

Monitoring Agency Report



No. CARE/HO/GEN/2023-24/1018

Audit Committee

Bajaj Finance Limited

3rd Floor, Panchshil Tech Park,
Plot 43/1, 43/2, 44/2, Viman Nagar
Pune – 411 014, Maharashtra, India

January 29, 2024

Dear Sir,

**Monitoring Agency Report for the quarter ended December 31, 2023 - in relation to the
Preferential Issue of Bajaj Finance Limited ("the Company")**

We write in our capacity as Monitoring Agency for the Preferential Issue of 15,50,000 warrants aggregating to Rs. 1,200 crore which are convertible into equivalent number of equity shares of face value of Rs. 2 each of the Company and refer to our duties cast under Regulation 162A of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018.

In this connection, we are enclosing the Monitoring Agency Report for the quarter ended December 31, 2023, as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated November 01, 2023.

Request you to kindly take the same on records.

Thanking you,

Yours faithfully,

Geeta Chainani

Geeta Chainani

Associate Director

geeta.chainani@careedge.in

Report of the Monitoring Agency

Name of the issuer: Bajaj Finance Limited

For quarter ended: December 31, 2023

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil

(b) Range of Deviation: Not Applicable

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have a credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.

Geeta Chainani

Signature:

Name and designation of the Authorized Signatory: Geeta Chainani

Designation of Authorized person/Signing Authority: Associate Director

1) Issuer Details:

Name of the issuer : Bajaj Finance Limited
Name of the promoter : Bajaj Finserv Limited
Industry/sector to which it belongs : Non-Banking Financial Company

2) Issue Details

Issue Period : November 01, 2023, to November 02, 2023
Type of issue (public/rights) : Preferential Issue
Type of specified securities : Warrants convertible into Equity shares
IPO Grading, if any : Not applicable
Issue size (in Rs. crore) : Rs. 1,200 crore (Note 1)

Note 1:

Particulars	Remarks
Total warrants issued and subscribed as part of preferential issue	15,50,000
Total proceeds proposed to be received under preferential issue (in Rs. crore) #	1,188.85
Actual proceeds received (25% of issue size of Rs.1188.85 crore) ^	297.21
Details of expenses incurred related to Preferential Issue* (in Rs. crore)	Nil
Net proceeds available for utilisation (in Rs. crore)	297.21

The Company has offered 15,50,000 (Fifteen Lakh Fifty Thousand only) convertible Warrants into equivalent number of Equity Shares for an aggregate cash consideration not exceeding Rs. 1,200 Crore.

^ Bajaj Finance Limited (The Company) has received 25% of the consideration at the time subscription and allotment of each warrant and the balance of 75% of the consideration shall be payable by warrant holder on the exercise of the warrants and conversion of the warrants shall be at the sole option of the warrant holder as per applicable provision of law by June 30, 2025.

* Expenses related to the issue (stamp duty and agency fees) were borne by Bajaj Finance. Hence, gross proceeds are equal to net proceeds.

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3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes, the utilization has been made as per Offer Document.	Chartered Accountant certificate*, Bank statements	Yes. Company has utilized the proceeds as per offer document.	The Board of Directors noted that there are no deviations, and the funds were utilised for the purpose stated in the offer document and notice sent to the shareholders.

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	There are no deviations from the expenditures disclosed in the Offer Document. Hence no approval is required	Not applicable	Not applicable	NA
Whether the means of finance for the disclosed objects of the issue have changed?	There is no change in the means of finance for disclosed objects.	Not applicable	No	NA
Is there any major deviation observed over the earlier monitoring agency reports?	Not applicable	Not applicable	Not applicable	NA
Whether all Government/statutory approvals related to the object(s) have been obtained?	Not applicable	Not applicable	Not applicable	NA
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not applicable	Not applicable	Not applicable	NA
Are there any favorable/unfavorable events affecting the viability of these object(s)?	There are no events affecting the viability of these objects.	Not applicable	No	NA
Is there any other relevant information that may materially affect the decision making of the investors?	There is no relevant information that may affect the decision making of the investor	Not applicable	No	NA

*As per Chartered Accountant certificate from B K Kothari & Associates LLP Chartered Accountants dated January 06, 2024

#Where material deviation may be defined to mean:

- Deviation in the objects or purposes for which the funds have raised.
- Deviation in the amount of funds utilized by more than 10% of the amount projected in the offer documents.

