

BAJAJ AUTO LIMITED
ANNUAL REPORT 2022-23



THE WORLD'S
FAVOURITE
INDIAN







THE WORLD'S
FAVOURITE
INDIAN

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FINANCIALS

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Board of Directors

Niraj Bajaj, Chairman
Madhur Bajaj, Vice Chairman
Rajiv Bajaj, Managing Director & CEO
Sanjiv Bajaj
Shekhar Bajaj (upto 30 June 2022)
D J Balaji Rao
Pradeep Shrivastava,
Executive Director
Dr. Naushad Forbes
Anami N. Roy
Rakesh Sharma, Executive Director
Ms. Lila Poonawalla
Pradip Shah
Abhinav Bindra

Audit Committee

Anami N. Roy, Chairman
D J Balaji Rao
Dr. Naushad Forbes
Pradip Shah

Stakeholders' Relationship Committee

D J Balaji Rao, Chairman
Niraj Bajaj
Ms. Lila Poonawalla

Nomination & Remuneration Committee

D J Balaji Rao, Chairman
Niraj Bajaj
Dr. Naushad Forbes
Abhinav Bindra

Corporate Social Responsibility Committee

Rajiv Bajaj, Chairman
Pradeep Shrivastava
Dr. Naushad Forbes

Risk Management Committee

Anami N. Roy, Chairman
D J Balaji Rao
Rakesh Sharma

Duplicate Share Certificate Issuance Committee

Rajiv Bajaj, Chairman
Pradeep Shrivastava
Rakesh Sharma

Management

Rajiv Bajaj
Managing Director & CEO

Pradeep Shrivastava
Executive Director

Rakesh Sharma
Executive Director

Abraham Joseph
Chief Technology Officer

S Ravikumar
Chief Business Development Officer

Dinesh Thapar
Chief Financial Officer

Ravi Kyran Ramasamy
Chief Human Resources Officer

Amitabh Lal Das
General Counsel

Sarang Kanade
President (Motorcycle Business)

Samardeep Subandh
President (Intra-City Business)

Kevin D'sa
President (Retail Finance)

K S Grihapathy
President (Export Business)

Eric Vas
President (Urbanite Business)

Sumeet Narang
President (Probiking Business)

C P Tripathi
Advisor (CSR)

Company Secretary

Dr. J Sridhar

Company Secretary-Designate

Rajiv Gandhi

Auditors

S R B C & CO LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

State Bank of India
Citibank N A
Standard Chartered Bank
ICICI Bank
HDFC Bank
HSBC Bank
Axis Bank
Central Bank of India

Registered under the Companies Act, 1956

Registered Office

Mumbai-Pune Road,
Akurdi, Pune 411 035.

CIN: L65993PN2007PLC130076

Works

- Mumbai-Pune Road,
Akurdi, Pune 411 035.
- Bajaj Nagar,
Waluj, Aurangabad 431 136.
- Chakan Industrial Area,
Chakan, Pune 410 501.
- Plot No.2, Sector 10,
IIE Pantnagar, Udhamsinghnagar,
Uttarakhand 263 531



Niraj R. Bajaj
Chairman

MANAGEMENT TEAM



Rajiv Bajaj



Pradeep Shrivastava



Rakesh Sharma



Abraham Joseph



S Ravikumar



Dinesh Thapar



Ravi Kyran Ramasamy



Amitabh Lal Das



Sarang Kanade



Samardeep Subandh



Kevin D'sa



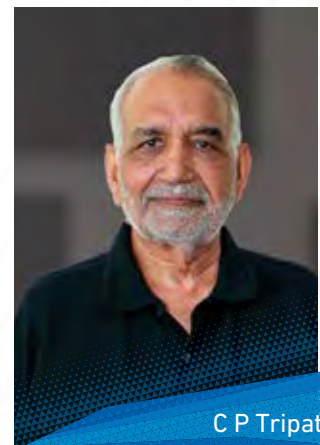
K S Grihapathy



Eric Vas



Sumeet Narang



C P Tripathi



CHAIRMAN'S LETTER

Dear Shareholder,

In my last year's letter to you, I had written, "I have never seen... such a... sheer scarcity of semiconductors. No modern automobile can exist without a slew of semiconductor chips. Motorcycles and top-of-the-line electric vehicles like the Chetak are no exceptions. It is difficult to predict when this supply scarcity will end."

Thankfully, this terrible supply scarcity was over by the end of the first quarter of FY2023. Thereafter, your Company was all set to increase substantially production and sales.

Except for one hiccup — exports. Your Company is by far the leading exporter of motorcycles and three-wheelers. In FY2022, exports accounted for 52.7% of Bajaj Auto's net sales. Thanks to a host of factors completely outside your Company's control, exports dropped both in volume and in value. Political and economic uncertainties in several major importing countries such as Nigeria, Egypt, Sri Lanka and Bangladesh; demonetisation in Nigeria; unavailability of US dollars in the hands of importers; and more. Bajaj Auto was not the only company that was affected. All exporters were.

Under the circumstances, your Company consciously decided to 'bite the bullet' and reduce its exposure in some of its key international markets. The rationale: we are in the business to generate revenues and profits, not receivables.

Even so, your Company has generated excellent results. Let me share these with you.

1. Highest Ever:

- Net sales: ₹ 35,359 crore.
 - Total operating income: ₹ 36,428 crore.
 - Earnings before interest, tax, depreciation and amortisation (EBITDA): ₹ 6,551 crore.
 - Profit before tax (PBT): ₹ 7,409 crore.
 - Profit after tax (PAT): ₹ 5,628 crore.
2. Operating EBITDA margin remains healthy at 18%
 3. Return on operating capital employed (ROCE) grew from 214% in FY2022 to 309% in FY2023.
 4. Surplus cash and cash equivalent as on 31 March 2023 was ₹ 17,445 crore after a dividend payout of ₹ 4,051 crore and buy-back of equity shares and tax there-on of ₹ 3,094 crore.

Once again, congratulations are in order to Shri Rajiv Bajaj, your Managing Director, his entire management team and all employees.

Given the quality and commitment of management across your Company, the wide range of products in various markets and geographies, and the quest for profitable growth, I see no reason why

The World's Favourite Indian shall not grow even further. Neither should you.

This is my second year as your Chairman, and I have to fill the very large shoes of Shri Rahul Bajaj. I seek your good wishes and offer you the same.

Thank you for your support.

Yours sincerely,



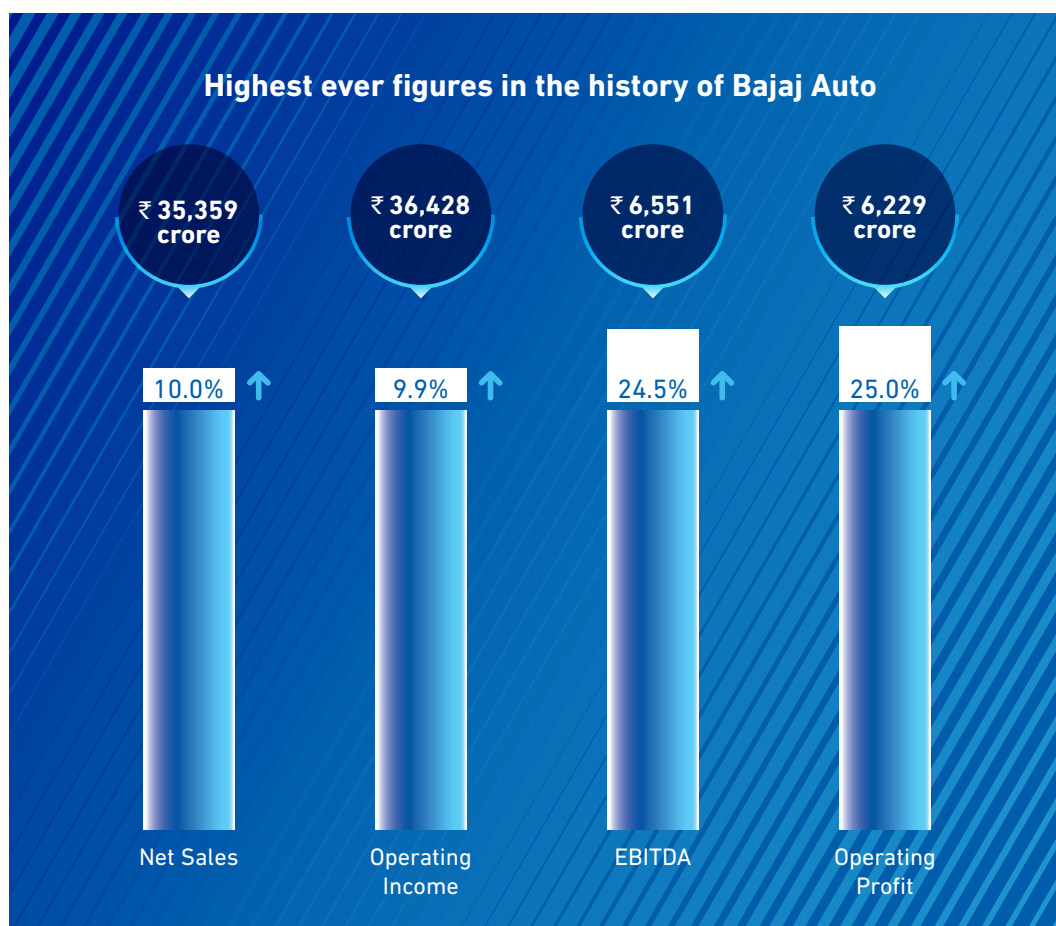
Niraj Bajaj
Chairman
25 April 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Thankfully, 2022-23 (FY2023) saw the effects of Covid abate significantly, with citizens as well as businesses finally reverting to normalcy. However, the flip side was the impact of inflationary trends, supply chain disruptions emanating from China, and the Russia-Ukraine conflict impacting commodity prices. India's retail, or consumer price, inflation remained high and for much of the year was above 6%. To combat this, the RBI regularly raised its policy repo rate, starting May 2022, with cumulative increase being 250 basis points. In addition, thanks to higher global commodity prices and depreciation of the Indian rupee, the current account deficit increased.

However, despite these critical challenges, India emerged as the fastest growing major economy in the world. The second advance estimate of national income released by the Central Statistics office (CSO) on 28 February 2023 expects real GDP growth in to be 7.0%; and that of gross value added to be 6.6%

Given this overall macroeconomic scenario, it needs to be asked how has Bajaj Auto fared?



BAJAJ AUTO'S FINANCIAL PERFORMANCE FOR FY2023





1. Records highest ever:

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2. Operating EBITDA margin remains healthy at 18%.

3. Return on operating capital employed: 309%.

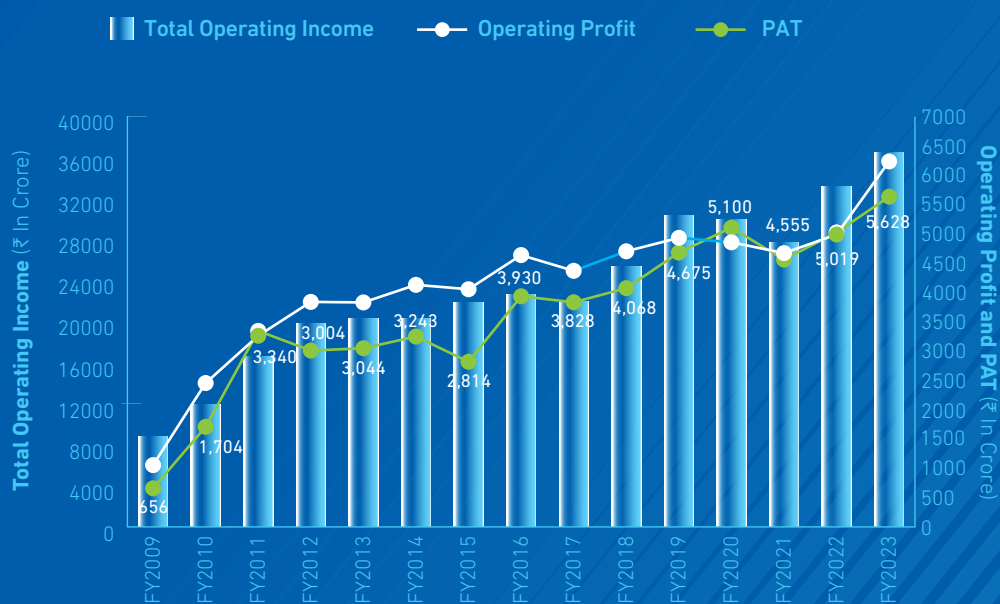
4. Surplus cash and cash equivalent as on 31 March 2023 at ₹ 17,445 crore, after dividend pay-out of ₹ 4,051 crore and buy-back of equity shares and tax thereon of ₹ 3,094 crore.

Charts A and B plot the Company's financial performance

Chart A: EBITDA and EBITDA%



Chart B: Total Operating Income, Operating Profit and PAT



Motorcycles (Domestic)

After peaking at 13.6 million units in FY2019, domestic sale of motorcycles for the industry steadily fell year-on-year right to under 9 million units in FY2022 — a drop of 34% over three consecutive years. Thankfully, FY2023 finally led to some growth: to 10.2 million units, or a rise of 13.9% over the trough of the previous year. Even so, domestic sales remained significantly below the all-time high of 13.6 million units in FY2019.

Given this industry scenario, how did Bajaj Auto perform?
Table 1 gives the data on domestic sales.

Table 1: Domestic sale of Motorcycles (in numbers)

Year ended 31 March	Domestic sales for the industry (nos.)	Domestic sales growth	BAL's domestic sales (nos.)	BAL's domestic growth	BAL's market share
2019	13,599,678	7.8%	2,541,320	28.7%	18.7%
2020	11,214,640	(17.5%)	2,078,136	(18.2%)	18.5%
2021	10,019,836	(10.7%)	1,807,980	(13.0%)	18.0%
2022	8,984,186	(10.3%)	1,632,897	(9.7%)	18.2%
2023	10,230,502	13.9%	1,769,575	8.4%	17.3%

Despite the Company's domestic sales in FY2023 being 8.4% higher than in the previous year, it grew slower than the market. Consequently, Bajaj Auto's market share witnessed a decline to 17.3%.

The greatest volume of sales occurs at the lower end, comprising 100-110 cc models. Given the strong competitive price pressures in this segment and in a milieu of increasing commodity prices and shortages of key semiconductors in the first half of FY2023, it made relatively less sense from the point of view of profits and shareholder value to push for on these products. Therefore, Bajaj Auto consciously focused to grow the sales of its more profitable models in the 125 cc range and above. It was a clear choice where per unit EBIDTA became a key variable.

Below is a segment-wise analysis of the domestic motorcycle market, followed by what it implies for the Company.

100cc segment: This segment accounts for by far the highest unit-wise sale of motorcycles in India. Bajaj Auto is represented here by the CT and Platina brands.

- In FY2023, this segment grew by 6%, but over a lower base in FY2022.
- For reasons mentioned earlier, Bajaj Auto consciously curtailed presence here. Consequently, Bajaj Auto's sales was an average of 53,746 units per month, with market share of 12.2%.



125cc segment: This segment recorded a double-digit growth in the domestic motorcycle market. Bajaj Auto is represented here by the Pulsar 125.

- In FY2023, this segment grew by 20%.
- Bajaj Auto's sales in this segment grew 38%, market share improved by 300 bps to 23.9%.
- Having introduced this sleek model in FY2020, it sold an average of 52,439 units per month through FY2023. We look forward to such impressive growth of the Pulsar 125 in FY2024 also.



150cc and above segment: This segment is the fastest growing and represents 22% of the domestic motorcycle market. Bajaj Auto is represented here by the Pulsar, Avenger, Dominar, KTM and Husqvarna brands.

- In FY2023, this segment grew by 27%.
- Bajaj Auto's sales was an average of 41,002 units per month, with market share of 21.4%.



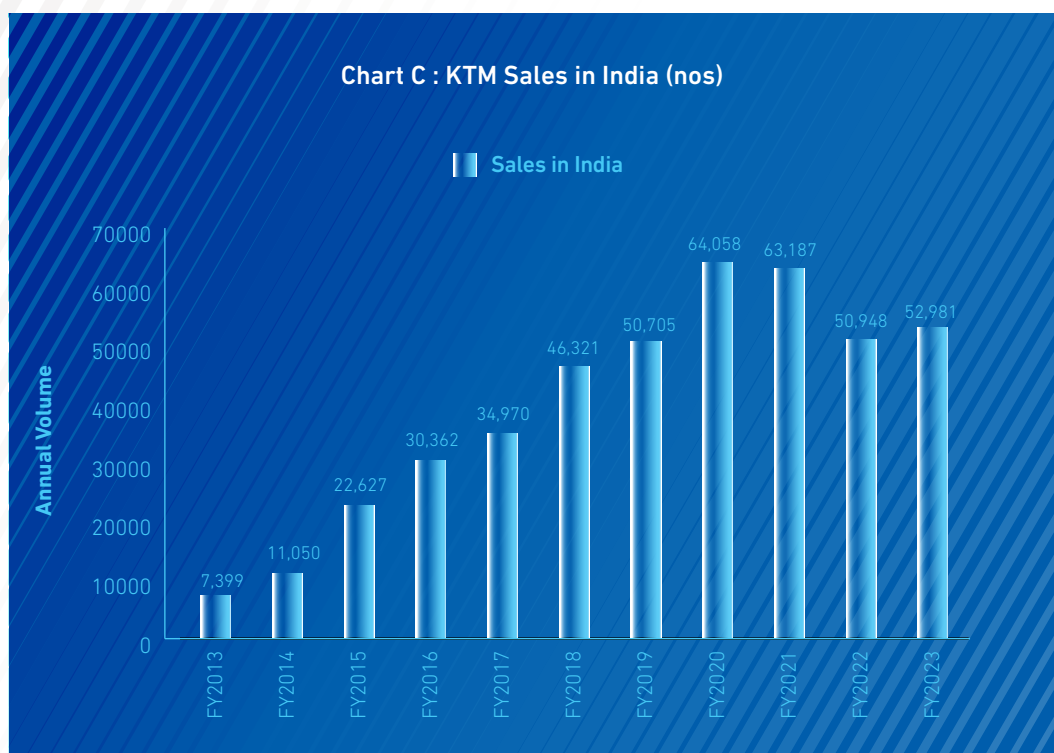
Irrespective of the market segments, Bajaj Auto is firmly entrenched in the domestic motorcycle market with the brand — Pulsar. For instance, Pulsar 125 is a much sought after bike. It is also worth noting that in FY2023, the Pulsar's, as a brand, grew by 33% and sold over 1 million units annually in the domestic motorcycle market.



Probiking (KTM)

The probiking business consists of two brands: KTM and Husqvarna. The KTM brand and its models are well recognised across India. At present, the Husqvarna models are being seeded.

Unfortunately, production and hence sales in Q1 FY2023 were badly affected by the shortage of semiconductors. Consequently, the volume of KTM sales for FY2023 grew by 4% over FY2022. Thankfully, this crisis abated from the second quarter, and sales picked up. Thus, if we compare volumetric sales for nine-month period of FY2023 versus the same nine-month period of FY2022, KTM showed a growth of 16%. Chart C plots the sales of KTMs in India over the years.



Urbanite (Chetak EV)

In FY2021, this legendary brand was re-introduced as a best-in-class electric scooter. Woven together in this iconic design are simple lines and smooth surfaces – creating a thing of beauty and delight. It demonstrates the future of mobility, and offers a digitised, fully-connected riding experience by virtue of being embedded with mobility solutions like data communication, security and user authentication that enable customers to have a seamless ownership and riding experience.

The global semiconductor shortage that affected the industry right up to the first quarter of FY2023 also affected the Chetak. Thus, despite market demand, Bajaj Auto could not produce the quantities needed right up to the end of Q1 FY2023. Thereafter, the supply-side constraints eased, and we increased the manufacturing of the Chetak. To give an example, the Company sold 8,187 units in FY2022. This has risen to 36,260 in FY2023. Table 2 gives the data on domestic sales by BAL and Chetak Technology Ltd. (Wholly owned subsidiary of BAL).

Table 2: Domestic sale of Chetak EV (in numbers)

Year ended 31 March	Nos.	Growth
2020	212	
2021	1,395	558%
2022	8,187	487%
2023	36,260	343%

The Chetak is currently sold through 105 dealers present across 84 cities.

Three-Wheelers (Domestic)

Three-wheelers has been a growth story. In FY2019, domestic sales for the industry were 690,425 units. This fell by 10% in FY2020. Thereafter, the Covid-19 lockdown crashed sales in FY2021 by a staggering 66% to 208,091 units. Thankfully, FY2022 saw an increase of 12% to 234,047 units. Finally, FY2023 has righted things. The three-wheeler markets picked up across India.

Our performance in this segment is in Table 3.

Table 3: Domestic sale of Three-Wheelers (in numbers)

Particulars	FY2023	FY2022	FY2021
Passenger carriers			
Industry sales	329,784	166,147	127,790
BAL's sales	261,386	130,172	81,618
BAL's market share	79.3%	78.3%	63.9%
Goods carriers			
Industry sales	81,309	67,900	80,301
BAL's sales	38,623	30,427	27,686
BAL's market share	47.5%	44.8%	34.5%
Total three-wheelers			
Industry sales	411,093	234,047	208,091
BAL's sales	300,009	160,599	109,304
BAL's market share	73.0%	68.6%	52.5%

- For the industry, sales picked up substantially to reach nearer to the pre-Covid levels. In FY2023 alone, the volume of sales went up by 76% to 411,093 units. This is especially gratifying because it signals that owners and operators are again back on track — aided by generous financing offers.
- Bajaj Auto's domestic sale of three-wheelers also grew by 87% to 300,009 units in FY2023.
- Domestic sale of Bajaj Auto's passenger vehicles more than doubled over the previous year to 261,386 units in FY2023.
- In effect, in the domestic market, Bajaj Auto is the undisputed leader in all the segments.

International Business

Unlike in the recent past, FY2023 has been a difficult year for exports — thanks to serious geo-political uncertainties, as well as economic challenges like hyper-inflation and scarcity in availability of US dollars for key importing nations.

In FY2023

- KTM recorded its highest ever volume of export sales.
- We sold 1.8 million units versus 2.5 million vehicles in the previous year.
- Though Bajaj Auto's sales have declined, its market share across major geographies is largely intact.

Table 4 gives the export data.

