

## DIRECTORS' REPORT

Dear Shareholders,

Your directors present the third Annual Report along with the audited financial statements of the Company for the financial year ended 31 March 2024.

### 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. Your Company is registered with Association of Mutual Funds in India (AMFI).

During the year under review, the Company has filed various products (schemes) proposal with SEBI and had received final letter from SEBI to launch these schemes. Accordingly, following new schemes of Bajaj Finserv Mutual Fund were launched during the year:

Sr. No	Name of the Scheme	Category of Scheme	Amounts mobilised during New Fund Offer (Rs. Cr)	Assets under Management as on 31 March 2024 (Rs. Cr)
1.	Bajaj Finserv Liquid Fund	Liquid Fund	3082.52	2374.21
2.	Bajaj Finserv Overnight Fund	Overnight Fund	275.67	192.01
3.	Bajaj Finserv Money Market Fund	Money Market Fund	28.04	1975.95
4.	Bajaj Finserv Flexi Cap Fund	Flexi Cap Fund	1051.18	2438.69
5.	Bajaj Finserv Arbitrage Fund	Arbitrage Fund	66.25	470.27
6.	Bajaj Finserv Banking and PSU Fund	Banking and PSU Fund	27.10	100.28
7.	Bajaj Finserv Balanced Advantage Fund	Balanced Advantage Fund	692.78	1022.43
8.	Bajaj Finserv Nifty 50 ETF	Exchange Traded Fund	55.37	53.82
9.	Bajaj Finserv Nifty Bank ETF	Exchange Traded Fund	85.00	139.73
10.	Bajaj Finserv Large and Mid Cap Fund	Large and Mid Cap Fund	671.59	784.99

Total AUM under schemes of Bajaj Finserv Mutual Fund as on 31 March 2024 is Rs. 9,552.39 crore. The Company will continue to expand its product range and increase its engagement activities with the distributors and customers across the country.

As on 31 March 2024, the total count of folios of investors was 2,29,329. The Company services unitholders directly and through 35,000+ empanelled mutual fund distributors.

Your Company has 11 branches as on 31 March 2024. Branch offices of Company and KFin Technologies Limited, the Registrar and Transfer Agent for schemes of Bajaj Finserv Mutual Fund, are inter-alia the Official Points of Acceptance for transactions of schemes of Bajaj Finserv Mutual Fund.

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 2024 is summarized as below:

(Rs. In lakh)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Total revenue from operations	1,404.27	336.07
Expenditure excluding depreciation	17,233.18	4005.43
Depreciation	875.57	132.70
<b>Profit/(Loss) before Tax</b>	<b>(16,704.48)</b>	<b>(3802.06)</b>
Current tax	-	-
Deferred tax	-	6.21
Other comprehensive income	83.59	(131.47)
Tax on above	-	-
<b>Other comprehensive income for the year (net of tax)</b>	<b>83.59</b>	<b>(131.47)</b>
<b>Total comprehensive income/ (loss) for the year</b>	<b>(16,620.89)</b>	<b>(3939.74)</b>
Earnings per share of face value of Rs. 10 each	(7.88)	(4.98)

### 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 has not recommended any dividend for the FY 2024.

## 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 FY 2024 and the date of this Report.

## Risk Management

The Company has a Board approved Risk Management Manuals and Framework. This framework incorporates the checks, process and procedures to identify potential risks in the investment and operational areas of the business and minimise their impact through necessary control on your Company. The framework is designed to identify risks, assess their likelihood and impact, ensure the review of mitigation measures and requires reporting on a regular basis.

In terms of SEBI (Mutual Funds) Regulations, 1996 and SEBI Master Circular for Mutual Funds dated 19 May 2023, the Board of Directors of your Company at its meeting held on 19 April 2023 has constituted a Board level Risk Management Committee. As part of the framework, the Risk Management function has incorporated policies, procedures, roles & responsibilities of the management and the Board. The Board of your Company has approved the Risk Management framework, revised various policies in line with the said SEBI circular and has implemented risk measures outlined in the said circular. The terms of reference of the Risk Management Committee have been aligned with requirements of the said SEBI circular inter-alia, to oversee the risks associated with the business of mutual fund at the enterprise level, regulatory, compliance, operation and other functions of Company.

The present composition of Risk Management Committee is as under:

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>
1.	Shri Sandesh Kirkire	Chairman, Independent Director
2.	Ms. Malvika Sinha	Member, Independent Director
3.	Shri Ganesh Mohan	Member, Chief Executive Officer and Whole Time Director

During the year under review, 3 (three) meetings of the Committee were held on 18 July 2023, 26 October 2023 and 25 January 2024.

