

# BAJAJ

BAJAJ HOLDINGS & INVESTMENT LIMITED

**70<sup>th</sup>** ANNUAL REPORT  
2014 - 15





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## Board of Directors

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**Rahul Bajaj**  
Chairman

**Sanjiv Bajaj**  
Managing Director

**Madhur Bajaj**

**Rajiv Bajaj**

**D J Balaji Rao**

**S H Khan**

**Nanoo Pamnani**

**Manish Kejriwal**

**Naresh Chandra**

**P Murari**

**Dr. Gita Piramal**

## Audit Committee

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**Nanoo Pamnani**  
Chairman

**S H Khan**

**Manish Kejriwal**

**Naresh Chandra**

## Stakeholders Relationship Committee

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**P Murari**  
Chairman

**Nanoo Pamnani**

**S H Khan**

**Manish Kejriwal**

**Dr. Gita Piramal**

## Nomination and Remuneration Committee

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**S H Khan**  
Chairman

**D J Balaji Rao**

**Nanoo Pamnani**

**Naresh Chandra**

**Rahul Bajaj**

## Corporate Social Responsibility Committee

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**Rahul Bajaj**  
Chairman

**Nanoo Pamnani**

**Sanjiv Bajaj**

## CFO

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**Anant Marathe**

## Company Secretary

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**Vallari Gupte**

## Auditors

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**Dalal & Shah**  
Chartered Accountants

## Secretarial Auditor

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**Shyamprasad D Limaye**  
Company Secretary

## Bankers

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Citibank N A  
HDFC Bank

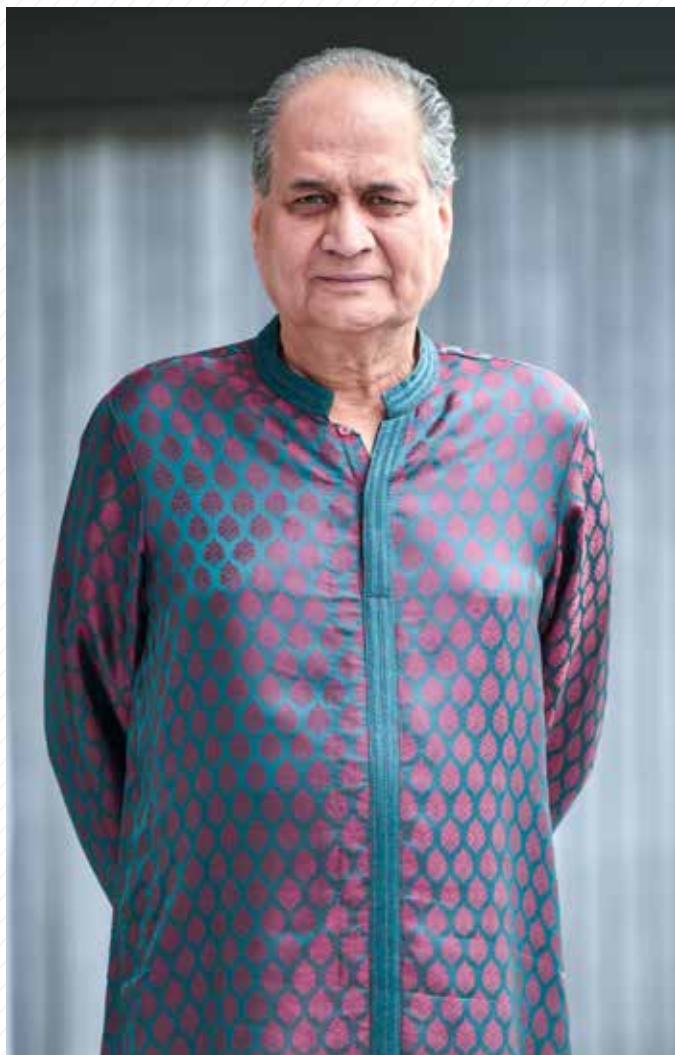
**Registered under the  
Companies Act, 1913**

## Registered Office

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Mumbai-Pune Road,  
Akurdi Pune - 411 035

**CIN: L35911PN1945PLC004656**



**Rahul Bajaj**  
Chairman



**Sanjiv Bajaj**  
Managing Director

# Directors' Report

The directors present their Seventieth Annual Report and audited financial statements for the year ended 31 March 2015.