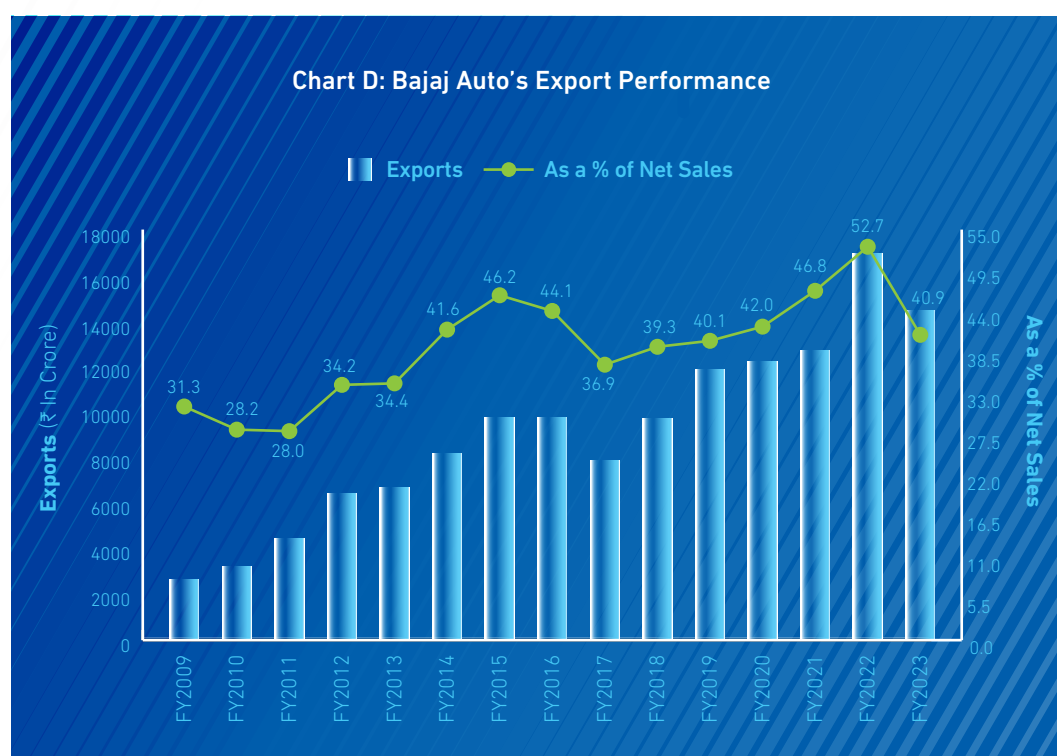
Table 4: Export Volume and Value, for Bajaj Auto

Particulars	FY2023	FY2022	Change
Units			
Motorcycles	1,636,956	2,195,772	-25.4%
Commercial Vehicles	184,284	310,854	-40.7%
Total numbers	1,821,240	2,506,626	-27.3%
Exports in ₹ (crore)	14,458	16,934	-14.6%
Exports in USD (million)	1,787	2,172	-17.7%

Despite this, there are some geographical positives:

- In Philippines, after the lifting of Covid restrictions, we increased the volume of motorcycle plus three-wheeler sales by 62%.
- Similarly, we grew sales in Mexico and Peru.

In FY2023, exports as a percentage of Bajaj Auto's net sales was 40.9%. Chart D plots our export performance over the years, both in value and as a percentage of the Company's total net sales.



R&D

FY2023 was a challenging year with many regulatory changes for automotive products to be met under very tight timelines; and to work on numerous EV programs to strengthen our EV portfolio.

Products

N250 and F250 Twin Channel ABS with Black scheme

New generation high end Pulsar N250 and F250 have been upgraded with a Twin Channel Anti-Lock Braking system (ABS) and steel braided rear brake hoses enhancing rider confidence and safety during braking. The new all black colour greatly enhances the visual interest and overall vehicle appeal.



PULSAR N160 ▶**N160**

N160, the younger sibling of the Naked N250 in next generation Pulsar line up, inherits all the features and drive away chassis from the N250, making it the best-in-class bike in terms of vehicle handling and rider comfort. The N160 was the first to bring the additional safety of the Dual Channel ABS to this segment. Its modern two-valve engine provides very good torque that gives excellent roll-on performance.

NS200 and NS160 upgrade

NS200 and NS160, our muscular streetfighter twins, have been upgraded with upside down fork suspension, twin channel ABS and an updated instrument console with a gear position indicator and fuel economy display. The upside down fork suspension enhance the bikes' front-end rigidity — making it easier to drop into the corners and improves cornering stability. The twin channel ABS and steel braided rear brake hoses helped enhancing rider confidence and safety during braking.

PULSAR NS200 ▶◀ **PULSAR NS160**

P150 Single Disc and P150 Twin Disc

The all new P150 Single and Twin Disc are designed to ooze aggression. The models use a brand new 150cc air cooled power train, which delivers best-in-class performance and gear shift. Both bikes have brilliant class D LED projector head lamps that are bi-functional.

PULSAR P150 TWIN DISC



PULSAR P150 SINGLE DISC



Low Speed EV

Bajaj R&D has developed a low-speed two-wheeler for Yulu — where the Company has a 19% stake — to address its needs for the shared mobility business. Yulu has launched two of these new e-bike variants in India, namely Miracle GR a personal use vehicle, and Dex GR a last-mile delivery vehicle.

Both have a claimed 25 kph top speed, hub-mounted motor and both these vehicles use swappable batteries to allow quick turn-around, an LED headlight and tail-lamp. The Dex GR gets a rear rack to support the load carried by delivery agents.

LOW SPEED EV



Realigning resources to meet new regulatory requirements

The Government of India has notified the following requirements to address fire safety concerns of electric vehicles as mandatory requirements for CMVR certification and for FAME II, PLI incentives:

- AIS 156: This standard addresses the functional safety requirements for electric vehicles and traction batteries. Within it, Amendment 3 focuses on additional safety requirements for REESS / Traction Battery Packs, charger and battery cell requirements, as well as thermal propagation tests.
- MHI guidelines: Ministry of Heavy Industry (MHI) also published an office memorandum dated 2 November 2022 mandating various cell / battery pack / BMS level tests, as pre-conditions for claiming FAME II / PLI scheme incentives.

Although, AIS 156 was issued earlier covering up to Amendment 1, the subsequent Amendment 3 plus the new MHI guidelines appeared suddenly in November 2022 — thus giving only four months for EV manufacturers to comply with these before 31 March 2023.

The BS6 OBD 2 norms were a big engineering change. The notification of the OBD norms splitting it into OBD 2A and 2B came in only in November 2022. The powertrain and vehicle configurations had to be adjusted to meet the new norms rapidly.

Alternate source needed for de-risking meant that R&D had to calibrate and homologate many more variants to meet these new norms. Over 47 variants had to be homologated. This was done in an organised manner. We are proud to state that the entire range of two and three-wheelers has been successfully homologated in time.

Operations

TPM

Bajaj Auto's 'back end' consists of its Manufacturing, Engineering, Development and Materials functions. The principles and philosophy of TPM guide these functions in achieving excellence both individually and collectively to achieve the highest productivity, world-class quality, and lowest cost. 'The TPM way' has been successfully extended to include Bajaj Auto's vendors, dealers and distributors

Bajaj Auto's TPM at Operations

Bajaj Auto is 'first in the industry' in having all its manufacturing plants certified for the 'Special Award for TPM Achievement' by Japan Institute for Plant Maintenance (JIPM). In FY2020, the BAL Chakan plant was also conferred the 'Advance Special Award for TPM Achievement' which is a step behind the 'World Class TPM' award.

Bajaj Auto's back-end has defined various 'focused improvement themes' which get constantly improved through TPM tools and techniques. In the last few years, we have established a production system that can flexibly respond to faster new product manufacturing and small-volume production of multiple items.

Further, to sustain all improvements and excel, we work on the 'Bajaj Production System (BPS)' which aims at 'Better Flow with Better Quality'. Through this, we are in the process of aligning our efforts at the back-end to a 'No Stock Production' system encompassing the entire supply chain.

BAL engineering has developed capabilities for Digitisation and Industry 4.0 through its various verticals including automation and robotics. We strive to improve operations parameters through accelerating digital transformation in both production and process management.

pulsar
NS125



Vendor TPM Activities

BAL seeks the co-existence and co-prosperity of our business partners based on mutual trust. We facilitate fair trade, environmentally preferable purchasing, human resources development, safety and health activities as well as more reinforced and efficient procuring that gives consideration to various risks.

The TPM concept is pervasive at Tier I vendors' end with the help of BAVA (Bajaj Auto Vendors Association). Moreover, Bajaj Auto's TPM practicing Tier I vendors have extended the TPM practices down the supply chain to their vendors.

Under the Safety, Health and Environment pillar of Bajaj Auto's TPM and in alignment with the 'Green Purchase Policy', various activities were initiated — with the majority of our vendors having been certified for ISO 14001 and OHSAS 18001. Our 39 vendor groups have started with renewable energy and have implemented rooftop solar equivalent to 35 MW power.

We have also taken up a drive to maximise supplies to all our plants from vendors within the plant cluster. The majority of our supplies at respective BAL manufacturing locations are being done by vendors; located in each cluster. This has significantly shortened the length of our supply chain and reduced our carbon footprint.

TPM in Dealer Service and Overseas Distributor Plants

TPM methodologies are being continuously spread across our business partners in India and the other global locations. The tool is kaizen, which is well spread across our dealers and distributors.

We started the implementation of TPM at our international distributor plants. As of FY2023, 19 such distributor plants have been practicing TPM for over a year. Consequently, these are now experiencing improvements in manpower productivity, production rate, first-time-right quality and reduction in cost parameters. Four of our distributor plants were evaluated for the qualification criterion of the 'BAL TPM Award'. All of them have experienced more than 30% growth in their KPI parameters. In FY2024, three more countries are expected to join the league of BAL TPM award.

As on 31 March 2023, we had 1,012 dealerships practicing TPM. As on 31 March 2023, 418 dealerships were awarded the 'BAL TPM Award'.

Capacity and Employee Strength

Table 5: Plant-wise capacities (in units per annum) - BAL + CTL

Plant	As on 31 March 2023		Product Range
Waluj	Motorcycles	2,700,000	Boxer, CT, Platina, Discover, Pulsar
	Commercial Vehicles	930,000	Passenger Carriers, Goods Carriers, Quadricycle
Chakan	Motorcycles	1,200,000	Pulsar, Avenger, Dominar, KTM, Husqvarna
Chakan/Akurdi	Scooters	120,000	Chetak
Pantnagar	Motorcycles	1,800,000	CT, Platina and Pulsar
		6,750,000	

As on 31 March 2023, total employee strength stood at 9,816. This includes Chetak Technology Ltd. (CTL) employee strength of 361.

Women Employment

Our women employee strength has grown over four times: from 148 in FY2014 to 694 in FY2023. Almost 62% of the women are working in the manufacturing plants and in engineering.

Human Resource

Over the last year, we have refined and focused on 4 key areas – capability building, employee engagement, learning and development, and employee wellbeing.

As part of our Capability Building, we have been able to recruit, invest, develop and promote internal talent and have attracted external talent for key leadership roles across functions and BUs. Thus, with focused efforts, we have been able to build a strong leadership and management cadre.

We launched Lean In which is a global community dedicated to helping foster leadership, advancement, and inclusion of women in the workplace, strategised and launched campus challenges-TORQ across 28 premier engineering colleges including top 8 IITs and IISc to attract the sharpest minds of the country and developed teams, from scratch, in record time with niche skills like EMI/EMC design, reliability engineering, IoT and OS reprogramming and mobile application development.

Through these and other initiatives, Chetak Technology Ltd. (our 100% subsidiary) has 54% female strength for L4 and below level, and 22% for L3+ level, which is the highest across all business units.

To strengthen Employee Engagement, we launched for the first time, a survey named Pulse across the organisation to gauge the overall engagement levels, identify the areas of improvement, plan focused interventions, and ascertain the impact of people interventions. The initiative received an outstanding response rate of 92%.

We also conducted various events throughout the year such as Mental Health Awareness Week and Women's Week Celebration, Prodigy for celebrating the achievements of employee's children and Disha as a career guidance service to boost the career of employees' children in the right direction.

We recognise the importance of investing in the Learning and Development of our employees to keep up with the changing industry trends and technological advancements. By investing in our employees, we were able to stay ahead of the curve and continue to deliver innovative and high-quality electric vehicles to our customers.

We partnered with industry best trainers to provide training and certification in EV related fields. We collaborated with IIT Madras to upskill employees in EEE-related skills including software and launched a 6-month certification course on E-mobility and Electric Vehicle Engineering.

Charged and Supercharged were launched for R&D-GTE's to equip them with foundational skills necessary to build an EV and also launched up!SURGE and up!SWING which focused on the learning and development of women employees.

As a part of Employee Wellbeing initiatives and aligning with our principles of 'incorporating best market practices' and 'continuous improvement', we have launched Paternity Leave Policy for our employees.

These initiatives have led us to winning multiple awards and recognitions such as:

'Significant Achievement in HR Excellence' as part of the CII National HR Excellence Award Confluence 2021-22

ET HR World Future Skills Awards 2022 under the category of 'Best Approach to Implementing a Learning Experience Platform (LXP)' and 'L&D Future Leaders'.

Gold Award as part of the Brandon Hall Group Technology Excellence Awards 2022, under the category 'Best Advance in Learning Management Technology (LMT)'

And our managers won The Great Manager Awards 2022 and received The HR40under40's Future HR Leader Award.

Financials

Table 6 gives the summarised standalone profit and loss statement of Bajaj Auto.

Table 6: Standalone Profit and Loss Statement

(₹ In Crore)			
Particulars	FY2023	FY2022	Growth%
Operations			
Sales	35,359	32,136	10.0%
Other operating income	1,069	1,009	
Total operating income	36,428	33,145	9.9%
Cost of materials consumed, net of expenditures capitalised	26,027	24,317	
	71.4%	73.4%	
Stores and tools	154	132	
	0.4%	0.4%	
Employee cost	1,443	1,356	
	4.0%	4.1%	
Factory, administrative and other expenses	1,086	948	
	3.0%	2.8%	
Sales and after sales expenses	1,167	1,131	
	3.2%	3.4%	
Total expenditure	29,877	27,884	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6,551	5,261	24.5%
EBITDA %	18.0%	15.9%	
Interest	39	9	
Depreciation and amortisation	283	269	
Operating profit	6,229	4,983	25.0%
	17.1%	15.0%	
Non-operating income	1,181	1,209	
Less : Non-operating expense	1	2	
Non-operating income, net	1,180	1,207	
Profit before tax and exceptional item	7,409	6,190	19.7%
Exceptional item (Income) / Expense	-	(315)	
Profit before tax	7,409	6,505	13.9%
Tax expense	1,781	1,486	
Profit after tax	5,628	5,019	12.1%
Surplus cash and cash equivalents as on 31 March	17,445	19,090	-8.6%
Return on Operating Capital Employed (ROCE)	309%	214%	

Our surplus funds are invested in (i) fixed income securities rated A1+ and equivalent for short term investments, (ii) AA+ and above rated securities for long term investments, and (iii) fixed deposits with banks and finance companies.

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As required for listed companies by the Securities and Exchange Board of India (SEBI), Table 7 gives the key ratios.

Table 7: Bajaj Auto's Key Financial Ratios, Standalone

Particulars	FY2023	FY2022	Remarks
Debtors Turnover Ratio	21.48	15.18	Revenue from contract with customers recording a growth and average receivables recording a decline
Inventory Turnover Ratio	19.83	17.86	
Current Ratio	1.71	2.13	
Operating Profit Margin	17.1%	15.0%	
Net Profit Margin	15.0%	14.6%	
Return on Net Worth	21.6%	19.4%	

Subsidiaries

Bajaj Auto International Holdings BV (BAIH BV)

Bajaj Auto International Holdings BV (BAIH BV) is a 100% Netherlands based subsidiary of Bajaj Auto Ltd. Over the years 2007 to 2013, through this subsidiary, Bajaj Auto has invested a total of €198.1 million (₹ 1,219 crore) and holds 49.9% stake in Pierer Bajaj AG (PBAG). 50.1% in PBAG is held by the Pierer Group.

Pierer Bajaj AG (formerly PTW Holding AG) holds 73.3% stake in Pierer Mobility AG (PMAG). Pierer Mobility AG is Europe's leading 'Powered Two-wheeler' manufacturer with focus on highly innovative sports motorcycles and electric mobility-E bicycles, E motorcycles, etc. With its KTM, Husqvarna and GASGAS motorcycle brands, it is a leading premium motorcycle manufacturer in Europe.

Bajaj Auto is a partner in all mobility businesses that the Pierer Group engages in.

In the year 2022, PBAG recorded a strong performance with revenues in excess of €2.4 billion (growth of 19.5% over 2021) and a profit of €125 million.

Chetak Technology Ltd. (CTL)

In the electric vehicle (EV) market, two-wheelers are expected to have an early advantage, especially given the various incentive schemes from the Government of India and various state governments. In FY2023, the market size was estimated at over 300,000 units annually.

Given a high stake, Bajaj Auto felt the need to participate in this space through a 100% subsidiary called Chetak Technology Ltd. (CTL), with a clear focus to develop new technologies and products, to have dedicated manufacturing, sales, after-sales and to offer customer centric experiences.

The subsidiary formed on 4 October 2021 with initial paid-up equity share capital of ₹ 5 crore, stands adequately funded with paid-up equity share capital of ₹ 470 crore as on 31 March 2023. That apart, a new state of the art manufacturing facility at Akurdi is being set up with planned investments in excess of ₹ 200 crore.

For FY2023, CTL sold 4,873 units, generating a total operating income of ₹ 81 crore and recorded a net loss of ₹ 77 crore. As on 31 March 2023, CTL's employee strength stood at 361.

Bajaj Auto (Thailand) Ltd.

Bajaj Auto (Thailand) Ltd. is a wholly owned subsidiary in Thailand with an issued and subscribed share capital of Thai Baht (THB) 45 million (₹ 10 crore). An Engineering Design Centre (EDC) is set up under this subsidiary.

Bajaj Auto (Thailand) has all necessary approvals from local authorities. The EDC is operational and international designers are working from this new facility in Bangkok.

Bajaj Auto Spain S.L.U.

Bajaj Auto Spain S.L.U. is a wholly owned subsidiary in Barcelona, Spain – intent being to setup an Engineering Design Centre – with an issued and subscribed share capital of €600K (₹ 5 crore).

The EDC has just started operations with the facility being set-up and is expected to be fully operational in the coming year.

Bajaj Auto Consumer Finance Ltd. (BACFL)

With over two-thirds of two-wheelers and over three-fourths of three-wheelers retailed in India being financed, this activity is the key to the automobile business. Penetration, geographic coverage and expanding financing options for the retail customers of Bajaj Auto Ltd. and Chetak Technology Ltd. are the keys to success in future.

A wholly-owned captive financing company has been formed. This new subsidiary with a paid-up equity share capital of ₹ 30 crore has applied to the RBI for an NBFC license and is drawing up plans to set up a new organisation, infrastructure and processes. Once operational, Bajaj Auto will be positioned to offer an increased variety of financing options to its business partners and retail customers through this new NBFC.

Bajaj Do Brasil Comercio De Motocicletas Ltda

Brazil is an important market for motorcycles in Latin America. To address this motorcycle market in Brazil, Bajaj Auto has set up a wholly owned subsidiary on 31 March 2022 with a paid up equity share capital of BRL 30 million (₹ 48 crore).

The subsidiary has just started operations after obtaining all necessary approvals and has currently introduced the Dominar 160, 200 and 400 range of motorcycles in this highly competitive market. Full scale operations are likely to commence in the coming year.

Consolidation of accounts and segment reporting

Table 8: Segment Revenue and Segment Results

(₹ In Crore)

Segment Revenue	FY2023	FY2022
Automotive	36,665	33,272
Investment and others	978	1,157
	37,643	34,429
Segment Results		
Profit/(Loss) from each segment before tax		
Automotive	6,905	6,505
Investment and others	976	1,155
	7,881	7,660
Less: Interest	39	8
Profit before tax	7,842	7,652
Profit after tax	6,060	6,166

Corporate Social Responsibility (CSR)

Bajaj Auto is focused to build competence around selected areas and create large scale impact. During FY2023, it focused on

Skilling Initiatives

As a part of Skilling Initiatives, two large scale programs have been launched.

A. Bajaj Engineering Skills Training (BEST)

The objective is to make the youth ready for industry 4.0 by skilling them in current and evolving technologies. A focused curriculum is developed in 4 modules and setting up Industry relevant equipment across Universities and Engineering colleges for practical applications. The modules and labs for these topics have been designed leveraging experts from Bajaj Auto Engineering team and in consultation with external stakeholders like CII, ACMA, ASDC and Academia.

The primary target beneficiaries for the program are Diploma and Graduate engineers from tier 2 and tier 3 colleges/institutes/locations. The duration of such courses is designed to be between 4-6 months with a combination of 70% practical and 30% theory. The center will also cater to various other short term skill trainings, covering both fresh skilling and upskilling.

B. Bajaj Manufacturing Systems (BMS) Certification program

Bajaj Auto has been implementing manufacturing system and processes as per the TPM (Total Productivity Management) philosophy. Basis the research and an understanding of ITI ecosystem, it was realised that students in these institutions do not get exposure to latest manufacturing systems and processes implemented in the industry.

To better equip the students, Bajaj Auto has developed an innovative and interactive digitised self-learning content with real life and industry examples. These modules are going to be hosted via online Learning Management System (LMS) and will provide free access to students. The first phase of pilot will be conducted in the year 2023 across ITI's in Maharashtra. Basis the learnings and experiences, this will be expanded across the entire state of Maharashtra and then PAN India.

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Education programs in and around our local area

A. Science Technology Engineering Mathematics (STEM) Education in schools: Bajaj Auto has implemented STEM education in schools and tuition centers to support school children with academic classes which will enhance their interest in STEM subjects. It also has set up science labs in schools and trained teachers to adopt applied learning.

B. Vocational Education in schools: Bajaj Auto is supporting 'Lend A Hand India' for a three-year intervention aimed at improving access and quality in delivery of education in secondary/higher secondary schools in the state of Rajasthan and Uttarakhand. The project has two primary objectives. To launch skill vocational education program in 20 schools (10 schools each at Sikar in Rajasthan and Udham Singh Nagar in Uttarakhand) and To provide technical and project management support to the State governments of Rajasthan and Uttarakhand in scaling the vocational education in 1,105 schools (905 in Rajasthan and 200 in Uttarakhand). Overall, the program seeks to reach out to 121,600 students through a blend of direct and systemic capacity building interventions.

C. Scholarships for Higher Education: Bajaj Auto has initiated 'Rupa Rahul Bajaj Scholarship Program' to support students from underprivileged background to take higher education in reputed Universities and colleges. A detailed process is laid down to select students who will be eligible for scholarship. To start with, from FY2024, 10 students have been extended the financial support for four years. This program will be scaled up to create a pipeline for BEST initiative.

