

The BAJAJ logo is rendered in a bold, blue, sans-serif typeface. The letter 'B' is stylized with a horizontal gap in its middle bar. The letters are closely spaced and set against a white rectangular background.

BAJAJ

BAJAJ HOLDINGS & INVESTMENT LIMITED

72nd
**ANNUAL
REPORT**
2016-17

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Board of Directors

Rahul Bajaj
Chairman

Sanjiv Bajaj
Managing Director

Madhur Bajaj

Rajiv Bajaj

D J Balaji Rao

Nanoo Pamnani

Manish Kejriwal

Naresh Chandra

P Murari

Dr. Gita Piramal

Audit Committee

Naresh Chandra
Chairman

Nanoo Pamnani

Manish Kejriwal

Stakeholders Relationship Committee

P Murari
Chairman

Nanoo Pamnani

Manish Kejriwal

Dr. Gita Piramal

Nomination and Remuneration Committee

Naresh Chandra
Chairman

D J Balaji Rao

Nanoo Pamnani

Rahul Bajaj

Corporate Social Responsibility Committee

Rahul Bajaj
Chairman

Nanoo Pamnani

Sanjiv Bajaj

Duplicate Share Certificate Issuance Committee

Rahul Bajaj
Chairman

Sanjiv Bajaj

Rajiv Bajaj

CFO

Anant Marathe

Company Secretary

Vallari Gupte

Auditors

Dalal & Shah LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

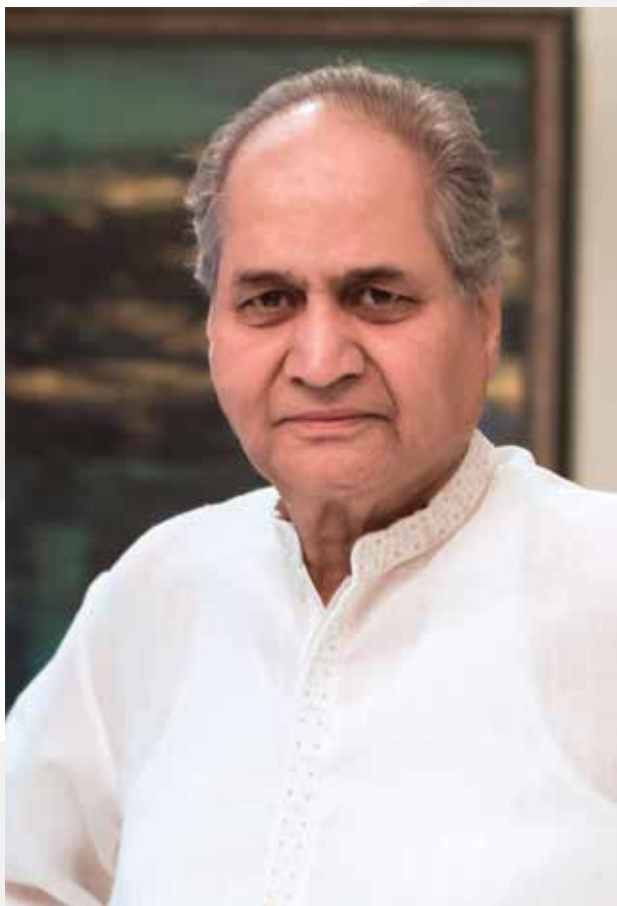
Citibank N A
HDFC Bank

Registered under the Companies Act, 1913

Registered Office

Mumbai-Pune Road,
Akurdi, Pune 411 035.

CIN: L35911PN1945PLC004656



Rahul Bajaj
Chairman



Sanjiv Bajaj
Managing Director

Directors' Report

The directors present their Seventy Second Annual Report and audited financial statements for the year ended 31 March 2017.

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	FY2017	FY2016
Total revenue	888.43	1,401.28
Total expenses	215.94	42.72
Profit before tax	672.49	1,358.56
Tax expense	134.31	88.05
Profit for the year	538.18	1,270.51
Transfer to Reserve fund u/s 45-IC(1) of Reserve Bank of India Act, 1934	107.64	254.10
Transfer to General reserve	53.82	127.05
Balance carried to Balance Sheet	376.72	454.03
Earnings per share (₹)	48.4	114.2
Proposed dividend (%)	325%	325%
Dividend and tax thereon	435.33	435.33

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

(₹ In Crore)

Particulars	FY2017	FY2016
Total revenue	850.08	476.69
Profit before tax	630.26	429.90
Share of profit after tax of associates	1,977.50	1,923.65
Profit for the year	2,473.19	2,265.24
Earnings per share (₹)	222.2	203.5

Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of dividend of ₹ 32.50 per equity share (325%) for the year ended 31 March 2017. The amount of dividend and the tax thereon to the extent applicable aggregate to ₹ 435.33 crore.

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

Share Capital

The paid up equity share capital as on 31 March 2017 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 six 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 the 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 were 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 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 section 149(6) of the said Act.

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

No related party transactions (RPTs) were 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 2016-17, 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 the Board is uploaded on the Company's website 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, 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 ₹ 1.30 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 the 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 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.

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.	31.54%	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 the Award of the Arbitrator between BHIL and WMDC, passed on 14 January 2006, 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

Sanjiv Bajaj was appointed as Managing Director of the Company w.e.f. 1 April 2012 for a period of five years, up to 31 March 2017. The Board at its meeting held on 16 March 2017, approved the re-appointment of Sanjiv Bajaj as Managing Director for a fresh term of five years and fixed his remuneration at its meeting held on 18 May 2017, based on the recommendations of the Nomination and Remuneration Committee, subject to necessary approvals of the shareholders. The matter is being separately put up for shareholders' approvals through the Notice of the ensuing seventy second annual general meeting of the Company.

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

In light of the provisions of the Companies Act, 2013, Madhur 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 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.

Global Depository Receipts (GDRs)

During the year under review, the Company terminated its GDR programme w.e.f. 20 March 2017 and these GDRs were consequently delisted from the London Stock Exchange w.e.f. 24 March 2017. Detailed information about GDRs is given in the chapter on General Shareholder Information.

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. 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.