## 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	FY2015	FY2014
Total revenue	1,006.46	839.47
Total expenses	41.96	25.70
<b>Profit before tax</b>	<b>964.50</b>	<b>813.77</b>
Tax expense	79.58	85.14
Profit after tax	884.92	728.63
<b>Profit for the year</b>	<b>867.73</b>	<b>733.35</b>
Transfer to Reserve fund u/s 45-IC (1) of Reserve Bank of India Act, 1934	173.55	146.67
Transfer to General reserve	86.77	73.34
Proposed dividend (inclusive of dividend tax)	434.49	390.47
Balance carried to Balance Sheet	172.92	122.87
Earnings per share (₹)	78.0	65.9

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

(₹ In Crore)

Particulars	FY2015	FY2014
Total revenue	558.83	427.72
<b>Profit before tax</b>	<b>513.19</b>	<b>399.57</b>
Income from associates after tax	1,615.41	1,669.11
<b>Profit for the year</b>	<b>2,029.24</b>	<b>1,987.56</b>
Earnings per share (₹)	182.3	178.6

## Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of ₹ 32.50 per share (325%) for the year ended 31 March 2015. The amount of dividend and the tax thereon to the extent applicable aggregate to ₹ 434.49 crore.

Dividend paid for the year ended 31 March 2014 was ₹ 30 per share (300%). The amount of dividend and the tax thereon to the extent applicable aggregated to ₹ 390.47 crore.



## Share Capital

The paid up equity share capital as on 31 March 2015 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, 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 (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, 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. The Company has formed Risk Management Committee and Asset Liability Management Committee in terms of the applicable directions/regulations of the Reserve Bank of India in this regard.

## 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.

## De-notification of Special Economic Zone (SEZ) Project

As reported previously, the Company had proposed to set up a sector specific SEZ, at Waluj, Aurangabad, which was notified by the Central Government on 17 April 2007. In response to the application of the Company, the Central Government has de-notified the SEZ Project vide its notification no. F/2/94/2006-SEZ dated 30 July 2014.

## Extract of annual return

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

## Number of meetings of the Board

There were 6 meetings of the Board held during the year. Detailed information is given in the Corporate Governance Report.

## Directors' responsibility statement

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

- in the preparation of the annual accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

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

## Declaration by independent directors

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6).

## Directors' Remuneration Policy and criteria for matters under section 178

Information regarding directors' Remuneration Policy and criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 are provided in the Corporate Governance Report.

## Particulars of loans, guarantees or investments

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

## Related party transactions

There were no related party transactions (RPTs) entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'material' related party transactions as defined under clause 49 of the Listing Agreement, there are no details to be disclosed in Form AOC-2 in that regard.

During the year 2014-15, pursuant to section 177 of the Companies Act, 2013 and clause 49 of the Listing Agreement, all RPTs were placed before the Audit Committee for its prior/omnibus approval.

The policy on RPTs as approved by Board is uploaded on the Company's website [www.bhil.in](http://www.bhil.in)

## Material changes and commitments

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

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

The Company primarily being an investment company and not involved in any industrial or manufacturing activities, the Company has no particulars to report regarding conservation of energy and technology absorption as required under section 134 of the Companies Act, 2013 and Rules made thereunder. During the year under review, the Company did not have any foreign exchange earnings, whereas the foreign exchange outgo amounted to ₹ 138,981.



## 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

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

## Formal annual evaluation of the performance of 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.

## Subsidiary/joint venture/associates

Following are the companies which are subsidiary/joint venture/associate companies of the Company:

Name of the company	% shareholding of BHIL and its subsidiary	Status
Bajaj Auto Ltd.	31.49%	Associate
Bajaj Finserv Ltd.	39.29%	Associate
Bajaj Auto Holdings Ltd.	100%	Subsidiary
Maharashtra Scooters Ltd.	24%	Joint Venture

Detailed information on the performance and financial position of subsidiary, associates and joint venture of the Company is covered in the Management Discussion and Analysis Report.