D. Bharatiya Yuva Shakti Trust (BYST-Youth Entrepreneurship Development Program)

The program, run by BYST, includes supporting underprivileged young entrepreneurs by supplementing financing based on the assessment done by the mentors assigned to them who are drawn from the similar industry and who gives voluntary personalised advice and support. The young entrepreneurs are nurtured till they reach a level where not only are self-sufficient, but they in turn make a valuable contribution to society through creation of wealth and employment. Bajaj Auto has commitment to mentor 1,000 youths through BYST and help them build their enterprise.

Programs under Environment sustainability

A. Bajaj Water Conservation Project (BWCP): The Bajaj Water Conservation Project was launched in 110 villages of Gangapur and Aurangabad Talukas of Aurangabad district, where a total of ₹ 123 crore was funded by Bajaj Auto and the community contributed ₹ 46 crore for the project. The key activities undertaken during second phase were water resource development, capacity building, livelihood enhancement through alternate livelihoods, soil conservation and plantation, water use efficiency and productivity enhancement.

B. Animal Welfare: Bajaj Auto is supporting Canine and Care and Control under Animal Welfare. The organisation works under 5 day program for Animal Birth Control (ABC) starting from catching of canine, spaying, post operative care for 2 days and to release of same canine in same area. In FY2023, a support was provided for ABC (Animal Birth Control) of Canine Population in Pune Municipal Corporation area. Along with ABC, these canines get vaccinated for Rabies.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global economy, political stability, stock performance on stock markets, changes in government regulations, tax regimes, economic developments and other incidental factors. Except as required by law, the Company does not undertake to update any forward-looking statements to reflect future events or circumstances. Investors are advised to exercise due care and caution while interpreting these statements.

CORPORATE GOVERNANCE

Corporate governance is about promoting fairness, transparency, accountability, commitment to values, ethical business conduct and considering the interest of all stakeholders while conducting business.

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto ('the Listing Regulations, 2015'), given below are the corporate governance policies and practices of Bajaj Auto Ltd. ('the Company', 'Bajaj Auto' or 'BAL') for the year 2022-23 (or 'FY2023').

This report states compliance as per requirements of the Companies Act, 2013 ('the Act') and the Listing Regulations, 2015 as applicable to the Company. As will be seen, Bajaj Auto's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws, including the Listing Regulations, 2015.

Philosophy

For us, corporate governance is a reflection of principles entrenched in our values and policies and also embedded in our day-to-day business practices, leading to value-driven growth. The commitment of the Bajaj group to the highest standards of good governance practices predates SEBI and the provisions of the Listing Regulations, 2015. Ethical dealings, transparency, fairness, disclosure and accountability are fundamental canons of the Bajaj group. Bajaj Auto Ltd. maintains the same tradition and commitment.

Key elements of Bajaj Auto's corporate governance

- Number of Board meetings exceed the statutory requirement, including meetings dedicated to discussing operating plans, strategies, new products development, brands in domestic and international businesses and managing the internal and external risks.
- The Company's Board comprises directors from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management as required.
- The Board comprises independent directors with outstanding track record and reputation.
- All Board members are invited and encouraged to be present at committee meetings, even if they are not members.
- There are pre-audit committee meetings of the chairman of the audit committee with the statutory auditors, the internal auditor and such members of executive management who are process owners.
- There are separate meetings of independent directors without presence of non-independent directors or executive management.
- There is a confidential Board evaluation process where each Board member evaluates the performance of every other director, committees of the Board, the Chairman of the Board and the Board itself.
- Presentations by key senior management team members of the Company and its subsidiaries are regularly made to familiarise directors with key elements of each business.
- Complete and detailed information are provided in advance to Board members.
- Key governance policies are placed on the Company's website.
- A half-yearly letter from the management is sent to all shareholders of the Company.
- The Company monitors its governance through a dedicated governance team.

- Adoption of key governance policies and codes by the Board in line with best practices, which are made available to stakeholders for downloading/viewing from the Company's website.

These include:

- Whistle blower policy/vigil mechanism;
- Policy on materiality of and dealing with related party transactions;
- Code of conduct;
- Dividend distribution policy;
- Policy on prevention of sexual harassment at workplace;
- Fair practices code;
- Policy on human rights;
- Equal employment opportunity and non-discrimination policy.
- The weblinks of key policies are given as an annexure to this report.

Further details of these principles are highlighted in the appropriate sections in this Report.

Board of Directors

The Company's policy is to have an appropriate blend of executive, independent and non-independent directors to maintain independence of the Board and to separate the Board functions of governance from that of management.

Composition

As per regulation 17(1)(b) of the Listing Regulations, 2015, where the Chairman is non-executive director or a promoter, at least half of the Board of a Company should consist of independent directors. As Table 1 shows, this provision is met at BAL.

As on 31 March 2023, the Board consisted of twelve directors, of whom three were executive (including the managing director), six were non-executive as well as independent (including one woman independent director) and three were non-executive and non-independent. The Board has no institutional nominee director.

Further particulars about the directors are mentioned in the Board's Report.

Number of meetings of the Board

During FY2023, the Board met seven times: 27 April 2022, 14 June 2022, 27 June 2022, 26 July 2022, 14 October 2022, 25 January 2023 and 14 March 2023. The gap between any two meetings has been less than 120 days.

As per the relaxation given by MCA due to the Covid-19 pandemic, all the Board and committees meetings of the Company during the year under review were held in hybrid mode (Physical meeting plus through video conferencing).

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for FY2023

Name of director	Category	Relationship with other directors	No. of shares held by director	No. of Board Meetings attended	Whether attended last AGM
Niraj Bajaj	Chairman, non-executive, non-independent	Brother of Madhur Bajaj	719,022*	7/7	Yes
Madhur Bajaj	Vice Chairman, non-executive, non-independent	Brother of Niraj Bajaj	1,002,552*	7/7	Yes
Rajiv Bajaj	Managing Director and CEO, executive	Brother of Sanjiv Bajaj	756,200*	7/7	Yes
Sanjiv Bajaj	Non-executive, non-independent	Brother of Rajiv Bajaj	1,818,020**	7/7	Yes
D J Balaji Rao	Non-executive, independent	–	–	7/7	Yes
Pradeep Shrivastava	Executive Director	–	75	7/7	Yes
Dr. Naushad Forbes	Non-executive, independent	–	3,500	6/7	Yes
Anami N. Roy	Non-executive, independent	–	–	6/7	Yes
Rakesh Sharma	Executive Director	–	6,246	7/7	Yes
Ms. Lila Poonawalla	Non-executive, independent	–	–	7/7	Yes
Pradip Shah	Non-executive, independent	–	4,000	7/7	Yes
Abhinav Bindra	Non-executive, independent	–	–	7/7	Yes

Notes:

1. Dr. Gita Piramal resigned as an independent director of the Company w.e.f. closing hours of 30 April 2022.
2. Shekhar Bajaj resigned as non-executive, non-independent director of the Company w.e.f. closing hours of 30 June 2022.
3. *The equity shares also includes shares held in the capacity of trustee of private family trusts.
4. **Sanjiv Bajaj holds 1,048,796 shares as executor for the Estate of Late Rahul Bajaj.

Board diversity

In compliance with the provisions of the Listing Regulations, 2015, the Board through nomination and remuneration committee has devised a policy on Board diversity. The Board comprises adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The directors are persons of eminence in areas such as business, industry, finance, law, administration, economics etc. and bring with them experience and skills which add value to the performance of the Board. The directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender or nationality. The Board composition as at present meets with the above objective.

A brief profile of the directors is available on the website of the Company at <https://www.bajajauto.com/about-us/bajaj-team>

Opinion of the Board

The Board confirms that, in its opinion, the independent directors on the Board fulfil the conditions specified in the Listing Regulations, 2015 and the Act and are independent of the management.

Non-executive directors' compensation

The shareholders of the Company through a special resolution passed at the annual general meeting of the Company held on 22 July 2021 have, by way of an enabling provision, approved payment of commission up to a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of section 197 and 198 of the Act, to the non-executive directors, in the manner as may be decided by the Board of directors from time to time during the five year term up to 31 March 2026.

Consistent with this approval from the shareholders, the Company pays sitting fee of ₹ 100,000 per meeting to its non-executive directors for attending meetings of the Board and meetings of committees of the Board (except Duplicate Share Certificate Issuance Committee) as member. The Company also pays commission to the non-executive directors within the ceiling of one percent of the net profits of the Company as computed under the applicable provisions of the Act. The said commission is decided by the Board of directors on the recommendation of the nomination and remuneration committee and distributed amongst the non-executive directors. With effect from 1 April 2023, the commission payable has been enhanced from ₹ 250,000 to ₹ 315,000 per meeting of the Board and/or committees.

Compensation to the non-executive (including independent) directors reflects the time, effort, attendance and participation of such directors in Board and committee meetings. Payment to them is linked to their attendance.

The Company has adopted the Bajaj Auto Employee Stock Option Scheme 2019 for the benefit of the permanent employees and/or directors of the Company and/or its holding (if any, in future) and subsidiary company(ies), but excluding independent directors and any employee who is a promoter or belonging to the promoter group.

Information supplied to the Board

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the Company, especially those which require deliberation at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to the officers of the Company. In addition to such items as required to be placed before the Board for its noting and/or approval, information is provided on various other significant items as well.

In terms of quality and importance, the information supplied by the management to the Board of the Company exceeds the list mandated under regulation 17(7) read with Part A of Schedule II to the Listing Regulations, 2015.

The independent directors of the Company at their meeting held on 14 March 2023 have expressed satisfaction on the quality, quantity and timeliness of flow of information between the Company's management and the Board and have confirmed that these significantly aid the Board to effectively and reasonably perform its duties.

Pursuant to various regulatory requirements, and in compliance with applicable laws, and keeping in view the business requirements, the Board is, *inter alia*, apprised on the following:

- Business plans, forecast and strategic initiatives.
- Capital expenditure and updates.
- Internal financial controls.
- Succession planning and organisation structure.
- Details of incidence of frauds and corrective action taken thereon.
- Performance of subsidiaries.
- Status of compliances with Companies Act, 2013, SEBI regulations and shareholder related matters.
- Various policies framed by Company from time to time.

- Risk management system, risk management policy and strategy followed.
- Compliance with corporate governance standards.
- Minutes of meetings of risk management and other Board Committees.
- Compliance with fair practices code.
- Changes in regulatory landscape.

To leverage technology and move towards paperless systems, the Company has, since several years, adopted a web-based application for transmitting Board/committee meetings papers. Directors of the Company receive Board papers in electronic form through this application. This application meets high standards of security and integrity required for storage and transmission of Board/committee papers in electronic form.

Directors and officers liability insurance (D&O policy)

The Company has in place a D&O policy which is renewed every year. It covers directors (including independent directors) and officers of the Company and its subsidiaries. The Board is of the opinion that the quantum and risks presently covered are adequate.

Orderly succession to Board and senior management

One of the key functions of the Board of directors is selecting, compensating, monitoring, and when necessary, replacing the members of the Board of Directors and the senior managerial personnel including the KMPs and overseeing their succession planning.

Pursuant to regulation 17(4) of the Listing Regulations, 2015, the framework of succession planning for the Board and senior management was placed before the Board for its review. During the year under review, the Board of the Company has satisfied itself that the plans are in place for orderly succession of such appointments.

Directorships and memberships of Board committees

Table 2: Number of directorships/committee positions of directors as on 31 March 2023 (including the Company)

Name of the director	Directorships			Committee positions in listed and unlisted public limited companies	
	In equity listed companies	In unlisted public limited companies	In private limited companies	As member (including as chairman)	As chairman
Niraj Bajaj	3	4	6	1	-
Madhur Bajaj	4	-	3	-	-
Rajiv Bajaj	5	2	4	-	-
Sanjiv Bajaj	5	5	8	8	-
D J Balaji Rao	4	-	-	4	2
Pradeep Shrivastava	1	-	-	-	-
Dr. Naushad Forbes	5	1	8	7	2
Anami N. Roy	6	3	1	8	4
Rakesh Sharma	1	2	-	-	-
Ms. Lila Poonawalla	2	4	1	6	3
Pradip Shah	7	1	7	8	3
Abhinav Bindra	1	1	5	-	-

Notes: None of the directors hold office as a director, including as an alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary company of a public company are included; for reckoning the limit of private and public companies, directorships in dormant companies and companies under section 8 of the Act are excluded.

As per the declarations received, none of the directors serves as an independent director in more than seven equity listed companies or in more than three equity listed companies in case he or she is a whole-time director / managing director in any listed company. Further, the managing director of Bajaj Auto does not serve as an independent director in any equity listed company.

For the purpose of considering the limit of the committees in which a director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under section 8 of the Act have been excluded.

None of the directors was a member in more than ten committees, nor a chairperson in more than five committees across all companies in which he/she was a director. Only audit committees and stakeholders' relationship committees are considered for the purpose of reckoning committee positions.

Notwithstanding the number of directorships, as has been highlighted herein, the outstanding attendance record and participation of the directors in Board and committee meetings indicate their commitment and ability to devote adequate time to their responsibilities as the Company's fiduciaries.

Directorships held by directors in equity listed companies

Table 3: Name of listed entities (including debt listed companies) where directors of the Company held directorships as on 31 March 2023 (including the Company)

Name of director	Name of listed entities	Category
Niraj Bajaj	a) Bajaj Auto Ltd.	Chairman, non-executive
	b) Mukand Ltd.	Chairman and Managing Director, executive
	c) Bajaj Holdings & Investment Ltd.	Vice Chairman, non-executive
Madhur Bajaj	a) Bajaj Auto Ltd.	Vice Chairman, non-executive
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Holdings & Investment Ltd.	Non-executive
	d) Bajaj Electricals Ltd.	Non-executive
Rajiv Bajaj	a) Bajaj Auto Ltd.	Managing Director and CEO, executive
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Finance Ltd.	Non-executive
	d) Bajaj Holdings & Investment Ltd.	Non-executive
	e) Bajaj Electricals Ltd.	Non-executive
Sanjiv Bajaj	a) Bajaj Auto Ltd.	Non-executive
	b) Bajaj Finance Ltd.	Chairman, non-executive
	c) Bajaj Finserv Ltd.	Chairman and Managing Director, executive
	d) Bajaj Holdings & Investment Ltd.	Managing Director and CEO, executive
	e) Maharashtra Scooters Ltd.	Chairman, non-executive
	f) Bajaj Housing Finance Ltd. (high value debt listed)	Chairman, non-executive

Table 3: Name of equity listed entities where directors of the Company held directorships as on 31 March 2023 (Contd.)

Name of director	Name of listed entities	Category
D J Balaji Rao	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	Non-executive, independent
	c) Bajaj Finance Ltd.	Non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, independent
Pradeep Shrivastava	a) Bajaj Auto Ltd.	Executive
Dr. Naushad Forbes	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	Non-executive, independent
	c) Bajaj Holdings & Investment Ltd.	Non-executive, independent
	d) Bajaj Finance Ltd.	Non-executive, independent
	e) Zodiac Clothing Company Ltd.	Non-executive, independent
Anami N. Roy	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	Non-executive, independent
	c) Bajaj Holdings & Investment Ltd.	Non-executive, independent
	d) Bajaj Finance Ltd.	Non-executive, independent
	e) Glaxosmithkline Pharmaceuticals Ltd.	Non-executive, independent
	f) Finolex Industries Ltd.	Non-executive, independent
	g) Bajaj Housing Finance Ltd. (high value debt listed)	Non-executive, independent
Rakesh Sharma	a) Bajaj Auto Ltd.	Executive
Ms. Lila Poonawalla	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Maharashtra Scooters Ltd.	Non-executive, independent
Pradip Shah	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Kansai Nerolac Paints Ltd.	Chairman, non-executive, independent
	c) Pfizer Ltd.	Chairman, non-executive, independent
	d) KSB Ltd.	Non-executive, independent
	e) BASF India Ltd.	Chairman, non-executive, independent
	f) Sonata Software Ltd.	Chairman, non-executive, independent
	g) Bajaj Holdings & Investment Ltd.	Non-executive, independent
Abhinav Bindra	a) Bajaj Auto Ltd.	Non-executive, independent

Certificate from practising Company Secretary

The Company has received a certificate from Mr. Shyamprasad D Limaye, practising Company Secretary to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of the Company by the Ministry of Corporate Affairs or any other statutory authority. This certificate forms part of this Report.

Review of legal compliance reports

The Board periodically reviews compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the management.

Code of Conduct

Regulation 17(5) of the Listing Regulations, 2015, requires listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors as laid down in the Act.

The Company has a Board approved Code of Conduct for Board members and senior management of the Company. Based on the review, the Code of Conduct was revised in line with applicable regulations and approved by the Board at its meeting held on 25 April 2023. The updated Code of Conduct has been placed on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

All directors and senior management personnel have affirmed compliance with the code for FY2023. A declaration to this effect signed by the managing director and CEO is given in this Annual Report.

Maximum tenure of independent directors

The maximum tenure of independent directors is in accordance with the Act and regulation 25(2) of the Listing Regulations, 2015.

Formal letter of appointment to independent directors

The Company issues a formal letter of appointment to independent directors in the manner as provided in the Act. As per regulation 46(2) of the Listing Regulations, 2015, the terms and conditions of appointment/re-appointment of independent directors are on the Company's website at <https://www.bajajauto.com/investors/miscellaneous>

Performance evaluation of the Board, its committees, the chairman and the directors

Pursuant to the provisions of the Act and the Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and that of its committees, chairman and individual directors.

The manner in which formal annual evaluation of performance was made by the Board is given below:

- The evaluation criteria have been duly approved by the nomination and remuneration committee and the Board. During the year under review, the criteria and the process followed by the Company were reviewed by the nomination and remuneration committee and the Board and were found to be in order. This is available on the website of the Company at <https://www.bajajauto.com/investors/policies-codes>
- Based on the said criteria, a questionnaire-cum-rating sheet was uploaded on an online IT tool for seeking evaluation rating and feedback of the directors in the most confidential manner with regards to the performance of the Board, its committees, the chairman and individual directors.
- From the individual ratings received from the directors, a report on summary of the ratings in respect of performance evaluation of the Board, its committees, the chairman and directors and a consolidated report thereof for FY2023 were arrived at.
- The report of performance evaluation so arrived at was then discussed and noted by the Board at its meeting held on 14 March 2023.

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- The nomination and remuneration committee has reviewed the implementation and compliance process of the performance evaluation at its meeting held on 14 March 2023.
- Based on the report of performance evaluation, the Board and nomination and remuneration committee at their meetings held on 14 March 2023, determined as required under law that the appointment of independent directors may continue.
- Details on the evaluation of Board, non-independent directors and chairman of the Company as carried out by the independent directors at their meeting held on 14 March 2023 have been furnished in a separate para elsewhere in this Report.

Remuneration policy

On the recommendation of the nomination and remuneration committee, the Board has framed a remuneration policy. This policy, *inter alia*, provides (a) the criteria for determining qualifications, positive attributes and independence of directors (b) a policy on remuneration for directors, key managerial personnel and other employees and (c) details of the employee stock option scheme. The policy is directed towards a compensation philosophy and structure that will reward and retain talent and provides for a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The said remuneration policy is placed on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

Familiarisation programme

To familiarise independent directors with the Company's operations, as required under regulation 25(7) of the Listing Regulations, 2015, the Company has held various programmes/presentations for the independent directors throughout the year on an ongoing and continuous basis. Details of these are placed on <https://www.bajajauto.com/investors/policies-codes>

During FY2023, the directors were updated extensively on the following through presentations at Board meetings:

- Risk management framework including Business and Operational risks, Financial risks, and Information risks (including cyber security).
- Updates on domestic motorcycle business, domestic three-wheeler and Qute business, export business, budget and volume opportunities for KTM, Husqvarna and EV Markets.
- Operating plans and business updates of its subsidiaries

Whistle blower policy/Vigil mechanism

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the Listing Regulations, 2015.

The whistle blower policy/vigil mechanism provides a route for directors/employees to report, without fear of victimisation, any unethical behaviour, suspected or actual fraud, violation of the Company's code of conduct and instances of leak of unpublished price sensitive information, which are detrimental to the organisation's interest. The mechanism protects whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice.

The said policy has been appropriately communicated to the employees within the organisation and also has been placed on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

The directors in all cases and employees in appropriate cases have direct access to the chairman of the audit committee. The Company affirms that no employee has been denied access to the audit committee, which is charged with overseeing this policy.

During the year, four complaints have been received under the above mechanism. The cases investigated were mainly of the nature of fraud, misbehaviour, misuse of company's vehicle etc. Appropriate actions have been taken where the case is proved. The financial impact of these cases was insignificant and caused no material damages to the Company.

Dividend distribution policy

The Company has adopted a dividend distribution policy. More particulars are given in the *Directors' Report*.

Subsidiary companies

The Company has five overseas subsidiaries, viz. PT Bajaj Auto Indonesia, Bajaj Auto International Holdings BV, Netherlands, Bajaj Auto (Thailand) Ltd., Bajaj Auto Spain S.L.U. and Bajaj Do Brasil Comercio De Motocicletas Ltda and two Indian subsidiaries viz. Chetak Technology Ltd. and Bajaj Auto Consumer Finance Ltd. None of these are 'material subsidiaries' as defined under regulation 16(1)(c) of the Listing Regulations, 2015.

The Company's policy for determination of material subsidiary in terms of regulation 16(1)(c) of the Listing Regulations, 2015 is placed on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

Provisions to the extent applicable and as required under regulation 24 of the Listing Regulations, 2015 with reference to subsidiary companies were duly complied with.

During the year, the audit committee reviewed the financial statements (in particular, the investments made) of its unlisted subsidiary companies, to the extent applicable. Minutes of the Board meetings of the subsidiary companies as well as a statement of significant transactions and arrangements entered into by the subsidiaries, as applicable, were regularly placed before the Board of the Company.

During FY2023, no company became or ceased to be our subsidiary or joint venture company.

Related party transactions

All related party transactions (RPTs) which were entered into by the Company during the year under review, were on arms' length basis and in the ordinary course of business, did not attract provisions of section 188 of the Act and were also not material RPTs as per regulation 23 of the Listing Regulations, 2015.

All RPTs during FY2023 were entered into with the approval of the audit committee. On a quarterly basis, details of such transactions were placed before the audit committee for noting/review.

A statement showing the disclosure of transactions with related parties as required under Indian Accounting Standard 24 (Ind AS-24) is set out separately in this Annual Report. Disclosures relating to RPTs on a half-yearly basis are filed with the stock exchanges.

During the year under review, there were no material transactions entered into with related parties, which may have had any potential conflict with the interests of the Company. However, during the year, prior approval of shareholders was obtained for the material transactions with KTM Sportmotorcycle GmbH (Associate of Bajaj Auto Limited's 100% subsidiary, Bajaj Auto International Holdings BV, based in Netherlands) vide ordinary resolution through postal ballot on 21 November 2022 as it was estimated that the transaction value would cross the applicable materiality thresholds under the amended the Listing Regulations, 2015 (i.e. ₹ 1,000 crore, or 10% of the annual consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower).

