 April 2023