



# BAJAJ

BAJAJ HOLDINGS & INVESTMENT LIMITED

**71<sup>st</sup> ANNUAL REPORT 2015-16**



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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** (upto 12.1.2016)

**Nanoo Pamnani**

**Manish Kejriwal**

**Naresh Chandra**

**P Murari**

**Dr. Gita Piramal**

## Audit Committee

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**Naresh Chandra**  
Chairman

**Nanoo Pamnani**

**Manish Kejriwal**

## Stakeholders Relationship Committee

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**P Murari**  
Chairman

**Nanoo Pamnani**

**Manish Kejriwal**

**Dr. Gita Piramal**

## Nomination and Remuneration Committee

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**Naresh Chandra**  
Chairman

**D J Balaji Rao**

**Nanoo Pamnani**

**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 LLP**  
Chartered Accountants

## Secretarial Auditor

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**Shyamprasad D Limaye**  
Practising Company Secretary

## Bankers

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Citibank N A  
HDFC Bank

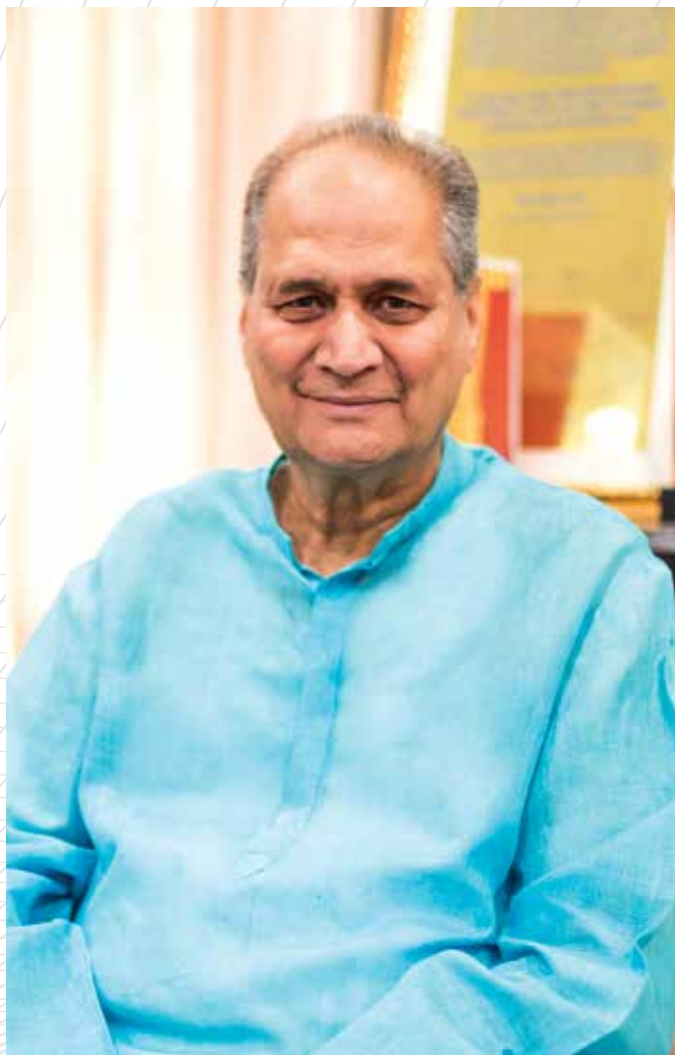
**Registered under the  
Companies Act, 1913**

## 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 Seventy First Annual Report and audited financial statements for the year ended 31 March 2016.

## 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	FY2016	FY2015
Total revenue	1,401.28	1,006.46
Total expenses	42.72	41.96
Profit before tax	1,358.56	964.50
Tax expense	88.05	79.58
Profit after tax	1,270.51	884.92
<b>Profit for the year</b>	<b>1,270.51</b>	<b>867.73</b>
Transfer to Reserve fund u/s 45-IC(1) of Reserve Bank of India Act, 1934	254.10	173.55
Transfer to General reserve	127.05	86.77
Interim dividend (inclusive of dividend tax)	334.87	-
Proposed dividend (inclusive of dividend tax)	100.46	434.49
Balance carried to Balance Sheet	454.03	172.92
Earnings per share (₹)	114.2	78.0

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

(₹ In Crore)

Particulars	FY2016	FY2015
Total revenue	476.69	558.83
<b>Profit before tax</b>	<b>429.90</b>	<b>513.19</b>
Income from associates after tax	1,923.65	1,615.41
<b>Profit for the year</b>	<b>2,265.24</b>	<b>2,029.24</b>
Earnings per share (₹)	203.5	182.3

## Dividend

The Board at its meeting held on 9 March 2016 declared an interim dividend at the rate of ₹ 25 per equity share (250%) for the year ended 31 March 2016, which was paid to all the eligible shareholders as on 17 March 2016, being the record date for the purpose of dividend. The amount of dividend and the tax thereon to the extent applicable aggregated to ₹ 334.87 crore.

The directors now recommend for consideration of the shareholders at the ensuing annual general meeting, payment of final dividend of ₹ 7.50 per equity share (75%) for the financial year ended 31 March 2016. The amount of final dividend and the tax thereon to the extent applicable aggregate to ₹ 100.46 crore.



For the year ended 31 March 2016, the total dividend including the interim dividend, therefore, works out to ₹ 32.50 per equity share of ₹ 10 each (325%) and the total dividend and the tax thereon to the extent applicable aggregate to ₹ 435.33 crore.

For the year ended 31 March 2015, dividend paid was also ₹ 32.50 per equity share (325%). The amount of dividend and the tax thereon to the extent applicable however aggregated to ₹ 434.49 crore.

## Share Capital

The paid up equity share capital as on 31 March 2016 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.

## 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 seven 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 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 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 are adequate and were operating effectively.

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

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

## 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 regulation 23 of the SEBI Listing Regulations, 2015, there are no details to be disclosed in Form AOC-2 in that regard.

During the year 2015-16, pursuant to section 177 of the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its 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 ₹ 1.19 crore.

## 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 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 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.

As reported in the past, in the matter of Appeal No.153 of 2010, concerning in the Award of the Arbitrator between BHIL and WMDC, the Division Bench of the Hon'ble Bombay High Court had 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.

WMDC has subsequently filed a Special Leave Petition (SLP) in the Supreme Court on 15 September 2015 which is registered as SLP No. - 27194-95 of 2015, against the impugned Division Bench judgment of the Hon'ble Bombay High Court dated 8 May 2015, challenging the judgment amongst other grounds, on the basis of validity of the Protocol Agreement in the context of section 111A of the Companies Act, 1956, prescribing free transferability of shares.

The above mentioned SLP filed by WMDC is currently pending before the Supreme Court.

## Directors and Key Managerial Personnel-changes

The Directors regret to report about the sad demise of S H Khan, an independent director of the Company, on 12 January 2016. The directors record their whole-hearted appreciation of the valuable contribution made by him during his long tenure as director in the Company.

There was no other change in the directors and Key Managerial Personnel during the year under review.

In light of the provisions of the Companies Act, 2013, Manish Kejriwal retires from the Board by rotation this year and being eligible, offers himself for re-appointment. The information as required to be disclosed under regulation 36(3) of the SEBI Listing Regulations, 2015 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.

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

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals, which may impact the going concern status of the Company and its operations in future.

## Details 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, which includes its design, implementation and maintenance along with periodical internal review of operational effectiveness and sustenance.

This ensures orderly and efficient conduct of its business, including adherence to 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.