The policy on materiality of RPTs stipulating threshold limits and also on dealing with RPTs including material modifications definitions which was approved by the Board pursuant to the amended Listing Regulations, 2015, has been placed on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

During the year under review, several amendments made by SEBI in the matter relating to RPTs came into effect. All the requirements, including the additional disclosure requirements with regard to loans and advances to subsidiaries, associates and firms/companies in which directors are interested have been duly complied.

Disclosures

Suitable disclosures have been made in the financial statements, together with the management's explanation in the event of any treatment being different from that prescribed in the Ind AS.

Core skills/Expertise/Competencies

As stipulated under Schedule V of the Listing Regulations, 2015, core skills/expertise/competencies, as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of directors.

As a green initiative, the Chart/matrix of such core skills/expertise/competence along with the names of directors who possess such skills has been placed on the Company's website <https://www.bajajauto.com/investors/policies-codes>

Audit Committee

The Company has constituted an audit committee. The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Act and the Listing Regulations, 2015.

In compliance with the provisions of the Act and the Listing Regulations, 2015, all members of the audit committee are independent, non-executive directors, are financially literate and have accounting or related financial management expertise.

The terms of reference of the committee are in accordance with the Act and the Listing Regulations, 2015. The detailed terms of reference of the committee can be accessed at <https://www.bajajauto.com/investors/policies-codes>

Meetings and attendance

During FY2023, the audit committee met five times: 27 April 2022, 26 July 2022, 14 October 2022, 25 January 2023 and 14 March 2023. These meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between any two such meetings.

In addition to members of the audit committee, these meetings were attended by the heads of finance and internal audit functions and the statutory auditor of the Company and such executives who were considered necessary for providing inputs to the committee.

The company secretary acted as the secretary to the audit committee.

Table 4: Composition of the audit committee and attendance of members for FY2023

Name of director	Category	No. of meetings attended
Anami N. Roy	Chairman, non-executive, independent	5/5
D J Balaji Rao	Non-executive, independent	5/5
Dr. Naushad Forbes	Non-executive, independent	5/5
Pradip Shah*	Non-executive, independent	4/4

*Subsequent to resignation of Dr. Gita Piramal on 30 April 2022 (with effect from close of business hours), the Board of Directors appointed Pradip Shah as a member of the committee with effect from 14 June 2022 in her place.

The audit committee, *inter alia*, discussed and deliberated on the financial results, appointment/re-appointment of statutory auditors, review of internal audit functions, review and approval of RPTs including granting of omnibus approval for the proposed transactions, review of investment-related reports of the Company, utilisation of loans and/or advances from/investment by the Company in subsidiaries, etc.

Anami N. Roy, chairman of the audit committee, was present at the Company's annual general meeting held on 26 July 2022.

During FY2023, the Board accepted all recommendations of the committee.

Nomination and remuneration committee

The Company has constituted a nomination and remuneration committee. The terms of reference of the committee are in accordance with the Act and the Listing Regulations, 2015. The committee also acts as a compensation committee for implementation of the Bajaj Auto Employee Stock Option Scheme 2019.

The detailed terms of reference of the committee have been placed on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

During FY2023, the committee met three times: 27 April 2022, 14 October 2022 and 14 March 2023.

Table 5: Composition of nomination and remuneration committee and attendance of its members for FY2023

Name of director	Category	No. of meetings attended
D J Balaji Rao	Chairman, non-executive, independent	3/3
Dr. Naushad Forbes	Non-executive, independent	3/3
Niraj Bajaj	Non-executive, non-independent	3/3
Abhinav Bindra*	Non-executive, independent	2/2

* Subsequent to resignation of Dr. Gita Piramal on 30 April 2022 (with effect from close of business hours), the Board of Directors appointed Abhinav Bindra as a member of the committee with effect from 14 June 2022 in her place.

The company secretary acted as the secretary to this committee.

As provided under the terms of reference of the nomination and remuneration committee, the members, *inter alia*, discussed and deliberated on re-appointment of independent directors, remuneration payable to senior management, directors and key managerial personnel, review of performance evaluation process and criteria, grant of stock options etc.

D J Balaji Rao, chairman of the nomination and remuneration committee, was present at the annual general meeting of the Company held on 26 July 2022.

During FY2023, the Board accepted all recommendations of the committee.

Bajaj Auto Employee Stock Option Scheme 2019 (BAL-ESOS 2019)

BAL-ESOS 2019 has been formulated by the nomination and remuneration committee of the Board to provide competitive remuneration opportunities to employees of the Company, through annual and long-term incentive plans. It was approved by the Board at its meeting held on 30 January 2019, and by members of the Company by a special resolution through postal ballot on 13 March 2019.

Risk management committee

The Company has a risk management committee. The terms of reference of the committee are in accordance with the Act and the Listing Regulations, 2015. The detailed terms of reference of the committee have been placed on the Company's website and can be accessed at <https://www.bajajauto.com/investors/policies-codes>

The Company has a Board-approved risk management framework. The committee and the Board periodically review the company's risk assessment and minimisation procedures to ensure that management identifies, controls and mitigate various risks through a properly defined framework.

During FY2023, the Company neither traded in nor had any exposure in commodities markets.

During FY2023, the committee met three times: 26 July 2022, 14 October 2022 and 14 March 2023.

The frequency of the meetings has been maintained to have a closer oversight of the risk management practices and to meet the amended the Listing Regulations, 2015.

Table 6: Composition of the risk management committee and attendance record of its members for FY2023

Name of director	Category	No. of meetings attended
Anami N. Roy	Chairman, non-executive, independent	3/3
D J Balaji Rao	Non-executive, independent	3/3
Rakesh Sharma	Executive	3/3

During FY2023, the Board accepted all recommendations of the committee.

Stakeholders' relationship committee

The Company has a stakeholders' relationship committee to specifically oversee shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends etc. The terms of reference of the committee are in accordance with the Act and the Listing Regulations, 2015. The detailed terms of reference of the Committee have been placed on the Company's website and can be accessed at <https://www.bajajauto.com/investors/policies-codes>

During FY2023, the committee met on 25 January 2023 to review the status of investors' services rendered. At the meeting, the committee also discussed on matters that can facilitate better investor services and relations. The Board was apprised of all the major developments on investors' issues through various reports and statements furnished to the Board from time to time throughout the year.

Table 7: Composition of stakeholders' relationship committee and attendance record of members for FY2023

Name of director	Category	Attendance at the meeting held on 25 January 2023
D J Balaji Rao	Chairman, non-executive, independent	Yes
Niraj Bajaj	Non-executive, non-independent	Yes
Ms. Lila Poonawalla*	Non-executive, independent	Yes

* Subsequent to resignation of Dr. Gita Piramal on 30 April 2022 (with effect from close of business hours), the Board of Directors appointed Ms. Lila Poonawalla as a member of the committee with effect from 14 June 2022 in her place.

The company secretary acts as the compliance officer and as the secretary to the committee. The secretarial auditor was also present at the meeting.

The committee expressed its satisfaction on the overall status of compliance and actions taken on various investor-related matters.

D J Balaji Rao, chairman of the stakeholders' relationship committee, was present at the annual general meeting of the Company held on 26 July 2022.

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Table 8: Investors' complaints attended and resolved during FY2023

Investors' complaints	Attended/resolved during the year
Pending at the beginning of the year	-
Received during the year	14
Disposed of during the year	14
Pending at the end of the year	-

More details on this subject and on shareholders' related matters including unclaimed suspense account have been furnished in *General Shareholder Information*.

Duplicate share certificate issuance committee

To meet the requirement of section 46 of the Act, read with rule 6 of the Companies (Share Capital and Debentures) Rules, 2014 and regulation 39 of the Listing Regulations, 2015, the Company has duplicate share certificate issuance committee to approve issuing of duplicate share certificate(s) in lieu of original share certificate(s) that were lost or misplaced, the composition of which is given in Table 9 below.

As a measure to enhance ease of dealing in securities market by the investors, SEBI through its circular dated 25 January 2022 has mandated listed entities to issue of securities in dematerialised form only while processing any service request including issue of duplicate share certificate.

Table 9: Composition of the duplicate share certificate issuance committee and attendance record of its members for FY2023

Name of director	Category	Attendance at the meeting held on 25 January 2023
Rajiv Bajaj	Managing Director and CEO, executive	Yes
Pradeep Shrivastava	Whole-time Director, executive	Yes
Rakesh Sharma	Whole-time Director, executive	Yes

Independent directors' meeting

In compliance with Schedule IV to the Act and regulation 25(3) of the Listing Regulations, 2015, the independent directors held their separate meeting on 14 March 2023, without the attendance of non-independent directors and members of management.

All independent directors were present at the meeting.

The independent directors present elected D J Balaji Rao as Chairman for the meeting.

The independent directors *inter alia* discussed on report of performance evaluation of Board, its committees and chairman, changes in the Board, assessment of quality, quantity and timeliness of flow of information between the Company's management and the Board etc. and expressed their satisfaction on each of the matters.

In addition, the independent directors had a separate meeting with senior management regarding its views and strategies pertaining to the business and functions.

Remuneration of directors

Pecuniary relationship/transaction with non-executive directors

During FY2023, there was no pecuniary relationship or transaction with any non-executive director of the Company, apart from their remuneration as directors.

The register of contracts is maintained by the Company pursuant to section 189 of the Act. This is signed by all the directors present at respective Board meetings.

During FY2023, the Company did not advance any loans to any of the non-executive directors and/or the managing director.

Criteria of making payments to non-executive directors

As stated earlier, the remuneration policy disclosing the criteria of making payments to directors, key managerial personnel and employees is placed on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

Details of remuneration to directors

Non-executive directors

As stated earlier in this report, non-executive directors are paid sitting fees and commission.

Details of remuneration paid or payable to non-executive directors during FY2023 are given in Table 10. The same are also provided in the Form MGT-7, i.e. the annual return which can be accessed at <https://www.bajajauto.com/investors/financial-and-operational-performance>

Executive directors

During the year, the Company paid remuneration to Rajiv Bajaj, Managing Director and CEO ('MD') and Pradeep Shrivastava and Rakesh Sharma, executive directors ('EDs') of the Company as given in Table 10 and also provided in detail in Form MGT-7, i.e. the annual return. The same can be accessed at <https://www.bajajauto.com/investors/financial-and-operational-performance>

The tenure of MD and EDs is of five years each. MD and EDs are also entitled to other perquisites and benefits mentioned in the agreement entered into by them with the Company.

Executive directors are entitled to superannuation benefits payable in the form of an annuity from an approved life insurance company, which form part of the perquisites allowed to them.

During the year, none of the directors was paid any performance-linked incentive, apart from Pradeep Shrivastava and Rakesh Sharma, who are executive directors.

As stated elsewhere in this report, the Company has adopted the Bajaj Auto Employee Stock Option Scheme 2019 for the benefit of the permanent employees and/or directors of the Company and/or its holding (if any, in future) and subsidiary Company(ies), but excluding independent directors and any employee who is a promoter or belongs to the promoter group.

During the year, 23,880 options each were granted to the EDs at a grant price of ₹ 3,892.10, being the closing market price on the NSE on the day preceding the day of grant. These grants will vest over a period of four years (25% every year) after a period of one year from the date of grant. No pension is paid by the Company.

Table 10: Remuneration paid/payable to directors for FY2023

(Amount in ₹)

Name of director	Category	Sitting fees	Salary and perquisites	Commission	Total
Niraj Bajaj	Chairman, non-executive, non-independent	1,100,000	–	2,750,000	3,850,000
Madhur Bajaj	Vice Chairman, non-executive, non-independent	700,000	–	1,750,000	2,450,000
Shekhar Bajaj*	Non-executive, non-independent	300,000	–	750,000	1,050,000
Rajiv Bajaj	Managing Director and CEO, executive	–	181,235,386	294,498,000	475,733,386
Sanjiv Bajaj	Non-executive, non-independent	700,000	–	1,750,000	2,450,000
D J Balaji Rao	Non-executive, independent	1,900,000	–	4,750,000	6,650,000
Pradeep Shrivastava	Whole-time Director, executive	–	101,172,173	–	101,172,173
Dr. Naushad Forbes	Non-executive, independent	1,400,000	–	3,500,000	4,900,000
Anami N. Roy	Non-executive, independent	1,400,000	–	3,500,000	4,900,000
Rakesh Sharma	Whole-time Director, executive	–	103,720,392	–	103,720,392
Ms. Lila Poonawalla	Non-executive, independent	800,000	–	2,000,000	2,800,000
Pradip Shah	Non-executive, independent	1,100,000	–	2,750,000	3,850,000
Abhinav Bindra	Non-executive, independent	900,000	–	2,250,000	3,150,000

* Shekhar Bajaj resigned as non-executive, non-independent director of the Company w.e.f. closing hours of 30 June 2022.

Management

Management discussion and analysis

This is given as separate chapter in the Annual Report.

Disclosure of material transactions

Pursuant to regulation 26(5) of the Listing Regulations, 2015, senior management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. There was only one case involving a member of the senior management. In this instance, the disclosure was discussed, reviewed and found in order by the Board.

Compliances regarding insider trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, ('SEBI PIT Regulations') the Company has a Board approved code of conduct to regulate, monitor and report trading by insiders ('Code of Conduct') and a code of practices and procedures for fair disclosure of unpublished price sensitive information ('Code of Fair Disclosure').

Wherever non-compliance by an employee concerned was observed, penalty was levied and the amount was remitted to the stipulated fund.

By frequent communication, the Company makes designated employees conversant of the obligations under the insider trading regulations.

The audit committee and the Board at its meeting held on 14 March 2023 had reviewed the compliance in terms regulation 9A(4) of the SEBI PIT Regulations and confirmed that the systems for internal control with respect to the SEBI PIT Regulations are adequate and are operating effectively.

Means of communication

Quarterly, half-yearly and annual financial results and other public notices issued for the shareholders are published in numerous leading dailies, such as Financial Express, Business Standard, Kesari, Mint and Hindu Business Line. An official press release is also issued.

The Company also sends its half-yearly financial results along with a detailed write-up to shareholders.

The Company website, www.bajajauto.com, contains all important public domain information including presentations, if any, made to the media, analysts and institutional investors. It contains information as prescribed under the Act and the Listing Regulations, 2015, including details of the corporate contact persons and share transfer agent of the Company, shareholding pattern etc.

Section 20 and 136 of the Act, read with Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically at the registered members'/shareholders' email addresses.

During the year under review, the Company sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report, credit of dividend intimation letters, etc. in electronic form at the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get these physically upon request.

All financial and other vital official news releases and documents under the Listing Regulations, 2015 are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

Information on general body meetings and special resolution(s) passed

During the previous three years, the annual general meetings (AGM) of the Company were held at the registered office at Mumbai-Pune Road, Akurdi, Pune 411 035 on the following dates and time. In these, the following special resolutions were passed:

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM, if any
13th AGM (e-AGM)	22 July 2020 at 12.15 p.m.	<ol style="list-style-type: none"> 1. Re-appointment of Rajivnayan Rahul Kumar Bajaj as Managing Director and Chief Executive Officer of the Company for a period of five years with effect from 1 April 2020 2. Re-appointment of Dr. Gita Piramal as an Independent Director of the Company for a second term of five consecutive years with effect from 1 April 2020
14th AGM (e-AGM)	22 July 2021 at 12.15 p.m.	<ol style="list-style-type: none"> 1. Re-appointment of Pradeep Shrivastava as Whole-time Director of the Company for a period of five years with effect from 1 April 2021 2. Approval for payment of commission to Non-executive Directors for a period of five years commencing from 1 April 2021
15th AGM (e-AGM)	26 July 2022 at 02:00 p.m.	<ol style="list-style-type: none"> 1. Re-appointment of Dr. Naushad Forbes as an Independent Director of the Company for a second term of five consecutive years with effect from 18 May 2022 2. Re-appointment of Anami N. Roy as an Independent Director of the Company for a second term of five consecutive years with effect from 14 September 2022

All resolutions proposed by the Board have been passed with requisite majority by the shareholders.

Postal ballot

During FY2023, the Company had sought approval of the members through postal ballot (ordinary resolution) and the details of the same are given below:

Particulars	Votes (No. of shares and %)		Date of passing the resolution
	In favour	Against	
Approval of related party transaction with KTM Sportmotorcycle GmbH.	73,354,532 (99.93%)	911 (0.00%)	21 November 2022

The Company had appointed Shyamprasad D Limaye, practising Company Secretary (FCS No. 1587, CP No. 572) as scrutiniser for conducting the postal ballot including remote e-voting process in a fair and transparent manner.

Procedure for postal ballot

Pursuant to the provisions of the Act and the Listing Regulations, 2015, the Company provides facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot. Postal ballot notices and forms are dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs.

The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.

Pursuant to the provisions of the Act, the Company appoints a scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman and the voting results are announced by the Chairman by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges.

In view of the relaxation granted by MCA, postal ballot notice was sent through email only, to all those members who had registered their email IDs with the Company/depositories. Arrangements were also made for other members to register their email IDs to receive the postal ballot notice and cast their vote online.

Details of capital market non-compliance, if any

There was no non-compliance of any legal requirements; nor has there been any penalty or structure imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years.

KTM



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

This disclosure is given in the *Directors' Report*.

Compliance certificate

The Managing Director and CEO and the CFO have certified to the Board regarding the financial statements and other such matters as required under regulation 17(8) read with Part B of Schedule II to the Listing Regulations, 2015.

Report on corporate governance

This chapter, read together with the information given in the *Directors' Report* and the chapters on *Management Discussion and Analysis* and *General Shareholder Information*, constitute the compliance report on corporate governance during FY2023. The Company has been regularly forwarding the quarterly compliance report to the stock exchanges as required under regulation 27(2) of the Listing Regulations, 2015.

Statutory auditors

S R B C & CO LLP are the statutory auditors of the Company. Total fees paid by the Company and its subsidiaries, on a consolidated basis to the auditors including all entities in their network firm/entity of which they are a part is given below:

(₹ In Crore)

Sr. No.	Particulars	Statutory Audit Fee	Other Services
1	Bajaj Auto Ltd.	1.80	2.15
2	PT. Bajaj Auto Indonesia	-	-
3	Bajaj Auto International Holdings BV, Netherlands	-	-
4	Bajaj Auto (Thailand) Ltd.	0.06	-
5	Chetak Technology Ltd.	0.02	-
6	Bajaj Auto Spain S.L.U.	-	-
7	Bajaj Do Brasil Comercio De Motocicletas Ltda	-	-

Auditors' certificate on corporate governance

The Company has obtained the certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in Part E of Schedule V to the Listing Regulations, 2015. This is annexed to the Directors' Report and will be sent to the stock exchanges, along with the Annual Report to be filed by the Company.

Compliance of mandatory and discretionary requirements

Mandatory

The Company has complied with all the mandatory requirements of the Listing Regulations, 2015.

Discretionary

The Company has also complied with the discretionary requirements as under:

1. The Board

A Chairman's office has been made available for the non-executive Chairman. He is allowed reimbursement of expenses incurred in performance of his duties.

2. Shareholder rights

A half-yearly declaration of financial performance including summary of significant events in the preceding six months is sent to each household of shareholders.

3. Modified opinion(s) in audit report

The Company confirms that its financial statements are with unmodified audit opinion.

4. Separate posts of Chairperson and the Managing Director

The positions of Chairperson and Managing Director are held by two different persons who are not related to each other.

5. Reporting of the Internal Auditor

The internal auditor reports directly to the audit committee.

Declaration by Chief Executive Officer (MD)

[Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I, Rajiv Bajaj, Managing Director and CEO of Bajaj Auto Ltd. hereby declare that all the members of Board of Directors and Senior Management have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of the Company for the year ended 31 March 2023.

Rajiv Bajaj
Managing Director and CEO

Pune: 25 April 2023

List of key policies of Bajaj Auto Ltd.

Information on the Company's website, regarding key policies, codes and charters, adopted by the Company:

Sr. No.	Name of Policy	Website Link
1	Whistle Blower Policy	https://www.bajajauto.com/-/media/bajajauto/Investors/code-policy/Whistle-Blower-Policy.ashx
2	Remuneration Policy	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Corporate-Governance/BAL---Revised-Remuneration-Policy-25-Apr-2023.ashx
3	Policy of materiality and dealing with related party transactions	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Corporate-Governance/revised-rpt-policy-15-march-2022.ashx
4	Policy for determining Material Subsidiaries	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Corporate-Governance/bal-policy-for-determining-material-subsidiaries.ashx
5	Policy on determination of materiality for disclosure of events or information	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Corporate-Governance/bal-policy-on-determination-of-materiality.ashx
6	Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Corporate-Governance/final-evaluation-criteria-for-ids.ashx
7	Dividend Distribution Policy	https://www.bajajauto.com/-/media/bajajauto/Investors/code-policy/Revised-Dividend-Distribution-Policy-17-March-2021.ashx
8	Corporate Social Responsibility Policy	https://www.bajajauto.com/-/media/bajajauto/Investors/code-policy/BAL-Revised-CSR-Policy-29-April-2021.ashx
9	Fair Disclosure Code	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Corporate-Governance/Code-of-fair-disclosure.ashx
10	Code of Conduct for Directors and Members of Senior Management.	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Corporate-Governance/BAL---Amended-Code-of-Conduct-25-Apr-2023.ashx
11	Archival Policy	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Corporate-Governance/bal-policy-on-archival-of-disclosures.ashx
12	Human Rights Policy	https://www.bajajauto.com/-/media/bajajauto/Investors/code-policy/Human-Rights-Policy.ashx
13	Supplier Code of Conduct	https://www.bajajauto.com/-/media/bajajauto/Investors/code-policy/Supplier-Code-of-Conduct-SCoC-BAL.ashx
14	Sustainability Policy	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Plants-Operations/Bajaj-Sustainability-Policy.ashx
15	Quality Policy	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Plants-Operations/Bajaj-Quality-Policy.ashx
16	Safety, Occupational Health and Environmental (SHE) Policy	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Plants-Operations/Bajaj-Policy-SHE-Eng.ashx
17	The Prime Mover Policy	https://www.bajajauto.com/-/media/bajaj-auto/Investors/Codes-Policies/Plants-Operations/Bajaj-TPM-Policy.ashx

GENERAL SHAREHOLDER INFORMATION

16th Annual General Meeting (AGM)

Date	25 July 2023
Day	Tuesday
Time	2:00 PM
Venue	Registered office at Mumbai-Pune Road, Akurdi, Pune 411035
Remote e-voting starts	22 July 2023 at 9.00 a.m.
Remote e-voting ends	24 July 2023 at 5.00 p.m.
E-voting at AGM	Tuesday, 25 July 2023
Financial Year	1 April to 31 March

Financial calendar

Approval of audited annual results for year ending 31 March	April/ May
Mailing of annual reports	June
Annual general meeting	July
Unaudited first quarter financial results	July
Unaudited second quarter financial results	October
Unaudited third quarter financial results	January/ early February

Share transfer agent

The Company has appointed KFin Technologies Ltd. (KFin), as its registrar and share transfer agent for processing of share transfer/dematerialisation/rematerialisation and allied activities.