All members of the Committee attended all the meetings.

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

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 2024 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 and hence the Board constitution is in line with SEBI (Mutual Funds) Regulations, 1996.

### II. Key Managerial Personnel (KMP)

In accordance with the provisions of Sections 2(51) and 203 of the Act, the following are the Whole time Key Managerial Personnel of the Company:

1. Shri Ganesh Mohan, Chief Executive Officer
2. Shri Nilesh Chonkar, Chief Financial Officer and
3. Shri Harish Iyer, Company Secretary

During the year, there were changes in Whole-time KMP. The Board at its meeting held on 19 April 2023, appointed following persons as KMPs of the Company w.e.f. 01 May 2023:

- a) Shri Harish Iyer - Head – Compliance, Legal and Secretarial as Company Secretary (CS).
- b) Shri Nilesh Chonkar – Head – Operations and Finance as Chief Financial Officer (CFO).

Further, Ms. Uma Shende, Company Secretary and Shri S Sreenivasan, Chief Financial Officer had tendered their resignation w.e.f. close of business hours from 30 April 2023.

### Number of Meetings of the Board

During the year under review, 4 (four) meetings of the Board of Directors of the Company were held on 19 April 2023, 18 July 2023, 26 October 2023 and 25 January 2024. 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 FY 2024 are mentioned below:

Sr. No.	Name of Director	Category	Number of Board Meetings held during FY 2024	
			Entitled to attend	Attended
1.	Shri Sanjiv Bajaj	Chairman and Non-Executive Director	4	4
2.	Shri Sandesh Kirkire	Non-Executive Independent Director	4	4
3.	Ms. Malvika Sahni Sinha	Non-Executive Independent Director	4	4
4.	Shri. Ganesh Mohan	Chief Executive Officer & Whole Time Director	4	4

#### 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 2024 during FY2024 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

A formal mechanism was adopted by the Board for evaluating its performance, as well as that of its Committees and the Directors, including the Chairman of the Board. 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, based on performance and fulfilment of criteria of independence and their independence from management.

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

Accordingly, the Board has carried out an annual performance evaluation of its own performance that of its Committees, Chairperson and individual directors.

The manner in which formal annual evaluation of performance was carried out by the Board for the year 2023-24 is as 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 regards 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 2023-24 and a consolidated report thereof were arrived at. The aforesaid report was then discussed and noted by the Board at its meeting held on 24 April 2024.
- 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 2024 is 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.

All the Independent Directors have also confirmed that in terms of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have registered themselves with the Independent Director's database as prescribed under the Act

In the opinion of the Board, the Independent Directors fulfil the conditions specified under the Act, the Rules made thereunder and SEBI Listing Regulations and are independent of the management.

All the directors of the Company have confirmed that they are not disqualified for being appointed as directors pursuant to Section 164 of the Companies Act, 2013.

### Directors' Responsibility Statement

In accordance with the provisions of section 134(5) 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) the directors had 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 FY 2024;

- (iii) 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;
- (iv) the directors had prepared the annual accounts on a going concern basis; and
- (v) the directors had 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 FY 2024, 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, Mutual Fund schemes and rated short-term instruments. Details of the same forms part of the notes to the financial statements.

### Deposits

During FY2024, 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, the authorised share capital of the Company was increased from Rs. 200,00,00,000/- (Rupees Two Hundred Crore only) divided into 20,00,00,000 Equity Shares of Rs. 10/- each to Rs. 500,00,00,000/- (Rupees Five Hundred Crore only) divided into 30,00,00,000 Equity Shares of Rs. 10/- each and 20,00,00,000 redeemable preference shares of Rs. 10/- each.

During the year under review, the Company issued and allotted 20,00,00,000 equity shares of Rs. 10/- each of the Company on Rights Basis to Bajaj Finserv Limited. (the holding company) in tranches.

During the year, the Board at its meeting held on 25 January 2024, approved an issue upto 20 crore 6% cumulative convertible preference shares of face value of Rs. 10/- each for cash, at par fully payable amounting to Rs. 200 crore in one or more tranches to the existing equity shareholders of the Company in the proportion, as circumstances admit, to the paid-up equity share capital of the Company as on January 25, 2024 ('Record Date') with a view to meet current business operating expenses including marketing and sales promotion expenses towards the launch of new schemes. The aforesaid matter was approved by shareholders of the Company at Extra-Ordinary General Meeting held on February 12, 2024.

As on 31 March 2024, the issued, subscribed and paid-up equity share capital stands at Rs 300,00,00,000/- comprising of 30,00,00,000 Equity Shares of Rs. 10/- each.