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4) Details of objects to be monitored:

(i) Cost of objects –

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) in Rs. Crore	Revised Cost in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason for cost revision	Proposed financing option	Particulars of firm arrangements made
1	Repayment of loans, commercial papers, Non-Convertible Debentures and interest payment thereof maturing post allotment of Warrants and Equity Shares pursuant to conversion	Chartered Accountant certificate*, Bank statements, Offer Document	960.00	951.08	The gross proceeds have been utilised in accordance with the objects of the issue.	NIL	NIL	NIL
2	General corporate purposes (GCP)#	Chartered Accountant certificate*, Bank statements, Offer Document	240.00	237.77		NIL	NIL	NIL
Total			1,200.00	1188.85				

* As per Chartered Accountant certificate from B K Kothari & Associates LLP Chartered Accountants dated January 06, 2024, the Company has offered 15,50,000 (Fifteen Lakh Fifty Thousand only) convertible Warrants into equivalent number of Equity Shares for an aggregate cash consideration not exceeding Rs. 1,200 Crore.

Utilized towards disbursement of loans to customers in the normal course of business.

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(ii) Progress in the objects –

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document in Rs. Crore	Amount utilised in Rs. Crore			Unutilised amount in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter in Rs. Crore	During the quarter in Rs. Crore	At the end of the quarter in Rs. Crore			Reasons for idle funds	Proposed course of action
1	Repayment of loans, commercial papers, Non-Convertible Debentures and interest payment thereof maturing post allotment of Warrants and Equity Shares pursuant to conversion	Chartered Accountant certificate*, Bank statements, Offer Document	960.00	--	237.77	-	0	Gross proceeds have been fully utilised in accordance with the objects of the issue	NIL	NIL

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document in Rs. Crore	Amount utilised in Rs. Crore			Unutilised amount in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter in Rs. Crore	During the quarter in Rs. Crore	At the end of the quarter in Rs. Crore			Reasons for idle funds	Proposed course of action
2	General corporate purposes (GCP)	Chartered Accountant certificate*, Bank statements, Offer Document	240.00		59.44	-	0		NIL	NIL
Total			1,200.00		297.21\$	-	0			

*As per Chartered Accountant certificate from B K Kothari & Associates LLP Chartered Accountants dated January 06, 2024

\$An amount of Rs. 297.21 crore representing 25% of the total proceeds was received of which 20% was utilized towards general corporate purposes and the remaining 80% of the amount was utilized for repayment of existing borrowings.

(iii) Deployment of unutilised preferential issue proceeds: Not Applicable, since preferential issue proceeds have been utilized on November 02, 2023, and balance shall be utilized once warrants are converted into equity shares.

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(iv) Delay in implementation of the object(s)

Objects	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the offer document	Actual		Reason of delay	Proposed course of action
Repayment of loans, commercial papers, non-convertible debentures and interest payment thereof maturing post allotment of Equity Shares under this Issue	June 30, 2025	November 02, 2023	No	NIL	NIL
General corporate purposes (GCP)	June 30, 2025	November 02, 2023	No	NIL	NIL

Bajaj Finance Limited (The Company) has received 25% of the consideration and the balance of 75% of the consideration will be received at the time of conversion of the warrants into equity shares, within 18 months of the date of allotment of warrants.

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

Sr. No	Item Head	Amount in Rs. Crore	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of the Board of Directors
1	Business Disbursement	59.44	Chartered Accountant certificate*, Bank statements, Offer Document	The Gross proceeds have been utilised in accordance with the objects of the issue.	The Board of Directors noted that there are no deviations, and the funds were utilised for the purpose stated in the offer document and notice sent to the shareholders.

*As per Chartered Accountant certificate from B K Kothari & Associates LLP Chartered Accountants dated January 06, 2024

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