All physical transfers (to the extent permitted), transmission, transposition, issue of duplicate share certificate(s), issue of demand drafts in lieu of dividend warrants, etc. as well as requests for dematerialisation/rematerialisation are being processed in periodical cycles at KFin. Work related to dematerialisation/rematerialisation is handled by KFin through connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Review of service standards adhered by KFin with respect to share related activities

The Company has agreed service timelines and standards for various shareholder-related service with KFin. On an on-going basis, the secretarial team engages with officials of KFin at various levels for review of these standards and other shares-related activities. Periodic meetings and discussions are held to understand the concerns of shareholders, deviations, if any, in the timelines for processing service requests, best practices and other measures to strengthen shareholder-related services. In addition, the activities at KFin are also reviewed by the internal audit team periodically.

Record date

The Company has fixed Friday, 30 June 2023 as the 'Record Date' for the purpose of determining the members eligible to receive dividend for the financial year 2022-23.

Dividend and date of dividend payment

The Board has proposed a dividend of ₹ 140 per equity share (1400%) of the face value of ₹ 10 for the financial year 2022-23, subject to approval of members at the ensuing AGM as against ₹ 140 per equity share (1400%) for the previous year.

Dividend on equity shares, if declared, at the AGM, will be credited/dispatched on 28 July 2023, as under:

- to all those shareholders holding shares in physical form, as per the details provided to the Company by the share transfer agent of the Company i.e., KFin, as on closing hours on Friday, 30 June 2023 and
- to all those beneficial owners holding shares in electronic form as per beneficial ownership details provided to the Company by NSDL and CDSL, as of the closing hours of the day on Friday, 30 June 2023.

Payment of dividend

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations, 2015) read with SEBI circular dated 20 April 2018, require companies to use any electronic mode of payment approved by the Reserve Bank of India (RBI) for making payment to shareholders. Accordingly, the dividend, if declared, will be paid through electronic mode, where the bank account details of members are available. Where dividend payments are made through electronic mode, intimation regarding such remittance will be sent separately to the shareholders.

In cases where the dividend cannot be paid through electronic mode, it will be paid by account payee non-negotiable instruments/warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on such payment instruments.

Pursuant to the circular mentioned above, the Company has written to shareholders holding shares in physical form requesting them to furnish details regarding their PAN and also their bank details for payment of dividend through electronic mode. Those shareholders who are yet to respond to the Company's appeal in this regard are again requested to take action on this matter at the earliest.

Members are requested to submit PAN, contact details, Bank account details and specimen signature (as applicable) to their Depository Participant (DP) in case of holding in dematerialised form or to KFin (through Form ISR-1, Form ISR-2) in case of holdings in physical form. The said forms are available at <https://www.bajajauto.com/investors/miscellaneous>

To enable payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, on or before 30 June 2023, updated particulars of their bank accounts to KFin through Forms ISR-1 & ISR-2 along with a photocopy of a cancelled cheque of the bank account and self-attested copy of PAN card.

Beneficial owners holding shares in electronic form are requested to furnish their bank account details to their respective depository participants and ensure that such changes are recorded by them correctly before 30 June 2023. The request to update particulars of bank account should be signed as per the specimen signature registered with KFin/depository participants, as the case may be.

Tax deducted at source (TDS) on dividend

Pursuant to the changes introduced by the Finance Act, 2020, w.e.f. 1 April 2020 as in the previous year, there will be no Dividend Distribution Tax payable by the Company. The dividend, declared, will be taxable in the hands of the shareholders subject to tax deduction at source at the applicable rates. The TDS rate would vary depending on the residential status of the shareholders and the documents submitted by them and accepted by the Company. For the detailed process and formats of declaration, please refer to FAQs on Tax Deduction at Source on Dividends available on the Company's website at <https://www.bajajauto.com/investors/dividend>

Unclaimed dividends

As per section 124(5) of Companies Act, 2013, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called the Investor Education and Protection Fund (the 'Fund') set up by the Central Government.

Accordingly, unpaid/unclaimed dividend for the financial years 2007-08 to 2013-14 has been already transferred by the Company to this said Fund from September 2015 onwards.

Unclaimed dividend amounting to ₹ 13,194,350/- in respect of financial year 2014-15 was transferred to the Fund in compliance with the provisions of section 125 of the Act in September 2022.

Unpaid dividend amounting to ₹ 1,39,09,350/- in respect of financial year 2015-16 (Interim) was transferred to the Fund in compliance with the provisions of section 125 of the Act in May 2023.

Unpaid/unclaimed dividend (Final) for the financial year 2015-16 shall be due for transfer to the Fund in September 2023. Members are requested to verify their records and send their claim, if any, for the 2015-16 before such amount become due for transfer. Communications are being sent to members, who have not yet claimed final dividend for 2015-16, requesting them to claim the same as well as unpaid dividend, if any, for subsequent years.

As a measure to reduce the unclaimed dividend, efforts are being made on an ongoing basis to reach out to shareholders requesting them to submit necessary documents to enable them to claim their unpaid or unclaimed dividend.

The following are the details of unclaimed dividends which are due to be transferred to the Fund in the coming years including current year. Once again, members who have not claimed the dividends till date are requested to verify their records and send their claim, if any, before the same becomes due for transfer as per the table given below.

Year	Dividend Type	Date of Declaration AGM Date	Last date for claiming dividend	Due date for transfer
2015-2016	Final	27 July 2016	25 August 2023	24 September 2023
2016-2017	Final	20 July 2017	18 August 2024	17 September 2024
2017-2018	Final	20 July 2018	18 August 2025	17 September 2025
2018-2019	Final	26 July 2019	24 August 2026	23 September 2026
2019-2020	Interim (confirmed as Final)	09 March 2020	07 April 2027	06 May 2027
2020-2021	Final	22 July 2021	20 August 2028	19 September 2028
2021-2022	Final	26 July 2022	25 August 2029	24 September 2029

The Company has uploaded details of unclaimed dividend on its website at <https://www.bajajauto.com/investors/dividend> and also on website specified by the Ministry of Corporate Affairs <https://www.iepf.gov.in/IEPFWebProject/services.html>

Initiatives for reduction of unclaimed dividend

The Company with a view to reducing the quantum of unclaimed dividend has undertaken several steps as was done in the last few years. These primarily included proactively reaching out to shareholders, sending periodic communications, advising the shareholders who approach the Company/KFin for other service request to claim their dividend, if any and remitting unpaid dividend, if any for KYC compliant folios. The amount is remitted based on the verification of the documents and bonafides of the claim.

As a result, significant amount of unclaimed dividend was remitted to the shareholders during the year under review. The Company will endeavour to undertake additional initiatives in this regard.

Transfer of shares to IEPF

Pursuant to section 124(6) of Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (the 'IEPF Rules'), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to the IEPF, within 30 days of such shares becoming due for transfer.

Accordingly, the Company will send individual letters through ordinary/speed post and e-mail to such shareholders, whose dividend from the year 2015-16 has remained unclaimed, requesting them to claim the amount of unpaid dividend on or before the date on which Company must transfer the related shares to the demat account of IEPF. The Company also publishes, on an annual basis, a notice in the newspapers intimating the members regarding the said transfer. These details are also be made available on the Company's website <https://www.bajajauto.com/investors/disclosures>

During the year under review, the Company transferred 8,621 (previous year: 6,469) equity shares of the face value of ₹ 10 each relating to 28 shareholders (previous year: 45) to the demat Account of the IEPF Authority held with NSDL/CDSL. Details of such shareholders, whose shares are transferred to IEPF and their unpaid dividends for subsequent years are available on the website of the Company at www.bajajauto.com

Shareholders can claim such unpaid dividends and underlying shares transferred to the Fund by following the procedure prescribed in the IEPF Rules. A link to the procedure to claim is available on the Company's website at www.bajajauto.com

Shareholders are requested to get in touch with the compliance officer for further details on the subject at investors@bajajauto.co.in

Share transfer system

SEBI's amended regulation 40 of the Listing Regulations, 2015, prohibits the transfer of securities (except transmission or transposition of shares) in physical form from 1 April 2019. Accordingly, the Company has sent letters to members holding shares in physical form advising them to dematerialise their holdings.

SEBI vide its circulars dated 25 January 2022 and 25 May 2022 has provided the guidelines to issue the securities in dematerialised form by issuing a 'Letter of Confirmation' in lieu of physical securities certificates to the securities holder/claimant within 30 days of its receipt of such request after removing objections, if any.

Share transfers received by the share transfer agent/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. The total number of shares transferred in the physical category during 2022-23 due to transmission/deletion of name cases was 54,604 shares versus 117,310 shares during 2021-22. Such details were placed before the Board on a quarterly basis.

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Dematerialisation/Rematerialisation of shares

During 2022-23, 14,829,398 shares were dematerialised, versus, 203,001 shares in 2021-22.

Nil shares were rematerialised during 2022-23 versus 25 shares in 2021-22. Shares held in physical and electronic mode as on 31 March 2023 are in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2023		Position as on 31 March 2022		Net change during 2022-23	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	1,965,675	0.69	16,803,733	5.81	(14,838,058)	(5.12)
Demat						
NSDL	210,066,086	74.24	264,811,329	91.51	(54,745,243)	(17.27)
CDSL	70,925,597	25.07	7,751,958	2.68	63,173,639	22.39
Sub-total	280,991,683	99.31	272,563,287	94.19	8,428,396	5.12
Total	282,957,358	100.00	289,367,020	100.00	(6,409,662)	-

Stock code

1. BSE Ltd., Mumbai	532977
2. National Stock Exchange of India Ltd.	BAJAJ-AUTO
3. ISIN for depositories (NSDL and CDSL)	INE917101010
4. Bloomberg	BJAUT.IN
5. Reuters	BAJA.BO

Listing on stock exchanges

Shares of the Company are currently listed on the following stock exchanges:

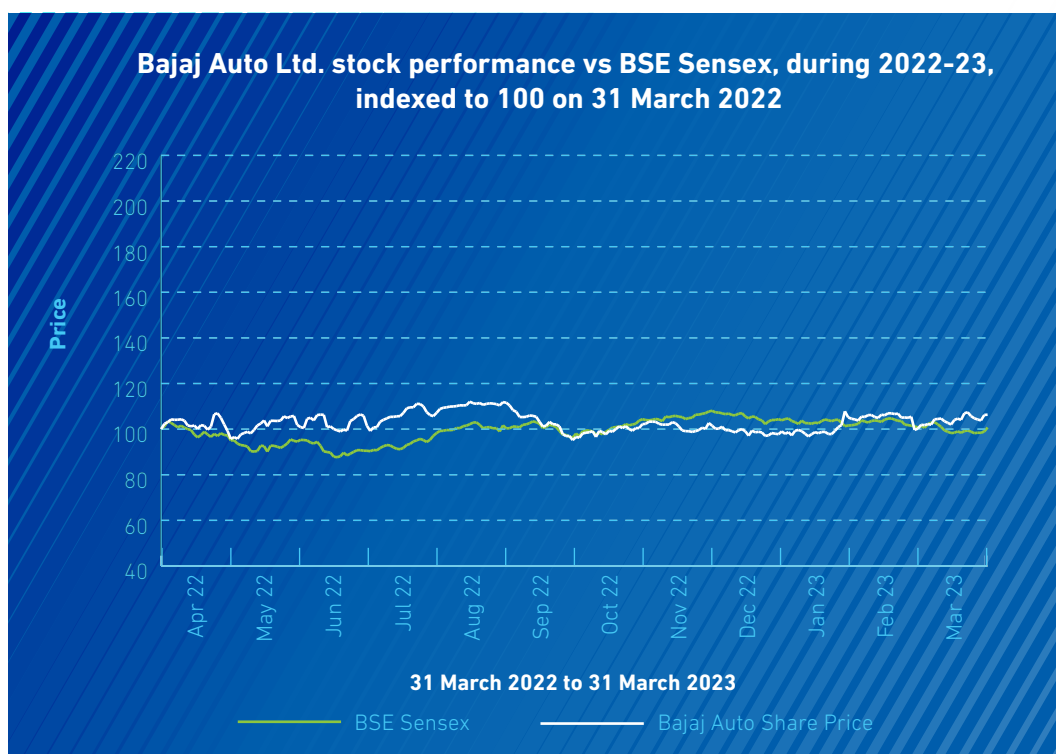
Name	Address
1. BSE Ltd. (BSE)	1st Floor, New Trading Ring Rotunda Building, P J Tower Dalal Street, Fort, Mumbai 400 001.
2. National Stock Exchange of India Ltd. (NSE)	Exchange Plaza, 5th Floor Plot No.C-1, G Block Bandra-Kurla Complex Bandra (East), Mumbai 400 051.

Pursuant to the SEBI Listing Regulations, 2015 the Company has entered into a Uniform Listing Agreement with BSE and NSE. For FY2023, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of Company's shares in FY2023 (₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
April-2022	3,992.05	3,580.00	4,000.00	3,600.00	57,060.87
May-2022	3,956.10	3,461.30	3,958.00	3,460.00	55,566.41
June-2022	4,000.00	3,577.00	3,971.00	3,574.80	53,018.94
July-2022	4,091.90	3,601.20	4,091.00	3,601.10	57,570.25
August-2022	4,128.70	3,915.00	4,128.95	3,915.00	59,537.07
September-2022	4,130.15	3,462.05	4,131.75	3,461.25	57,426.92
October-2022	3,725.05	3,475.00	3,727.00	3,475.00	60,746.59
November-2022	3,817.55	3,585.00	3,818.65	3,585.00	63,099.65
December-2022	3,749.95	3,524.25	3,744.05	3,524.05	60,840.74
January-2023	3,993.05	3,522.00	3,995.00	3,520.05	59,549.90
February-2023	3,934.40	3,625.05	3,934.95	3,625.60	58,962.12
March-2023	3,945.00	3,640.95	3,945.50	3,636.90	58,991.52



Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2023, while Table 4 gives the data according to size classes.

Table 3: Distribution of shareholdings across Categories

Categories	As on 31 March 2023		As on 31 March 2022	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	155,580,309	54.98	155,580,109	53.76
Friends and associates of promoters	21,814,676	7.71	22,001,460	7.60
FPIs/FILs	34,974,488	12.36	30,347,903	10.49
Public Financial Institutions and Insurance Companies	17,258,480	6.10	23,938,071	8.27
Mutual Funds	10,040,695	3.55	13,884,292	4.80
Nationalised and other banks	19,559	0.01	306,397	0.11
NRIs and OCBs	1,680,003	0.59	1,885,601	0.65
Others	41,589,148	14.70	41,423,187	14.32
Total	282,957,358	100.00	289,367,020	100.00

Table 4: Distribution of shareholding according to size class as on 31 March 2023

Category	No. of shareholders		Shares held in each class	
	Number	%	Number	%
1 to 500	208,535	96.94	5,542,747	1.96
501 to 1000	2,231	1.04	1,643,384	0.58
1001 to 2000	1,399	0.65	2,026,304	0.72
2001 to 3000	655	0.30	1,633,014	0.58
3001 to 4000	384	0.18	1,354,729	0.48
4001 to 5000	276	0.13	1,257,658	0.44
5001 to 10000	611	0.28	4,323,840	1.53
10001 to 20000	360	0.17	4,987,842	1.76
20001 and above	659	0.31	260,187,840	91.95
Total	215,110	100.00	282,957,358	100.00

Shareholders' and investors' grievances

The Board of directors of the Company has a stakeholders relationship committee to specifically look into and resolve grievances of security-holders on various matters.

Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during FY2023 were relating to non-receipt of dividend by warrants as well as through electronic clearing service, TDS matters, clarification on holdings, non-receipt of annual report, and change of address and/or bank particulars. As on 31 March 2023, there was no pending issue to be addressed or resolved.

During the year, letters were received from SEBI/the Registrar of Companies (ROC)/Stock Exchanges/Investors concerning fourteen complaints filed by the shareholders on various matters. For each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/Investors in the prescribed format and no action remained to be taken on the Company's side at the year end.

Green initiative

The Company believes in driving environmental initiatives. As a step in this direction, it availed of special services offered by NSDL/CDSL to update email addresses of shareholders holding shares with depository participant registered with these entities and who have not registered their email addresses. This will enable such shareholders to immediately receive various email communication from the Company from time to time including the Annual Report, dividend credit intimation, half-yearly communication etc. Shareholders who have not updated their email, are requested to do so by sending a request to the Company/KFin or their respective depository participant.

Also, the company has availed of the special services offered by NSDL/CDSL for sending SMS per demat account where email address is not registered.

Demat suspense account with HDFC Bank for unclaimed shares

In accordance with the provisions contained in clause 5A of the erstwhile Listing Agreement (corresponding to regulation 39(4) of the SEBI Listing Regulations, 2015) as amended by SEBI through its circular dated 16 December 2010, the Company, during 2011-12, had sent three reminders to such shareholders whose shares were lying 'undelivered/unclaimed' with the Company; and then followed it by opening of the unclaimed share suspense demat account titled 'Bajaj Auto Ltd. – Unclaimed Suspense Account' with the HDFC Bank in April 2012.

After completing the necessary formalities, 44,375 shares held by 148 shareholders were transferred to this suspense account in April 2012. Voting rights on such shares remain frozen till the rightful owner claims these shares.

The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in regulation 39(4) of the SEBI Listing Regulations, 2015.

The summary of this account for FY2023 is as follows:

Sr. No.	Particulars	No. of shareholders	No. of shares
i.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1 April 2022	20	2,192
ii.	No. of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2022-23	–	–
iii.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2022-23	–	–
iv.	No. of shares transferred to IEPF Authority during the year 2022-23	–	–
v.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31 March 2023	20	2,192

Certifications obtained from Practising Company Secretary

The Company has inter-alia obtained following certifications by the Practising Company Secretary for share-related matters, as per details given below:

Regulation	Frequency
Regulation 40 (9) of SEBI (Listing Obligations and Disclosure Requirements) 2015 regarding Compliance of lodgment of transfers, sub-division, consolidation etc.	Annual
Reconciliation of Share Capital under Regulation 76 of SEBI (Depositories and Participants) Regulations 2018	Quarterly

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s) to avoid the lengthy process of Transmission of shares.

Details of nomination shall be furnished through hard copy or electronic mode with e-signatures as follows:

- i. Either,
 - Nomination through Form SH-13 as provided in the Rules 19(1) of Companies (Shares capital and debenture) Rules, 2014 or
 - 'Declaration to Opt-out', as per Form ISR-3
- ii. In case of cancellation of nomination by the holder(s) through Form SH-14, 'Declaration to Opt-out' shall be provided by the shareholder(s)
- iii. Securities holder(s) can change their nominee through Form SH-14

Nomination facility for shares held in electronic form is also available with depository participant.

The said forms are available on the website of the Company at <https://www.bajajauto.com/investors/miscellaneous>

Issuance of Securities in dematerialised form in case of Investor Service Requests

Pursuant to SEBI vide its circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25 January 2022 has introduced common and simplified norms for processing investors' service request by RTAs and norms for furnishing PAN, KYC details and Nomination and has mandated that the listed Companies shall henceforth issue the securities in dematerialised form only, while processing the following service requests:

- Issue of Duplicate securities certificate;
- Claim from Unclaimed Suspense account;
- Renewal/Exchange of securities certificate;
- Endorsement;
- Sub-division / Splitting of securities certificate;
- Consolidation of securities certificates/folios;
- Transmission;
- Transposition;



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For enabling the shareholders to demat their securities, the Registrar and Share transfer Agent shall issue a 'Letter of Confirmation' in lieu of physical share certificates to physical shareholders for enabling them to dematerialise the securities.

Further, SEBI vide its circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16 March 2023 (superseded by circular dated 3 November 2021) has, inter alia, mandated that any service request shall be entertained only upon registration of PAN, KYC details, and nomination.

All holders of physical securities of the Company are mandatorily required to furnish the following documents/details to the RTA i.e., KFin Technologies Ltd. (KFin):

Form	Purpose
Form-ISR-1	For registering PAN, KYC details or changes/Update
Form-ISR-2	Confirmation of Signature of securities holder by the Banker
Form-ISR-3	Opting out of Nomination by physical securities holders
Form-SH-14	Cancellation or Variation of Nomination

SEBI has extended the timelines for updating the KYC details from 31 March 2023 to 1 October 2023. The folios wherein any one of the cited document/details are not updated on or after 1 October 2023 shall be frozen by the RTA. Such members will be permitted to lodge grievance or avail service request from the RTA, only after furnishing the KYC details. Further, the payment of dividend in respect of such frozen folios will be made only through electronic mode with effect from 1 April 2024.

The frozen folios will then be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002 after 31 December 2025.

In view of the above, the Company has sent communication to 669 shareholders who hold securities in physical form.

The said forms are available on the Company's website <https://www.bajajauto.com/investors/miscellaneous>

Members can access the KYC status of their folio by visiting <https://ris.kfintech.com/clientservices/isc/kycqry.aspx>

Simplification of Procedure of Transmission of Securities

SEBI has notified vide its circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/65 dated 18 May 2022, has enhanced the monetary limits for simplified documentation for transmission of securities, allowed 'Legal Heirship Certificate or equivalent certificate' as one of the acceptable documents for transmission and provided clarification regarding acceptability of Will as one of the valid documents for transmission of securities. The said circular also specified the formats of various documents which are required to be furnished for the processing of transmission of securities.

The circular also lays down operational guidelines for processing investor's service request for the purpose of transmission of securities. The procedure provided in this circular is duly followed by our Registrar and share transfer agent while processing of transmission service request.

Simplification of Procedure for issuance of Duplicate Share Certificates

SEBI vide its circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/70 dated 25 May 2022 has standardised the documents to be submitted for processing of service request for issue of duplicate share certificate and also laid down operational guidelines for the same.

Further, the said circular also mandates listed company to take special contingency policy from insurance company towards the risk arising out of the requirements relating to issuance of duplicate securities in order to safeguard and protect the interest of the listed company. The Company is in compliance with the said circular.

Investor grievances redressal through the SEBI Complaints Redress System (SCORES) platform

SEBI vide its Master circular SEBI/HO/OIAE/IGRD/P/CIR/2022 dated 7 November 2022, has mandated the investor to first take up the grievances with the company concerned for redressal and the same will be treated as 'Direct Complaint'. A timeline of 30 days has been provided to the Company for resolution. Failing which, the complaint shall be registered on SCORES. Thereafter, SEBI shall take it up with the concerned company for resolution.

The circular also provides for handling complaints by the stock exchanges as well as the standard operating procedure for actions to be taken against listed companies for failure to redress investor grievances. The Company takes adequate steps for expeditious redressal of investors' complaints.