As regards Maharashtra Scooters Ltd. (MSL), a company jointly promoted by the Company (erstwhile Bajaj Auto Ltd.) and Western Maharashtra Development Corporation Ltd. (WMDC), WMDC had offered to sell its 27% shareholding in MSL and the Company had confirmed its willingness to purchase these shares. The price at which the shares were to be sold, had been jointly referred to a sole Arbitrator, Justice Arvind V Savant (Retd), with an understanding in writing that the arbitral award would be binding on both.

As reported in the past, the Award of the Arbitrator dated 14 January 2006 valuing the share price of MSL at ₹ 151.63 per share as the rate at which 3,085,712 equity shares of MSL held by WMDC to be sold to the Company, was challenged by WMDC in the Bombay High Court.

After hearing both the parties, the Single Judge Bench of Hon'ble Bombay High Court, vide its order dated 15 February 2010, while confirming the ruling of the Arbitrator on his jurisdiction, the relevant date for valuation, the methodology adopted by the Arbitrator on valuation and the price, set aside the Award of the Learned Arbitrator on the ground that the Arbitral Award goes contrary to the provisions of section 111A of the Companies Act, 1956, which relates to free transferability of shares in a public limited company.

The Company challenged the decision of the Hon'ble Bombay High Court by way of filing an Appeal before the Division Bench of the High Court on various grounds. WMDC filed Cross Objections on the issues regarding jurisdiction, date of valuation, methodology and price.

The matter came up for hearing before the Division Bench of the Hon'ble Bombay High Court in February/March 2015. The Bench has pronounced its Order on 8 May 2015, inter alia, stipulating the following:

1. The Company's Appeal No. 153 of 2010 is allowed and the impugned order of the Single Judge dated 15 February 2010 is set aside in so far as it set aside the Arbitral Award on the ground that clause 7 of the Protocol Agreement was in the nature of a restriction on free transferability of the shares and was therefore contrary to section 111A of the Companies Act, 1956.
2. The Cross Objections filed by the Respondent (WMDC) have no merit and therefore stand dismissed.
3. In the peculiar circumstances of the case and in the interest of justice, the Appellant (BHIL), for the purchase of the 3,085,712 equity shares of MSL, shall pay to the Respondent (WMDC) a sum of ₹ 46.79 crore (calculated at Arbitral Award price of ₹ 151.63 per share) together with simple interest @ 18% per annum from 14 January 2006 (date of Arbitral Award) till payment.

## Directors and Key Managerial Personnel

As reported previously, Dr. Gita Piramal was appointed as an additional director in the category of non-executive, independent director of the Company, in the meeting of the Board held on 28 March 2014. Thereafter, at the sixty ninth annual general meeting of the Company held on 17 July 2014, the members of the Company appointed Dr. Gita Piramal as an independent director under the Companies Act, 2013 for a period of 5 years effective from 17 July 2014.

Pursuant to section 149(4) of the Companies Act, 2013, every listed company is required to appoint at least one third of its directors as independent directors. The Board already has one half of its directors in the category of independent directors in terms of clause 49 of the Listing Agreement. The Board therefore, in its meeting held on 28 March 2014 appointed the existing independent directors under clause 49 as 'independent directors' pursuant to Companies Act, 2013 as well, for a term of 5 years, effective from 1 April 2014. The members at the annual general meeting held on 17 July 2014, approved the appointment.

Pursuant to section 203 of the Companies Act, 2013, the Company has appointed Anant Marathe as Chief Financial Officer (CFO) of the Company with effect from 1 October 2014 in place of Kevin D'sa. This change became necessary since as required under the said section 203, Kevin D'sa, who was the CFO of Bajaj Auto Ltd., Bajaj Finserv Ltd. (BFS) and BHIL chose to continue as CFO in Bajaj Auto Ltd. and relinquished his position as CFO of BFS and BHIL with effect from 1 October 2014.

The Company already has Sanjiv Bajaj, Managing Director and Vallari Gupte, Company Secretary as the other Key Managerial Personnel of the Company.

In light of the provisions of the Companies Act, 2013, Rajiv Bajaj retires from the Board by rotation this year and being eligible, offers himself for re-appointment. The information as required to be disclosed under clause 49 of the Listing Agreement in case of re-appointment of the director is provided in the Notice of the ensuing annual general meeting.

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