During the year under review, the Company has not issued any:

- (a) shares with differential rights as to dividend, voting or otherwise.
- (b) sweat equity shares.

#### Related Parties Transactions

During the year Company, your Company has entered transactions with related parties as defined under Section 2(76) of the Act, which were in the ordinary course of business and on arms' length basis and in accordance with the policy on Related Party Transactions of the Company.

The Company has a policy on Related Party Transactions.

During the year, there was no material transaction with any related parties as per the Related Party Transactions Policy of the Company and or any other related party transaction entered by the Company that requires disclosure in Form AOC-2, hence, disclosure in Form AOC-2 is not applicable to the Company.

The disclosures pertaining to related party transactions as per the applicable Accounting Standards form part of the notes to the financial statements provided in this Annual Report.

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

During FY2024, 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 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 FY2024, 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**

In accordance with Section 177 of the Companies Act, 2013 and SEBI Master Circular for Mutual Funds dated 19 May 2023, your Company has constituted Audit Committee. 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, 4 (four) meetings of the Committee were held on 19 April 2023, 18 July 2023, 26 October 2023 and 25 January 2024.

All members of the Committee attended all the meetings.

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

**Unit Holder Protection Committee**

The Board in its meeting held at its meeting held on 26 October 2023, has constituted Unit Holder Protection Committee as per Regulation 25(24) of SEBI (Mutual Funds) Regulations, 1996, as amended and SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/117 dated 07 July 2023. The present composition of Unit Holder Protection Committee is as under:

Sr. No.	Name	Designation
1	Ms. Malvika Sinha	Chairperson, Independent Director
2	Shri Sandesh Kirkire	Member, Independent Director
3	Shri Ganesh Mohan	Member, Chief Executive Officer and Whole Time Director

During the year under review, 1 (one) meeting of the Committee was held on 25 January 2024.

All members of the Committee attended all the meetings.

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

### Directors liable to retire by rotation

In accordance with the provisions of Section 152 of the Act, Shri Ganesh Mohan (DIN: 07985728), Chief Executive Officer and Whole Time Director 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

Your Company has internal control systems which are commensurate with the size and complexity of its operations.

Your company has documented its Internal Financial Controls considering the essential components of various critical processes, physical and operational, and this includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance. This ensured orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention of errors, accuracy & completeness of the accounting records and the timely preparation of reliable financial information.

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

### Statutory Auditors

In terms of section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s KKC & Associates LLP (earlier known as M/s 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 M/s KKC & Associates LLP 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 M/s KKC & Associates LLP were the Statutory Auditors of the Company.

The statutory audit report for FY2024 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, Practicing 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 for the year ended 31<sup>st</sup> March 2024 is annexed to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. 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

M/s. Kirtane and Pandit LLP, act as Statutory Auditor for schemes of Bajaj Finserv Mutual Fund for FY2024.

### Internal Auditors

M/s. Deloitte Touche Tomatsu India LLP were appointed as internal auditor of the Company and for schemes of Bajaj Finserv Mutual Fund for three consecutive financial years commencing from FY2024.

Internal Audit report is placed before Audit Committee and Board on quarterly basis.

### Secretarial Standards

During the FY 2024, the Company has complied with the requirements of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India in terms of the Act.

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

The Company has in place a Policy on prevention of Sexual Harassment at workplace (the Policy) in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During FY2024, the Company has not received any Complaint under the Act.

### Particulars of Employees

As on March 31, 2024, your Company has 383 employees (previous year - 135).

## Other Statutory Disclosures

- There was no change in the nature of the business of the Company.
- There was no revision to the financial statements 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 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 the same there are 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. The Company recognises this mechanism as an important enabling factor in administering good governance practices. During FY2024, the Company has not received any Complaint under the Whistle blower policy.
- Details regarding annual performance evaluation of the Board are mentioned above.
- The financial statements of the Company for the year ended 31 March 2024 have been prepared as per schedule III to the Act and Indian Accounting Standards (IND AS).
- As on March 31, 2024, there was no unclaimed dividend of shareholders of the Company.

## Acknowledgement

The Directors take this opportunity to thank its investors of various mutual fund schemes, shareholders, trustee company, bankers, distributors and other service providers for their continued support. The Directors would like to convey their gratitude to Bajaj Finserv Limited, promoters of your Company.

The Directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Board of India, Association of Mutual Funds in India, Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies, Stock Exchanges and other authorities.

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

The Directors also acknowledge the faith reposed in Bajaj Finserv Mutual Fund by its investors and look forward to their continued support.

**On behalf of the Board of directors of  
Bajaj Finserv Asset Management Limited**

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

**Date:** 24 April 2024  
**Place:** Pune