Credit Rating

The Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad. However, it has obtained on 06 October 2022 'AAA/Stable' rating for long-term and 'A1+' rating for short-term bank facilities of the Company from CRISIL. Further, in response to letter dated 19 August 2020 of the Company, CRISIL vide its letter dated 31 August 2020 has withdrawn 'FAAA/Stable' rating on the Fixed Deposits of the Company, since there are no public fixed deposits lying with the Company.

Live webcast of AGM

Pursuant to regulation 44(6) of the SEBI Regulations, 2015, top 100 listed entities shall, with effect from 1 April 2019, provide one-way live webcast of the proceedings of their AGM. Accordingly, as in the previous year, the Company has entered into an arrangement with KFin to facilitate live webcast of the proceedings of the ensuing 16th AGM scheduled on 25 July 2023.

Members who are entitled to participate in the AGM can view the proceedings of AGM by logging on the e-voting website of KFin at <https://emeetings.kfintech.com/> using the secure login credentials provided for e-voting.

Voting through electronic means

Pursuant to section 108 of the Act and the Rules made thereunder and provisions under the SEBI Listing Regulations, 2015, every listed company is required to provide its members, the facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with KFin as the authorised agency for this purpose, to facilitate such e-voting for its members.

The shareholders will therefore be able to exercise their voting rights on the items put up in the Notice of AGM, through e-voting. Further, in accordance with the Companies (Management and Administration) Rules, 2014 and MCA circulars, the Company will also be making arrangements to provide for e-voting facility at the venue of the Annual General Meeting.

Shareholders, who are attending the meeting and who have not already cast their votes by remote e-voting shall only be able to exercise their right of voting at the meeting.

The cut-off date, as per the said Rules, shall be 18 July 2023 and the remote e-voting shall be open for a period of three days, from 22 July 2023 (9.00 a.m.) till 24 July 2023 (5.00 p.m.). The Board has appointed Shyamprasad D Limaye, Practising Company Secretary as the scrutiniser for the e-voting process.

The detailed procedure is given in the Notice of the 16th AGM and is also placed on the Company's website at <https://www.bajajauto.com/investors/annual-reports>

Outstanding convertible instruments/ADRs/GDRs/warrants

The Company does not have any outstanding convertible instruments/ADRs/GDRs/warrants as on date of this report.

Investor Support Centre

Members may utilise the facility extended by the Registrar and share transfer agent for raising queries pertaining to dividend, KYC updation, interest/redemption, etc. by visiting <https://ris.kfintech.com/clientservices/isc/>

E-Sign Facility

Members may use the e-sign option given by KFin, for raising any service request by visiting <https://ris.kfintech.com/clientservices/isc/>

KPRISM: a mobile service application by KFIN

Members may note that our Registrar and share transfer agent, KFin, has launched a mobile app KPRISM and a website <https://kprism.kfintech.com/> for our investors. Members can download the mobile app and see their portfolios serviced by KFin; check their dividend status; request for annual reports; register change of address; register change in the bank account or update the bank mandate; and download the standard forms. This android mobile application can be downloaded from the Google Play Store.

Plant locations

Bajaj Auto has plants located at the following places:

1. Mumbai-Pune Road, Akurdi, Pune 411 035 (Maharashtra)
2. Bajaj Nagar, Waluj, Aurangabad 431 136 (Maharashtra)
3. MIDC, Plot No. A1, Mahalunge Village, Chakan 410 501 Dist. Pune (Maharashtra)
4. Plot No. 2, Sector-10, IIE Pantnagar, Udhamasinghnagar 263 531 (Uttarakhand)

Chetak



Address for correspondence

Investors and shareholders can correspond with the share transfer agent or the registered office of the Company at the following address:

Share transfer agent

KFin Technologies Ltd.

(previously known as KFin Technologies Pvt. Ltd.)

Unit: Bajaj Auto Ltd.

Selenium Tower B, Plot No. 31 and 32,

Financial District, Nanakramguda,

Serilingampally Mandal,

Hyderabad 500 032, Telangana.

Contact persons

Bhaskar Roy

Mohd. Mohsinuddin

Tel. No: (040) 6716 2222

Fax No: (040) 2300 1153

Toll free No: 1800 309 4001

Whatsapp No. : (91) 910 009 4099

Email: einward.ris@kfintech.com

Website: www.kfintech.com or <https://ris.kfintech.com/>

Company

Bajaj Auto Ltd.

Mumbai-Pune Road,

Akurdi, Pune 411 035.

Company Secretary and Compliance Officer

Dr. J Sridhar

Tel. No: (020) 6610 7868

Fax No: (020) 2740 7380

Email: investors@bajajauto.co.in

Website: www.bajajauto.com

Shareholders may get in touch with the company secretary for further assistance.

DIRECTORS' REPORT

The directors present their Sixteenth Annual Report and Audited Financial Statements for the year ended 31 March 2023.

Financial Results

The financial results of the Company are elaborated in the report on *Management Discussion and Analysis*. Given below are the financial highlights:

Sales in numbers	FY2023	FY2022
Two-wheelers	3,437,966	3,836,856
Commercial vehicles	485,018	471,577
Total	3,922,984	4,308,433
Of which exports	1,821,240	2,506,626

Particulars	FY2023	FY2022
Total revenue	37,609.02	34,353.95
Total expenses	30,200.38	28,163.90
Profit before exceptional items and tax	7,408.64	6,190.05
Exceptional items	-	(315.28)
Profit before tax	7,408.64	6,505.33
Tax expense	1,781.04	1,486.46
Profit for the year	5,627.60	5,018.87
Earnings per share (₹)	197.3	173.6

Closing balances in reserve/other equity

Particulars	FY2023	FY2022
General reserve	6,389.60	6,389.60
Retained earnings	17,821.40	19,340.40
Cash flow hedging reserve	-	54.33
Costs of hedging reserve	-	5.93
FVTOCI reserve	927.13	626.41
Capital redemption reserve	6.41	-
Share based payments reserve	62.09	32.27
Treasury shares	(63.73)	(69.51)
Total	25,142.90	26,379.43

Note: Detailed movement of above reserves can be seen in 'Statement of Changes in Equity'.

Dividend Distribution Policy

Under the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations, 2015'), as amended, the Company has formulated a dividend distribution policy, which sets out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders.

As a green initiative, the amended policy has been uploaded on the Company's website and can be accessed at <https://www.bajajauto.com/investors/policies-codes>

Dividend

The directors recommend for consideration of shareholders at the ensuing annual general meeting, payment of a dividend of ₹ 140 per equity share of ₹ 10 each (1400%) for the year ended 31 March 2023.

For the year ended 31 March 2022 also, the dividend paid was ₹ 140 per share of ₹ 10 each (1400%).

The dividend recommended is in accordance with the principles and criteria as set out in the dividend distribution policy.

The dividend, if declared, will be taxable in the hands of the shareholders of the Company pursuant to Income Tax Act, 1961. For further details on taxability, please refer to Notice of annual general meeting.

Share Capital and Buyback

The paid-up equity share capital as on 31 March 2023 was ₹ 282.96 crore, while as on 31 March 2022, it was ₹ 289.37 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 or sweat equity shares. The reduction in share capital was as a result of buyback of 6,409,662 equity shares made during the year utilising an aggregate amount of ₹ 2,499.97 crore. As per approval given by the Board, at its meeting held on 27 June 2022, the buyback of the equity shares of the Company was done through open market route through stock exchanges at a price not exceeding ₹ 4,600 per equity share. The buyback of equity shares commenced on 4 July 2022 and was completed on 10 October 2022.

The details of buyback are available on the website of the Company at <https://www.bajajauto.com/investors/share-buyback>

Operations

Detailed information on the Company's operations is in the report on *Management Discussion and Analysis*.

Capacity Expansion and New Projects

The Company's current installed capacity is 6.65 million units per annum.

Detailed information on capacity expansion and new projects is covered in the report on *Management Discussion and Analysis*.

Research and Development (R&D) and Technology Absorption

FY2023 was a challenging year with many regulatory changes for automotive products to be met under very tight timelines.

A) Products

Many new products were launched during the year under review. Pulsar has been consistently upgraded over the years to keep it in sync with changing times. Information on the new products is covered in the report on *Management Discussion and Analysis*.

B) Processes

R&D has been working on improving its operations in a number of areas as listed below:

- **Manpower:** R&D has expanded its team size in areas of design, analysis and validation to facilitate the rapidly expanding aspirations of the Company.
- **Facilities:** R&D continued to enhance its design, computing, prototype manufacturing and validation facilities. A number of new test facilities and prototyping facilities were added.
- **Regulatory requirements:** R&D had to calibrate and homologate many more variants to meet the new BS6 OBD2 norms. The powertrain and vehicle configurations were adjusted to meet these new norms rapidly.

C) Technology

As in the past, new and improved technology has been introduced during the year. Such information is covered in the report on *Management Discussion and Analysis*.

D) Outgo

The expenditure on R&D during FY2023 and in the previous year was:

Particulars	(₹ In Crore)	
	FY2023	FY2022
i. Capital (including technical know-how)	35.15	42.06
ii. Recurring	489.91	446.73
Total	525.06	488.79
iii. Total research and development expenditure as a percentage of sales	1.48%	1.52%

Conservation of Energy

Company continues its efforts to reduce and optimise the energy consumption at all its manufacturing facilities, including corporate office at Pune.

Significant reduction in energy consumption has been achieved as shown hereunder (key initiatives):

A) Electrical Energy

- Energy efficiency improved by replacing IE1 Motors by IE4/IE5 Motors for Slat Conveyor for Assembly Lines, Hot Water Spray Pump, Water Screen Pump.
- Use of ED bath voltage optimisation based on surface area of individual SKUs.
- Use of VFD and water temperature sensors for optimised running of cooling tower.
- Provision of energy efficient LED luminaries at various designated areas across all our factories for energy conservation.
- Improvement in power factor by addition of automatic power factor control system.
- Continued use of motion sensors for offices and washroom lights.

B) Water

- Rainwater storage pond with capacity 90,000 cubic meter at Waluj plant, 57,000 cubic meter at Pantnagar plant, and 83,500 cubic meter at Chakan plant are available for its use in process.
- Continuous reuse of treated water for processes like painting, cooling towers, etc. in addition to gardening.
- Frequent cleaning of water tank ventilation units.
- Continued rainwater harvesting across all plants.
- Use of one touch taps and sensor-based taps for hand wash at various areas across all plants.
- Reverse cascading of water at pre-treatment stages at paint shop.
- Change of underground water lines with above ground line for easy identification of leakage, if any.

C) LPG/Propane

- Provision of thermo-ceramic coating for oven inner wall in place of GI sheet for Paint Shops.
- Installation of IR heaters on pre-treatment line to reduce hot water generator PNG consumption.
- Exhaust modulation based on oven heating load.
- Automated process Startup and Shutdown System for PTED Line.
- Continued use of magnetic resonance in oven PNG supply.
- Continued use of low temperature chemical for pre-treatment process at paint shop.
- Provision of IR heaters in painting booth flash off zones to reduce ASU burner PNG consumption.
- Use of energy efficient burners in canteen in all plants.

D) Utilisation of Renewable Energy-Key Initiatives

- Usage of renewable solar power generation: 5MW at Waluj, 1MW at Pantnagar, 3.2MW at Akurdi and 2MW at Chakan; generating 155 lakh units per year renewable energy.
- Utilisation of solar water heater in canteen of all plants.
- Utilisation of hot water rooftop solar system for residential area for positive resource utilisation.
- Use of direct sunlight to illuminate shops by installation of 'skylights' across all plants.

Impact of Measures Taken

As a result of the initiatives taken for conservation of energy and natural resources, the Company has achieved an overall reduction in consumption as given in the table below:

Description	% Reduction w.r.t. previous year	
	FY2023	FY2022
Electricity consumption	# 1.19	3.95
Water consumption	# (4.53)	3.93
LPG/PNG consumption	4.22	17.84

Impact of addition of new facilities and lower production volume of Motorcycles at Waluj.

Investment/Savings

(₹ In Crore)

Description	FY2023	FY2022
Investment for energy conservation activities	1.55	1.76
Recurring savings achieved through above activities	0.87	0.91

Awards and Accolades

- Upgradation of 'Occupational Health and Safety Management Systems' from OHSAS 18001 to ISO 45001 by all plants of the Company.
- Pantnagar plant received 'Platinum Award' in 'Green Practices Award Competition' organised by CII.
- Pantnagar plant received 'Silver Award' in '10th CII-National Excellence Practice Competition' organised by CII.
- Pantnagar plant won 'Northern Region EHS Competition' organised by CII.
- Pantnagar plant is awarded 'Best Practices in Energy Conservation' in 'Green Practices Award Competition' organised by CII.
- Chakan plant is awarded by CII for excellence in 'Energy Management 2022-Energy Efficient Unit'.
- Waluj Rooftop Solar plant won 'Excellence in Performance Award-Rooftop Solar' Award in CII Performance Excellence Awards 2022 for Solar and Wind plants.
- Waluj plant won 'Energy Efficient Unit' Award in '23rd CII-National Award for Energy Excellence-2022', organised by CII.

International Business

FY2023 has been a difficult year for exports. During the year under review, Bajaj Auto sold 1.82 million units versus 2.5 million vehicles in the previous year.

More detailed information is given in the report on *Management Discussion and Analysis*.

Foreign Exchange Earnings and Outgo

The Company continued to be a net foreign exchange earner during the year.

Total foreign exchange earned by the Company during the year under review was ₹ 14,461.47 crore, as compared to ₹ 16,280.38 crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 1,138.68 crore, as against ₹ 902.08 crore during the previous year.

Industrial Relations

Bajaj Auto's approach to its human resources is premised on the fundamental belief in fostering meritocracy in the organisation, which promotes diversity and offers equal opportunities to all employees. We believe in respecting human rights and actively developing people who will contribute to society by nurturing them and giving them opportunities to apply their skills.

In the financial year 2022-23, the Company continued to deliver on its commitment to excellence. Passing successive milestones, business excellence has been further strengthened by well-defined goals and employee engagement strategies. The overall employee relations with staff and workmen across all the plants viz. Akurdi, Waluj, Chakan and Pantnagar continued to be cordial during the year.

A core component of infusing joy at the workplace is to layer-in non-work activities that get people excited and encourage involvement. The Company has focused on 'Yutori' concept means 'Joy at Workplace'. Below are three areas under Yutori, for fostering a more positive and fulfilling professional experience.

1. Body-Physical Happiness

Various initiatives were carried out to sustain and improve physical fitness. Some of them are workplace improvement in terms of ergonomics, work environment improvement, health improvement with medical check-up followed by consultation and physical fitness programs.

2. Mind-Mental Happiness

To improve mental happiness, we focused on education and training, stress-free operations, healthy communication and interpersonal relationships, rewards and recognition as well as personal and professional growth.

3. Soul-Spiritual Wellbeing

Various initiatives were taken for spiritual well-being like yoga and meditation sessions, women's day celebration, people involvement and participation through kaizen competition, trust building through family care and trekking activities and collaborative culture development.

With the active participation and involvement of all employees, we have been able to inculcate a TPM culture for excellence and continuous improvements across all plants. As a result, the plants have received numerous awards during the year from CII, IIIE, QCPI, Aditya Birla Group etc. Waluj plant has won two gold medals at the national level in the QCPI competition; both teams are qualified for international competition.

The Company has been developing and retaining a gender-diverse talent pool of motivated employees. The Company has taken active steps for engaging women's talent, contributing to improving women's workforce participation in the economy.

With continuous improvement activities through various committees, relations with workers and unions have improved and all wage settlements are taking place in time and without any trouble. The Company signed a long-term settlement with the union for a period of 3.5 years on 1 January 2023 at the Chakan plant.

Prioritising employees' health, various state-of-the-art sports and health facilities have been provided to the employees. Employees have bagged prizes in multiple sports events like weightlifting, swimming organised by Industrial Sports Association (ISA), Pune. Employees of Waluj plant won 8 gold medals, 5 silver medals and 6 bronze medals at 42nd National Athletics Championship.

With a view to serving the community, the employees were also involved in Company organised charitable events. These include donation drives, stalls for NGOs, blood donation camps, tree plantations etc.

The Company will continue its efforts for building and sustaining a high sense of belongingness and high-performance culture at the workplace.



Subsidiaries and Joint Ventures

PT. Bajaj Auto Indonesia (PT BAI)

Routine business operations of PT BAI, a 99.25% subsidiary of Bajaj Auto Ltd., remain discontinued.

Indonesia is a large two-wheelers market and hence of interest for PT BAI.

PT BAI would continue to study the evolving market and evaluate different possible opportunities.

Bajaj Auto International Holdings BV, Netherlands (BAIH BV)

BAIH BV is a 100% Netherlands based subsidiary of Bajaj Auto Ltd. Over the years from 2007 to 2013, through this subsidiary, Bajaj Auto Ltd. has invested a total of €198.1 million (₹1,219 crore) and holds 49.9% stake in Pierer Bajaj AG (PBAG). 50.1% in PBAG is held by Pierer Group.

Bajaj Auto (Thailand) Ltd.

Bajaj Auto (Thailand) Ltd. was incorporated as a wholly owned subsidiary in Thailand with an issued and subscribed share capital of Thai Baht (THB) 45 million (₹10 crore). An Engineering Design Centre (EDC) is set up under this subsidiary.

Bajaj Auto (Thailand) Ltd. has all necessary approvals from local authorities. The EDC is operational and international designers are working from this new facility in Bangkok.

Bajaj Auto Spain S.L.U.

Bajaj Auto Spain S.L.U. was incorporated as a wholly owned subsidiary in Barcelona, Spain with an issued and subscribed share capital of €600K (₹ 5 crore), the intent being to set up an Engineering Design Centre (EDC).

The EDC has just started operations with the facility being set-up and is expected to be fully operational in the coming year.

Chetak Technology Ltd. (CTL)

Given the stakes and likely impact of EVs on its business, Bajaj Auto Ltd. wants to be ahead of this curve. For effectively engaging in this domain, CTL was incorporated as a wholly owned subsidiary of the Company on 4 October 2021 with an issued and subscribed share capital of ₹ 5 crore to develop new technologies and products, have dedicated manufacturing, sales, after-sales and offer customer centric experiences.

During the year under review, additional capital of ₹ 465 crore has been infused in CTL by way of rights issue. Plans have also been drawn to set up a new state-of-the-art manufacturing facility at Akurdi.

Bajaj Auto Consumer Finance Ltd. (BACFL)

Financing is key to every automobile business. To increase geographic coverage and expand financing options for the retail customers of Bajaj Auto Ltd. and Chetak Technology Ltd., a wholly owned captive financing company i.e. BACFL was formed on 6 December 2021 with an issued and subscribed share capital of ₹ 5 crore. During the year under review, additional capital of ₹ 25 crore has been infused in BACFL by way of rights issue.

An application for registration of BACFL as NBFC has been made to RBI and the matter is under process.

Bajaj Do Brasil Comercio De Motocicletas Ltda

Brazil is an important market for motorcycles in Latin America. To address this, Bajaj Auto Ltd. has set up a wholly owned subsidiary on 31 March 2022 with a paid up equity share capital of BRL 30 million (₹ 48 crore). The subsidiary has just started operations after obtaining all necessary approvals. Full scale operations are likely to commence in the coming year.

More detailed information is given in the report on *Management Discussion and Analysis*.

The financial statements of the subsidiary companies are also available on the Company's website on <https://www.bajajauto.com/investors/financial-and-operational-performance>

The Company does not have any associate company, nor has it entered into a joint venture with any other company.

The Company's policy for determination of material subsidiary, as adopted by the Board of Directors, in conformity with regulation 16 of the Listing Regulations, 2015, can be accessed on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

Anti-Corruption Initiatives

The Company has established several policies to prevent corruption within Bajaj Auto Ltd. These are suitably integrated with the business operations. The Company also has adequate disclosure practices with regard to anti-corruption activities. Some of these practices are given below:

Signing of the Anti-Corruption Initiative of World Economic Forum (WEF)

In support of the initiative taken by WEF, the Company is a signatory to the 'Commitment to Anti-Corruption' and is supporting the 'Partnering Against Corruption-Principles for Countering Bribery' derived from Transparency International's Business Principles. This calls for a commitment to two fundamental actions, viz. a zero-tolerance policy towards bribery and the development of a practical and effective implementation programme.

Adoption of the Confederation of Indian Industry (CII) Charters

Your Company, being a member of CII, has adopted the following Codes/Charters:

1. CII Code of Conduct for Affirmative Action.
2. Model Code of Conduct for Ethical Business practices.
3. Charters of Fair and Responsible Workplace Guidelines for Collaborative Employee Relations.
4. Charters on Fair and Responsible Workplace Guidelines for Contract Labour.

More details on the subject are given in the *Business Responsibility and Sustainability Report* hosted on the Company's website on <https://www.bajajauto.com/investors/financial-and-operational-performance>

Annual Return

A copy of the annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013 ('the Act'), in the prescribed form, which will be filed with Registrar of Companies/MCA, is hosted on the Company's website and can be accessed at <https://www.bajajauto.com/investors/financial-and-operational-performance>

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 the Act, directors, to the best of their knowledge and belief, state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have 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 the year ended 31 March 2023;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have overseen that the annual accounts have been prepared on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that, to the best of their knowledge, examination and analysis, such internal financial controls have been adequate and were operating effectively; and
- they have ensured through oversight of the existence of proper systems to ensure compliance with the provisions of all applicable laws and that, to the best of their knowledge, such systems were adequate and were operating effectively.

Details regarding Frauds reported by Auditors under section 143(12)

During the year under review, 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.

Declaration by independent directors

The independent directors have submitted their declaration of independence, as required under section 149(7) of the Act stating that they meet the criteria of independence as provided in section 149 (6) of the Act, read with regulation 16 and 25 of the Listing Regulations, 2015, as amended. The independent directors have also confirmed compliance with the provisions of section 150 of the Act read with rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

The Board took on record the declaration and confirmation submitted by the independent directors regarding their meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same as required under regulation 25 of the Listing Regulations, 2015.

Directors' remuneration policy and criteria for matters under section 178

The salient features and changes to the policy on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of section 178 of the Act form a part of the *Corporate Governance Report*. The policy is on the Company's website <https://www.bajajauto.com/investors/policies-codes>

Particulars of Loans, Guarantees or Investments

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

Related Party Transactions

All contracts/arrangement/transactions entered into by the Company during FY2023 with related parties were in compliance with the applicable provisions of the Act and the Listing Regulations, 2015. Prior omnibus approval of the audit committee is obtained for all related party transactions, which are foreseen and of repetitive nature. Pursuant to the said omnibus approval, details of transactions entered into are also reviewed by the audit committee on a quarterly basis.

All related party transactions entered into during FY2023 were on an arm's length basis and in the ordinary course of business of the Company under the Act and not material under the Listing Regulations, 2015. However, during the year, prior approval of shareholders was obtained for the material transactions with KTM Sportmotorcycle GmbH (Associate of Bajaj Auto Ltd.'s 100% subsidiary, Bajaj Auto International Holdings BV, based in Netherlands) vide ordinary resolution through postal ballot on 21 November 2022 as it was estimated that the transaction value would cross the applicable materiality thresholds under the amended Listing Regulations, 2015 (i.e. ₹ 1,000 crore, or 10% of the annual consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower).

Details of transactions with related parties during FY2023 are provided in the notes to the financial statements. There were no transactions requiring disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this report.

The policy on materiality of and dealing with related party transactions is available on the Company's website at <https://www.bajajauto.com/investors/policies-codes>

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 and the date of this Report.

Risk Management Policy

Pursuant to regulation 21 of the Listing Regulations, 2015, as amended, risk management policy/framework was adopted by the Board. This framework, *inter alia*, includes identification of internal and external risks faced by the Company, including financial, operational, sectoral, sustainability, information, cyber security, strategic or any other risk as may be determined by the risk management committee and the measures for risk mitigation, reporting of critical risks within the Company and business continuity plan.

Information on the development and implementation of a risk management policy for the Company is given in the *Corporate Governance Report*.

Corporate Social Responsibility (CSR)

The CSR policy including the composition of the CSR committee is hosted on the Company's website <https://www.bajajauto.com/-/media/bajajauto/Investors/code-policy/BAL-Revised-CSR-Policy-29-April-2021.ashx>

Taking into account the commitments made by the Company for the ongoing CSR projects/programs which are in progress and considering the project mode of CSR activity where the projects can extend beyond the financial year, as also the amount transferred to 'Unspent CSR Account', there is no shortfall in the CSR expenditure mandated to be spent by the Company during the financial year ended 31 March 2023.

As per provisions of section 135(6) of the Act, any amount remaining unspent under section 135(5) pursuant to any ongoing project shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company. Accordingly, such amount has been transferred by the Company to the specified account within the prescribed period.

Detailed information on CSR policy, its salient features, CSR initiatives undertaken during the year, details pertaining to spent and unspent amount forms part of Annual Report on CSR activities, which is annexed to this Report.

The Chief Financial Officer has certified that the funds disbursed have been utilised for the purpose and in the manner approved by the Board for FY2023.

Formal Annual Evaluation of the Performance of the Board, its committees, chairman and individual directors

Information on the manner in which a formal annual evaluation has been made by the Board of its own performance and that of its committees, chairman and individual directors is given in the *Corporate Governance Report*.

Presentation of Financial Statements

The financial statements of the Company for the year ended 31 March 2023 have been disclosed as per Division II of Schedule III to the Act.

Indian Accounting Standards, 2015

The annexed financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Act, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Consolidated Financial Statements

The audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries, as prepared in compliance with the Act, applicable accounting standards and Listing Regulations, 2015 along with all relevant documents and the Auditors' Report form a part of this Report.

Internal Audit

At the beginning of each financial year, an audit plan is rolled out with approval by the Company's audit committee. The plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures and compliance with laws and regulations. Based on the reports of internal audit, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions are periodically presented to the audit committee of the Board.

Statutory Disclosures

The summary of the key financials of the Company's subsidiaries (Form AOC-1) is included in this Annual Report. A copy of the audited financial statements for each of the subsidiary companies will be made available to members of the Company, seeking such information at any point of time.

The financial statements of the Company and its subsidiaries are placed on the Company's website at <https://www.bajajauto.com/investors/financial-and-operational-performance>

Details as required under the provisions of section 197(12) of the Act, read with rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, *inter alia*, ratio of remuneration of directors and KMP to median remuneration of employees and percentage increase in the median remuneration are annexed to this Report.

Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as required under the provisions of section 197(12) of the Act, read with rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, which form part of the Directors' Report, will be made available to any shareholder on request, as per provisions of section 136(1) of the said Act.

The provisions of section 148 of the Act relating to maintenance of cost records and cost audit are not applicable to the Company.

Pursuant to the legislation 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Company has a policy on Prevention of Sexual Harassment at Workplace. During the year under review, no complaint has been received from employees. There was no other case reported during the year under review under the said policy.

There is no change in the nature of business of the Company during FY2023.

The securities of the Company were not suspended from trading during the year on account of corporate actions or otherwise.

A cash flow statement for 2022-23 is attached to the Balance Sheet.

The Managing Director, as per the terms of his appointment, does not draw any commission or remuneration from subsidiary companies. Hence, no disclosure as required under section 197(14) of the Act has been made.

Details as prescribed under section 134 of the Act and Rules made thereunder, applicable to the Company, have been specifically given in this Report, wherever applicable.

Directors' and Key Managerial Personnel-Changes

I. Changes in Directorate

Shekhar Bajaj, Non-executive non-independent director of the Company tendered his resignation with effect from close of business hours on 30 June 2022. The Board places on record its deep appreciation of valuable guidance provided by him during his very long tenure on the Board.

II. Retirement by Rotation

Independent directors hold office for a fixed term not exceeding five years from the date of their appointment and are not liable to retire by rotation.

The Act mandates that at least two-thirds of the total number of directors (excluding independent directors) shall be liable to retire by rotation.

Accordingly, Niraj Bajaj (DIN 00028261), Sanjiv Bajaj (DIN 00014615) and Madhur Bajaj (DIN 00014593), directors, being the longest in the office among the directors liable to retire by rotation, retire from the Board this year and, being eligible, have offered themselves for re-appointment.

Brief details of Niraj Bajaj, Sanjiv Bajaj and Madhur Bajaj are given in the notice of annual general meeting.

III. Appointment/Re-appointment of Directors

Rakesh Sharma (DIN 08262670) was appointed as a Whole-time director of the Company for a period of five years from 1 January 2019 up to 31 December 2023. The Board, on recommendation of nomination and remuneration committee and after evaluating his performance and the valuable contribution made by him in the progress of the Company, has approved his re-appointment for another term of five years commencing from 1 January 2024, subject to approval of shareholders.

Accordingly, resolution seeking his re-appointment for a further term of five years and brief details of Rakesh Sharma are given in the notice of annual general meeting.

There was no other change in the directors and key managerial personnel during the year under review since the last report.

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, both physical and operational. This includes its design, implementation and maintenance, along with periodic internal review of operational effectiveness and sustenance and whether these 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.

Internal financial controls with reference to the financial statements were adequate and operating effectively.

Corporate Governance

Pursuant to the Listing Regulations, 2015, a separate chapter titled 'Corporate Governance' has been included in this Annual Report, along with the reports on *Management Discussion and Analysis* and *General Shareholder Information*.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for FY2023. A declaration to this effect signed by the Managing Director (CEO) of the Company is contained in this Annual Report.

The Managing Director (CEO) and Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the Listing Regulations, 2015.

Certificate from the auditors of the Company regarding compliance of conditions of corporate governance is annexed to this Report.

Employee Stock Option Scheme

The Company grants share-based benefits to eligible employees with a view to attracting and retaining talent, to encourage employees to align individual performance with the Company objectives and to promote their increased participation in the growth of the Company.

During the year under review, there has been no change in the Bajaj Auto Employee Stock Option Scheme 2019 (BAL-ESOS 2019) of the Company. BAL-ESOS 2019 is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, and this has been certified by the secretarial auditor of the Company.

In line with regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, a statement giving complete details, as at 31 March 2023, is available on the website of the Company at <https://www.bajajauto.com/investors/financial-and-operational-performance>

Details of options vested, exercised and cancelled are provided in the notes to the standalone financial statements.

Business Responsibility and Sustainability Report

Pursuant to amendment in the Listing Regulations, 2015, top 1,000 listed entities based on market capitalisation are required to submit a Business Responsibility and Sustainability Report ('BRSR') with effect from the FY2023.

Accordingly, a detailed BRSR in the format prescribed by SEBI describing various initiatives, actions and process of the Company in conducting its business in line with its environmental, social and governance obligations has been hosted on Company's website and can be accessed at <https://www.bajajauto.com/investors/financial-and-operational-performance>

A physical copy of the BRSR will be made available to any shareholder on request.

Secretarial Standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) read with the MCA Circulars granting exemptions in view of the Covid-19 pandemic.

Statutory Auditor

Pursuant to the provisions of section 139 of the Act, the members at the annual general meeting of the Company held on 26 July 2022 appointed S R B C & CO LLP (Firm Registration No. 324982E/E300003) as statutory auditors of the Company from the conclusion of 15th annual general meeting till the conclusion of 20th annual general meeting, covering second term of five consecutive years. The statutory auditors have confirmed that they are not disqualified from continuing as auditors of the Company.

The statutory audit report for the financial year 2022-23 does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditor.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and Rules made thereunder, the Company has appointed, Shyamprasad D Limaye, Practising Company Secretary (Membership No.1587, CP No. 572) to undertake the secretarial audit of the Company. Secretarial audit report for the financial year 2022-23 issued by him in the prescribed form MR-3 is annexed to this Report.

In addition to the above, pursuant to regulation 24A(2) of the Listing Regulations, 2015, a report on secretarial compliance for the financial year ended 31 March 2023 has been issued by Shyamprasad D Limaye and the same will be submitted with the stock exchanges within the given timeframe. The report will be made available on the website of the Company.

There are no observations, reservations or qualifications or adverse remark in any of the aforesaid reports.

On behalf of the Board of Directors,

Niraj Bajaj
Chairman
DIN: 00028261
Pune: 25 April 2023

Annual Report on CSR activities

1. Brief outline of Company's CSR Policy

Introduction

The vision and philosophy of late Jamnalal Bajaj, the founder of Bajaj Group, guide the Corporate Social Responsibility (CSR) activities of the group. He embodied the concept of trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

Bajaj Group believes that true and full measure of growth, success and progress lies beyond Balance Sheets or conventional economic indices. It is best reflected in the difference that business and industry make to the lives of people.

Through its social investments, Bajaj Group addresses the needs of communities residing in the vicinity of its facilities by taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development, and response to natural calamities. For society, however, Bajaj is more than a corporate identity. It is a catalyst for social empowerment and the reason behind the smiles that light up a million faces.

It is this goodwill that has made us **"The World's Favourite Indian!"**

Guiding principles

The Bajaj Group believes that social investments should:

- **Benefit generations:** The Company believes in 'investment in resource creation' for use over generations. The Company tries to identify sustainable projects which will benefit the society over long periods.
- **Educate for self-reliance and growth:** To usher in a growth-oriented society and thereby a very strong and prosperous nation, by educating each and every Indian.
- **Promote health:** The Company believes good health is a pre-requisite for both education and productivity.
- **Encourage for self-help:** To guide and do hand holding for self-help, individually and collectively to create excellence for self and for the team.
- **Be focused:** The Company believes that activities should be focused around locations where it has a presence and hence can effectively guide, monitor and implement specific projects.
- **Target those who need it most:** Care for the sections of the society, which are socially at the lowest rung irrespective of their religion, caste, language or colour.
- **Sustain natural resources:** The Company encourages balanced development and ensures least adverse impact on environment – Growth with Mother Nature's blessings.

Brief contents of CSR Policy

Section 135 of the Companies Act, 2013 ('the Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been amended substantially with effect from 22 January 2021. Accordingly, the CSR Policy was amended on 29 April 2021, with approvals of the CSR Committee and Board of Directors. The policy, *inter alia*, covers the following:

- Philosophy, Approach and Direction
- Guiding Principles for selection, implementation and monitoring of activities
- Guiding Principles for formulation of Annual Action Plan

2. Composition of the CSR Committee

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Rajiv Bajaj	Chairman	3	3
2	Pradeep Shrivastava	Member		3
3	Dr. Naushad Forbes	Member		3

3. Web-link where the following are disclosed on the website of the Company:

Composition of CSR committee <https://www.bajajauto.com/about-us/bajaj-team>

CSR Policy <https://www.bajajauto.com/-/media/bajajauto/Investors/code-policy/BAL-Revised-CSR-Policy-29-April-2021.ashx>

CSR projects approved by the Board <https://www.bajajauto.com/corporate/corporate-social-responsibility>

4. The executive summary along with web-link(s) of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

As per table below

Web-link of impact assessment reports: <https://www.bajajauto.com/-/media/bajaj-auto/Corporate-Social-Responsibility/Impact-Assessment-reports--FY-22-23.ashx>

Sr. No.	Project Title	Implementing Agency	Location	Date of Completion of Project	Actual Amount Utilised (₹ in cr)	Date of Impact Assessment Report	Highlights of the assessment
1	Expansion of Project on School Infrastructure	Round Table India Trust	Multiple, Maharashtra	1.02.2021	3.57	27.09.2022	The project has benefitted 3,383 underprivileged children from 13 schools resulting in increased school enrolments and reduced absenteeism of students.
2	Rahul Bajaj Technology Innovation Centre (RBTIC)	Indian Institute of Technology Bombay	Mumbai, Maharashtra	31.05.2021	12.50	27.09.2022	Total of 9 floors are constructed on total built-up area of 18,600 sq.mt. with 2,250 sq.mt. each floor, including the basement and ground floor. The facility enables cross utilisation of talented, skilled, and technical resources.



Journey of successful entrepreneurs who started Automach Robotics Pvt. Ltd.



Medical services being given at the doorstep of the villagers in far flung areas of Nainital district, Uttarakhand in partnership with the Corbett Foundation



Students learning basics of carpentry and team spirit in a vocational class in progression in a school



Surgical services being provided to the villagers in remote and unreachable areas of Nainital district in partnership with Aarohi



First generation entrepreneur who runs a business of mats manufacturing.



A robotic competition in progression in a Learning centre in Balewadi in partnership with Yojak



A budding entrepreneur, self-working and providing employment opportunities under BAL-BYST entrepreneurship development programme



Sr. No.	Project Title	Implementing Agency	Location	Date of Completion of Project	Actual Amount Utilised (₹ in cr)	Date of Impact Assessment Report	Highlights of the assessment
3	Holistic development of community with NRM interventions	Dilasa Sanstha	Yavatmal, Maharashtra	30.06.2021	4.67	27.09.2022	The project has benefited 4,865 individuals from 1,251 households. After the holistic development of community, 98% of individuals have earned livelihood through local work opportunities resulting in reverse migration.
4	Supporting literacy project in 80 schools in Maharashtra and Uttarakhand	Room to Read	Aurangabad, Pune, Maharashtra Udhamsingh Nagar, Uttarakhand	31.10.2021	3.13	19.03.2023	129,287 books were distributed in the 96 Bajaj supported libraries (62 from Maharashtra and 34 from Uttarakhand) over a span of 3 years benefitting 10,700 students.
5	Construction of girls' hostel building	Bhavani Vidyarthi Kalyani Pratishthan	Beed, Maharashtra	30.11.2021	1.39	19.03.2023	A hostel facility is constructed to benefit 300 girls from disadvantaged backgrounds of Beed who don't have access to education due to migration.
6	Supporting operations of 'Smt. Rupa Rahul Bajaj Annamrita Centre'	Annamrita Foundation	Pune, Maharashtra	31.12.2021	1.00	19.03.2023	Daily nutritious mid-day meal was provided to 25,000 students from 137 schools in PCMC area over a span of 2 years.
7	Auro Agni-Global Centre of Excellence for Integral Yoga	Sri Aurobindo Society	Puducherry	31.12.2021	4.90	19.03.2023	Overall restoration of Krishna Vilas, the heritage building was done without disturbing its original structure and design, which is being utilised for conducting yoga sessions, Aikido classes, Tai chi classes, spiritual guidance program, community sessions workshops for children, etc.

5. (a) Average net profit of the Company as per section 135(5) ₹ 6,316.68 crore
- (b) Two percent of average net profit of the company as per section 135(5) ₹ 126.33 crore
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years Nil
- (d) Amount required to be set off for the financial year, if any Nil
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)] ₹ 126.33 crore
- Adjusted CSR Obligation* ₹ 124.99 crore

Note: * Adjustment of excess spends of 2020-21 of ₹ 1.34 crore not taken in previous year in books.

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) ₹ 50.05 crore
- (b) Amount spent in Administrative Overheads as per section 135(5) ₹ 3.86 crore
- (c) Amount spent on Impact Assessment, if applicable Nil
- (d) Total amount spent for the financial year [(a)+(b)+(c)] ₹ 53.91 crore
('spent' as clarified by MCA FAQ dated 25 August 2021)
- (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
53.91 crore	72.42 crore	20 April 2023	Nil; Not Applicable		

- (f) Excess amount for set-off, if any Nil

7. Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding financial year(s)	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Balance amount in Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the financial year (in ₹)	Amount transferred to any fund specified under Schedule VII second proviso to section 135(5), if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY-1 2019-20	-	-	-	-	-	-	-
2	FY-2 2020-21	-	-	-	-	-	-	-
3	FY-3 2021-22	51.00 crore	37.78 crore	13.22 crore	-	-	37.78 crore	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year: No
9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per sub-section (5) of section 135:
 - (a) Taking into account the commitments made by the company for the ongoing CSR projects/ programs which are in progress and considering the project mode of CSR activity where the projects can extend beyond the financial year, there is no shortfall in the CSR expenditure mandated to be spent by the company during the financial year ended 31 March 2023.
 - (b) Further, in light of the circular dated 25 August 2021 issued by Ministry of Corporate Affairs ('MCA') on the Frequently Asked Questions on CSR, mere disbursal of funds for implementation of a project does not amount to spending unless the implementing agency utilises the whole amount.
 - (c) As per provisions of section 135(6) of the Act, any amount remaining unspent under section 135(5) pursuant to any ongoing project shall be transferred by the company within a period of 30 days from the end of the financial year to a special account to be opened by the company. Accordingly, such amount has been transferred by the Company to the specified account so opened within the prescribed period. As per the said circular of MCA, this amounts to meeting of the obligation and due compliance under section 135 of the said Act and hence there is no shortfall of spends.

Rajiv Bajaj
 Managing Director and CEO and
 Chairman of CSR Committee
 DIN: 00018262

Pune: 25 April 2023

Annexure to Directors' Report

Remuneration Details under Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) for the year ended 31 March 2023

Sr. No.	Name of Director/KMP	Ratio of Remuneration of director to Median Remuneration of employees	% increase in the financial year
(A)	Whole-time directors/Managerial Personnel		
	Rajiv Bajaj-Managing Director	564.33	10.11
	Pradeep Shrivastava-Executive Director	120.01	13.48
	Rakesh Sharma-Executive Director	123.04	4.89
	Whole-time directors in aggregate		9.76
(B)	Non-executive directors¹		
	Madhur Bajaj	2.08	40.00
	Sanjiv Bajaj	2.08	40.00
	Shekhar Bajaj ²	0.89	0.00
	D J Balaji Rao	5.63	18.75
	Niraj Bajaj	3.26	37.50
	Dr. Naushad Forbes	4.15	7.69
	Anami N. Roy	4.15	16.67
	Pradip Shah	3.26	175.00
	Ms. Lila Poonawalla	2.37	60.00
	Abhinav Bindra	2.67	80.00
(C)	Key Managerial Personnel		
	Rajiv Bajaj, Managing Director		10.11
	Dinesh Thapar, CFO ³		0.00
	Dr. J Sridhar, Company Secretary		-12.30
(D)	Remuneration of Median Employee (other than Whole-time directors)		5.38
(E)	Permanent employees as on 31 March 2023⁴ : 6,831		

- (a) Remuneration payable to non-executive directors is based on the number of meetings of the Board and its committees attended by them as member during the year.
(b) Remuneration to directors for the above purposes does not include sitting fees paid to them for attending Board / committee meetings.
- Shekhar Bajaj resigned and ceased to be a director of the Company w.e.f. close of business hours on 30 June 2022. Figures regarding % increase in his case are therefore not comparable/not applicable.
- Dinesh Thapar was appointed as CFO of the Company w.e.f. 15 March 2022. Figures regarding % increase in his case are therefore not comparable/not applicable.
- The term 'Permanent Employees' does not include trainees, probationers and contract employees.

Notes on Disclosures under Rule 5

- In FY2023, the remuneration of median employee other than Whole-time directors increased by 5.38% over the previous year.
- Increase in the remuneration of the WTDs/Managerial Personnel, which in the aggregate was 9.76% during the year under review, was given, keeping in view the trends of remuneration in industry.
- The remuneration paid as above was as per the remuneration policy of the Company.

Secretarial Audit Report (Form No. MR-3)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31 March 2023.

To,
The Members,
Bajaj Auto Ltd.
(CIN: L65993PN2007PLC130076)
Mumbai-Pune Road,
Akurdi, Pune-411035.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bajaj Auto Ltd.** (hereinafter called as 'The Company'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

- 1) The Companies Act, 2013 (the 'Act') and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - (h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 6) Motor Vehicles Act, 1988 to the extent of product certification before production and from time to time primarily in respect of vehicles manufactured by the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd. as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above, wherever applicable.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors including a woman independent director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings including Committees thereof, along with agenda and detailed notes on agenda at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors. The decisions at the meeting were carried unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has bought back 6,409,662 equity shares of ₹ 10/- each in compliance of provisions of the Act and Securities And Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

I further report that during the audit period, there was no other event/action having major bearing on affairs of the Company.

Pune: 25 April 2023
UDIN: F001587E000183648

Shyamprasad D Limaye
FCS No. 1587 CP No. 572

ANNEXURE

To the Members of **Bajaj Auto Ltd.**
Mumbai-Pune Road,
Akurdi, Pune-411035.

My Secretarial Audit Report for Financial Year ended on 31 March 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Pune: 25 April 2023

Shyamprasad D Limaye
FCS No. 1587
C P No. 572

Independent Auditors' Report on compliance with the conditions of Corporate Governance

[As per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

To the Members of **Bajaj Auto Ltd.**

1. The Corporate Governance Report prepared by Bajaj Auto Ltd. (hereinafter the 'Company'), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations') ('Applicable criteria') for the year ended 31 March 2023 as required by the Company for annual submission to the Stock exchange.

Management's responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditors' responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditors' judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on 31 March 2023 and verified that atleast one independent woman director was on the Board of Directors throughout the year;

- iv. Obtained and read the minutes of the following committee meetings/other meetings held from 1 April 2022 to 31 March 2023:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM) / Extra Ordinary General Meeting (EGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders' Relationship Committee;
 - (f) Risk Management Committee;
 - (g) Corporate Social Responsibility Committee; and
 - (h) Duplicate Share Certificate Issuance Committee.
- v. Obtained necessary declarations from the directors of the Company.
- vi. Obtained and read the policy adopted by the Company for related party transactions.
- vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting wherein such related party transactions have been pre-approved prior by the audit committee.
- viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended 31 March 2023, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 089802
UDIN: 23089802BGYPVY5236

Pune: 25 April 2023

Certificate by Practising Company Secretary

[Pursuant to Schedule V read with Regulation 34(3) of the SEBI Listing Regulations, 2015 (as amended)]

In the matter of Bajaj Auto Ltd. (CIN: L65993PN2007PLC130076) having its registered Office at Mumbai-Pune Road, Akurdi, Pune-411035.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company.

I certify that the following persons are Directors of the Company (during 01/04/2022 to 31/03/2023) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Nirajkumar Ramkrishnaji Bajaj	00028261	Non-Executive Chairman
2	Madhukumar Ramkrishnaji Bajaj	00014593	Non-Executive Vice Chairman
3	Rajivnayan Rahulkumar Bajaj	00018262	Managing Director
4	Sanjivnayan Rahulkumar Bajaj	00014615	Non-Executive Director
5	Shekhar Bajaj	00089358	Non-Executive Director
6	Balaji Rao Jagannathrao Doveton	00025254	Independent Director
7	Gita Piramal	01080602	Independent Director
8	Pradeep Shrivastava	07464437	Executive Director
9	Naushad Darius Forbes	00630825	Independent Director
10	Anami Narayan Prema Roy	01361110	Independent Director
11	Rakesh Sharma	08262670	Executive Director
12	Pradip Panalal Shah	00066242	Independent Director
13	Lila Firoz Poonawalla	00074392	Independent Director
14	Abhinav Bindra	00929250	Independent Director

Notes:

1. Gita Piramal resigned on 30 April 2022 and ceased to be a director of the Company w.e.f. 30 April 2022.
2. Shekhar Bajaj resigned on 30 June 2022 and ceased to be a director of the Company w.e.f. 30 June 2022.

Pune: 25 April 2023
UDIN: F001587E000183703

Shyamprasad D Limaye
FCS No. 1587 CP No. 572

STANDALONE FINANCIAL STATEMENTS



Independent Auditors' Report on the Standalone Financial Statements

To the Members of **Bajaj Auto Ltd.**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Bajaj Auto Ltd. (the 'Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' responsibilities for the audit of the standalone financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditors' responsibilities for the audit of the standalone financial statements' section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters

How our audit addressed the key audit matter

Accounting for buy-back (as described in Note 13 of the standalone financial statements)

The Board of Directors at its meeting held on 27 June 2022, approved a proposal to buy-back equity shares of the Company for an aggregate amount not exceeding ₹ 2,500 crore having a face value of ₹ 10 each from the existing shareholders (except promoters, promoter group and persons in control of the Company) from open market through stock market mechanism (i.e. through National Stock Exchange of India Ltd. and BSE Ltd.) at a maximum buy-back price not exceeding ₹ 4,600 per equity share. This transaction had a significant effect on the standalone financial statements and hence was considered as a Key Audit Matter.

Our audit procedures included the following:

- Obtained and read the minutes of the meeting of the Board of Directors in which the proposed buy-back was approved.
- Compared the buy-back amount as approved by the Board of Directors with the permissible limit computed in accordance with relevant provisions of section 68 of the Companies Act, 2013 and Regulation 4 of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 as amended ('SEBI Buyback Regulations').
- Obtained and read the resolutions passed by the Buy-back Committee for approving the extinguishment of shares which were bought back.
- Read the Certificate of Extinguishment of Equity Shares, which has been prepared by the Company pursuant to Regulation 21 read with Regulation 11(iii) of the SEBI Buyback Regulations.
- Read the letters received by the Company from National Securities Depository Ltd. (NSDL) for extinguishment of equity shares of the Company bought back in dematerialized form under the buy-back offer.
- Obtained the transaction statement from the Company's Registrar and compared the number of equity shares extinguished by NSDL as per aforesaid letters with the equity shares debited in the depository account.
- Assessed the Management's evaluation of compliance with section 67, 68 and 69 of the Companies Act, 2013, read with rule 17 of the Companies (share capital and debentures) Amendment Rules, 2016.

Independent Auditors' Report on the Standalone Financial Statements (Contd.)

Key audit matters	How our audit addressed the key audit matter
Accounting for buy-back (as described in Note 13 of the standalone financial statements)	<ul style="list-style-type: none"> Assessed the Management's evaluation of compliance with the provisions of section 115QA of Income-tax Act, 1961. Assessed the adequacy of the disclosures in the financial statements. Obtained necessary representation from the Management.
Accounting for income from government grants (as described in Note 7, 8 and 22 of the standalone financial statements)	<p>The Company recognises various incentives ('Grant income') receivable from the Government as per the relevant schemes, notifications and policies issued from time to time.</p> <p>Recognition of Grant income and assessment of its recoverability is subject to significant judgments arising out of conditions of various schemes and interpretation of various notifications of respective Government authorities. Accordingly, this matter has been determined to be a Key Audit Matter.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Read the relevant schemes, notifications and policies issued by respective Government authorities. Obtained and tested the computation of grant income prepared by Management. Evaluated the Management's assessment regarding compliance with the relevant conditions as specified in the relevant notifications and policies including compliance with relevant accounting standards. Assessed the disclosures in the standalone financial statements for compliance with relevant standards. Obtained Management representation in regard to the recognition and disclosures in respect of the Grant income.

Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Chairman's letter, Management Discussion and Analysis, Business Responsibility and Sustainability Report, Corporate Governance and Directors' Report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

Independent Auditors' Report on the Standalone Financial Statements (Contd.)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditors' Report) Order, 2020 (the 'Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;
 - (g) In our opinion, the managerial remuneration for the year ended 31 March 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

Independent Auditors' Report on the Standalone Financial Statements (Contd.)

- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 35 to the standalone financial statements;
 - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 33 to the standalone financial statements;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - The Management has represented that, to the best of its knowledge and belief and read with note 45(g) to the standalone financial statements,, no funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Company to or in any other person or entity, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - The Management has represented that, to the best of its knowledge and belief and read with note 45(h) to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - Based on such audit procedures performed that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - The final dividend proposed by the Board of Directors for the year ended 31 March 2022 and paid during the current year by the Company is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
As stated in note 34(b) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2023, which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
 - As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. 1 April 2023, reporting under this clause is not applicable.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 089802
UDIN: 23089802BGYPVU5960
Pune: 25 April 2023

Annexure 1 to Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date to the members of Bajaj Auto Ltd.

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- i. (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) Property, plant and equipment have been physically verified by Management in accordance with a planned program of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of all immovable properties included in property, plant and equipment; and investment property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its property, plant and equipment or intangible assets during the year ended 31 March 2023. Accordingly, the requirement to report on clause 3(i)(d) of the Order is not applicable to the Company.
- (e) Based on the information and explanations given to us, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, the requirement to report on clause 3(i)(e) of the Order is not applicable to the Company.
- ii. (a) The Management has conducted physical verification of inventory including inventory lying with third parties at reasonable intervals during the year. In our opinion the frequency of verification by Management is reasonable and the coverage and the procedure of such verification by the Management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed during such physical verification.
- (b) Based on the information and explanations given by Management, the Company has not been sanctioned any working capital limits on the basis of security of current assets from banks or financial institutions during any point of time during the year. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

- iii. (a) During the year the Company has provided loans to a subsidiary and employees the details of which are as follows:

Particulars	Loans (₹ in Crore)
Aggregate amount granted during the year	
Subsidiary	100.00
Employees	4.35
Balance outstanding as at Balance Sheet date	
Subsidiary	—
Employees	5.90

Other than the above, the Company has not provided any loans, advances in the nature of loans, stood guarantee or provided security to any other entity.

- (b) During the year the investments made and the terms and conditions of the grant of all loans and advances in the nature of loans to its employees are not prejudicial to the Company's interest. Since, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to any other entity, other than to its employees and its subsidiary, the requirement to report on clause 3(iii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order is not applicable in respect of any entity other than its employees and loan to a subsidiary.
- (c) The Company has granted loans and advances in the nature of loans during the year to its employees and its subsidiary where the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts are regular.

Annexure 1 to Independent Auditors' Report (Contd.)

- (d) In respect of loans and advances in the nature of loans granted to employees and its subsidiary during the year, there are no amounts overdue for more than ninety days. Accordingly, the requirement to report on clause 3(iii)(d) in respect of employees and its subsidiary is not applicable.
- (e) In respect of loans and advances in the nature of loans granted to employees and its subsidiary, there were no amounts which have fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same employees and its subsidiary. Accordingly, the requirement to report on clause 3(iii)(e) in respect of employees and its subsidiary is not applicable.
- (f) In respect of loans and advances in the nature of loans granted to employees and its subsidiary, there were no amounts granted which were either repayable on demand or without specifying any terms or period of repayment. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- iv. The Company has not advanced any loans, guarantees or security to any entity covered by the provisions of section 185 and section 186 of the Companies Act, 2013. Accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company in respect of section 185 and section 186 of the Companies Act, 2013, pertaining to these transactions. In respect of investments made, the Company has complied with the provisions of section 186 of the Companies Act, 2013.
- v. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the products of the Company.
- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues wherever applicable. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues wherever applicable, and which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In Crore)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	327.48	Various years from 2010-11 to 2016-17	Supreme Court
	Excise Duty	1.43	Various years from 1985-86 to 2001-02	High Court
	Excise Duty	1.37	Various years from 1983-84 to 2014-15	Custom Excise and Service Tax Appellate Tribunal
Central Sales Tax Act, 1956 and Sales Tax Act of various States	Excise Duty	0.42	Various years from 1991-92 to 2017-18	Commissioner Appeals
	Sales Tax	0.99	Various years from 1996-97 to 2001-02	High Court
	Sales Tax	83.65	Various years from 2001-02 to 2015-16	Appellate Tribunal
	Sales Tax	0.25	Financial year 2009-10	Appellate Authority
The Income Tax Act, 1961	Sales Tax	50.68	Various years from 1999-00 to 2016-17	Appellate Authority
	Income Tax	502.01	Various years from 2007-08 to 2011-12	Income Tax Appellate Tribunal
	Income Tax	132.65	Various years from 2013-14 to 2020-21	Commissioner of Income-Tax (Appeals)
The Customs Act, 1962	Customs Duty	3.85	Financial year 1984-85 and 1985-86	High Court
	Customs Duty	5.50	Various years from 1977-78 to 2013-14	Assistant Commissioner of Customs
Octroi	Octroi Duty	8.44	Various years from 1988-89 to 2004-05 and from 2012-13 to 2016-17	High Court
	Octroi Duty	4.23	Various years from 1981-82 to 1988-89	District Court

Note: The amounts disclosed above are net of the payments made to the respective authorities where the dispute is pending.

Annexure 1 to Independent Auditors' Report (Contd.)

- viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. (a)/(c) The Company has not defaulted in the repayment of loans (sales-tax deferral) to any lender during the year. Further, the Company did not have any term loans or interest due to any lender during the year. Accordingly, the requirement to report on clause 3(ix)(a) and 3(ix)(c) of the Order is not applicable to the Company.
- (b) Based on the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (d) The Company has not raised any funds on short-term basis during the year. Hence, the requirement to report on clause 3(ix)(d) of the Order is not applicable to the Company.,
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates. The Company did not have any joint ventures during the year. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. The Company did not have any joint venture during the year. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- x. (a) The Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments). Accordingly, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the requirement to report on clause 3(xi)(a) of the Order is not applicable to the Company.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- xii. The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirements to report on clause 3(xii)(a), 3(xii)(b) and 3(xii)(c) of the Order are not applicable to the Company.
- xiii. Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly the requirement to report on clause 3(xv) of the Order is not applicable to the Company.

Annexure 1 to Independent Auditors' Report (Contd.)

xvi. (a)/(b)/(c)

The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Further, the Company is not engaged in any Non-Banking Financial or Housing Finance activities and is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(a), 3 (xvi)(b) and 3(xvi)(c) of the Order is not applicable to the Company.

(d) In our opinion, and according to the information and explanation given to us, in the Group (in accordance with Core Investment Companies (Reserve Bank) Directions, 2016) there are 17 companies forming part of the Group of the Company which are CICs (These are unregistered CICs as per Para 8.1/9.1 of Notification No. RBI/2020-21/24 dated 13 August 2020 of the Reserve Bank of India).

xvii. The Company has not incurred cash losses in the current year and immediately preceding financial year respectively. Accordingly, the requirement to report on clause 3(xvii) of the Order is not applicable to the Company.

xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

xix. On the basis of the financial ratios disclosed in note 42 to the standalone financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013 in compliance with second proviso to sub section 5 of section 135 of the Companies Act, 2013. This matter has been disclosed in note 28 to the standalone financial statements.

(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 28 to the standalone financial statements.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 089802
UDIN: 23089802BGYPVU5960
Pune: 25 April 2023

Annexure 2 to Independent Auditors' Report

Referred to in paragraph 2(f) under the heading 'Report on other legal and regulatory requirements' of our report of even date to the members of Bajaj Auto Ltd.

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the companies act, 2013 (the 'Act')

We have audited the internal financial controls with reference to standalone financial statements of Bajaj Auto Ltd. (the 'Company') as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of internal financial controls with reference to these standalone financial statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure 2 to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 089802
UDIN: 23089802BGYPVU5960
Pune: 25 April 2023

Balance Sheet

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,635.29	1,757.57
Capital work-in-progress	2	81.92	76.82
Investment property	3	50.01	51.13
Intangible assets	4	30.70	25.32
Intangible assets under development	4	–	–
Investments in subsidiaries	5A	1,786.43	1,248.43
Financial assets			
Investments	5B	16,717.53	17,601.20
Trade receivables	10	–	–
Loans	6	2.28	4.57
Other financial assets	7	33.58	61.39
Income tax assets (net)		812.42	749.24
Other non-current assets	8	107.12	351.80
		22,257.28	21,927.47
Current assets			
Inventories	9	1,397.90	1,230.51
Financial assets			
Investments	5B	4,419.37	4,969.13
Trade receivables	10	1,776.12	1,516.38
Cash and cash equivalents	11	219.42	563.97
Other bank balances	12	66.33	24.37
Loans	6	3.62	4.17
Other financial assets	7	470.81	596.26
Other current assets	8	516.84	1,089.68
		8,870.41	9,994.47
		31,127.69	31,921.94

Balance Sheet (Contd.)

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2023	2022
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	282.96	289.37
Other equity	14	25,142.90	26,379.43
		25,425.86	26,668.80
Non-current liabilities			
Financial liabilities			
Sales tax deferral	15	124.23	122.77
Provisions	16	0.87	1.30
Deferred tax liabilities (net)	17	345.15	403.33
Government grant		33.35	36.00
Other non-current liabilities	18	0.19	0.30
		503.79	563.70
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	19	269.41	150.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	19	3,804.47	3,482.54
Other financial liabilities	20	446.92	397.00
Other current liabilities	21	484.90	478.71
Provisions	16	165.95	153.75
Government grant		2.65	2.65
Current tax liabilities (net)		23.74	24.15
		5,198.04	4,689.44
		31,127.69	31,921.94
Summary of significant accounting policies followed by the Company	1		

The accompanying notes are an integral part of the financial statements.

On behalf of the Board of Directors

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Niraj Bajaj
Chairman
(DIN: 00028261)

Rajiv Bajaj
Managing Director
(DIN: 00018262)

Dinesh Thapar
Chief Financial Officer

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 25 April 2023

Dr. J Sridhar
Company Secretary

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Statement of Profit and Loss

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2023	2022
Revenue from contracts with customers		35,359.15	32,135.98
Other operating revenue		1,068.45	1,008.73
Revenue from operations	22	36,427.60	33,144.71
Other income	23	1,181.42	1,209.24
Total income		37,609.02	34,353.95
Expenses			
Cost of raw materials and components consumed		24,009.01	22,169.88
Purchase of traded goods		2,143.85	1,971.98
Changes in inventories of finished goods, work-in-progress and traded goods	24	(98.11)	187.96
Employee benefits expense	25	1,444.90	1,358.80
Finance costs	26	39.48	8.66
Depreciation and amortisation expense	27	282.44	269.17
Other expenses	28	2,406.63	2,210.76
Expenses, included in above items, capitalised		(27.82)	(13.31)
Total expenses		30,200.38	28,163.90
Profit before exceptional items and tax		7,408.64	6,190.05
Exceptional items	29	–	(315.28)
Profit before tax		7,408.64	6,505.33
Tax expense			
Current tax		1,854.82	1,667.11
Deferred tax		(73.78)	(180.65)
Total tax expense	30	1,781.04	1,486.46
Profit for the year		5,627.60	5,018.87

Statement of Profit and Loss (Contd.)

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2023	2022
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(2.11)	17.94
Tax impact on above		0.53	(4.52)
Changes in fair value of FVTOCI equity instruments		337.14	605.59
Tax impact on above		(36.42)	(67.61)
Items that will be reclassified to profit or loss			
Valuation gains/(losses) on derivative hedging instruments		(80.53)	(40.87)
Tax impact on above		20.27	10.29
Other comprehensive income for the year (net of tax)		238.88	520.82
Total comprehensive income for the year		5,866.48	5,539.69
Basic and diluted Earnings per share (in ₹)	31	197.3	173.6
(Nominal value per share ₹ 10)			
Summary of significant accounting policies followed by the Company	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner

Membership Number: 089802

Pune: 25 April 2023

Dinesh Thapar
Chief Financial Officer

Dr. J Sridhar
Company Secretary

On behalf of the Board of Directors

Niraj Bajaj
Chairman
(DIN: 00028261)

Rajiv Bajaj
Managing Director
(DIN: 00018262)

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Statement Of Changes In Equity

A. Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March	
		2023	2022
At the beginning of the year		289.37	289.37
Changes in equity share capital due to prior period errors		—	—
Restated balance at the beginning of the current reporting period		289.37	289.37
Changes in equity share capital during the year		(6.41)	—
At the end of the year	13	282.96	289.37

B. Other equity

(₹ In Crore)

Particulars	Note No.	Reserves and surplus		Other reserves						Total other equity
		General reserve	Retained earnings	Cash flow hedging reserve	Costs of hedging reserve	FVTOCI reserve	Capital redemption reserve	Share based payments reserve	Treasury shares	
Balance as at 31 March 2021	14	5,887.60	18,861.25	148.90	(58.06)	88.43	—	16.91	(32.14)	24,912.89
Profit for the year		—	5,018.87	—	—	—	—	—	—	5,018.87
Recognition of share based payments to employees		—	—	—	—	—	—	15.36	—	15.36
Other comprehensive income (net of tax)		—	13.42	(94.57)	63.99	537.98	—	—	—	520.82
Total comprehensive income for the year ended 31 March 2022		—	5,032.29	(94.57)	63.99	537.98	—	15.36	—	5,555.05
Transactions with owners in their capacity as owners										
Transfer from Retained earnings to General reserve		502.00	(502.00)	—	—	—	—	—	—	—
Treasury shares held by ESOP Trust		—	—	—	—	—	—	—	(37.37)	(37.37)
Final dividend for the year ended 31 March 2021		—	(4,051.14)	—	—	—	—	—	—	(4,051.14)
Balance as at 31 March 2022	14	6,389.60	19,340.40	54.33	5.93	626.41	—	32.27	(69.51)	26,379.43
Profit for the year		—	5,627.60	—	—	—	—	—	—	5,627.60
Recognition of share based payments to employees		—	—	—	—	—	—	29.82	—	29.82
Other comprehensive income (net of tax)		—	(1.58)	(54.33)	(5.93)	300.72	—	—	—	238.88
Total comprehensive income for the year ended 31 March 2023		—	5,626.02	(54.33)	(5.93)	300.72	—	29.82	—	5,896.30
Transactions with owners in their capacity as owners										
Recognition of capital redemption reserve		—	(6.41)	—	—	—	6.41	—	—	—
Treasury shares held by ESOP Trust		—	—	—	—	—	—	—	5.78	5.78
Final dividend for the year ended 31 March 2022		—	(4,051.14)	—	—	—	—	—	—	(4,051.14)
Share buyback and tax thereon		—	(3,087.47)	—	—	—	—	—	—	(3,087.47)
Balance as at 31 March 2023	14	6,389.60	17,821.40	—	—	927.13	6.41	62.09	(63.73)	25,142.90

Note: There are no changes in accounting policies or prior period errors during the current or previous year.

Summary of significant accounting policies followed by the Company 1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi

Partner

Membership Number: 089802

Pune: 25 April 2023

Dinesh Thapar
Chief Financial Officer

Dr. J Sridhar
Company Secretary

On behalf of the Board of Directors

Niraj Bajaj
Chairman
(DIN: 00028261)

Rajiv Bajaj
Managing Director
(DIN: 00018262)

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Statement Of Cash Flows

(₹ In Crore)

For the year ended 31 March

Particulars	2023	2022
I. Operating activities		
Profit before tax	7,408.64	6,505.33
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
i) Depreciation and amortisation expense	282.44	269.17
ii) Loss on property, plant and equipment sold, demolished, discarded and scrapped	14.11	8.88
iii) Provision for doubtful debts and advances	4.79	(4.44)
iv) Share based payment to employees	29.82	15.36
v) Exchange loss/(gain) on cash and cash equivalents	11.39	(3.55)
vi) Exchange loss/(gain) on trade receivables	2.50	2.39
vii) Exchange loss/(gain) on import payables	0.24	3.64
viii) Interest adjustment on Government grant	1.46	1.31
ix) Interest expense	38.02	7.35
	384.77	300.11
Less:		
i) Investment income included in above:		
Interest income on fixed income securities	306.99	275.05
Interest income on fixed deposits	61.05	36.42
Interest income on exchange traded funds	344.56	204.68
Interest income on fixed maturity plans	39.55	388.93
Gain on valuation and realisation of mutual funds measured at fair value through profit or loss	174.53	224.47
Dividend income on other strategic investments	47.25	45.50
Amortisation of premium/discount on acquisition of fixed income securities	(2.00)	(17.67)
	971.93	1,157.38
ii) Government grants	2.65	2.65
iii) Exceptional item - PSI Scheme	-	315.28
iv) Surplus on sale of property, plant and equipment	111.56	21.59
	(1,086.14)	(1,496.90)
	6,707.27	5,308.54
Change in assets and liabilities		
i) (Increase)/decrease in inventories	(167.39)	263.38
ii) (Increase)/decrease in trade receivables	(267.03)	1,202.52
iii) (Increase)/decrease in loans and other assets	655.53	77.19
iv) Increase/(decrease) in liabilities and provisions	502.24	(942.20)
	723.35	600.89
Annuity payments (net) to VRS/Welfare scheme optees	(0.32)	(0.32)
Net cash flow from operating activities before income-tax	7,430.30	5,909.11
Income-tax paid	(1,918.41)	(1,701.54)
Net cash flow from/(used in) operating activities	5,511.89	4,207.57
Carried forward	5,511.89	4,207.57

Statement Of Cash Flows (Contd.)

(₹ In Crore)

		For the year ended 31 March	
Particulars		2023	2022
	Brought forward	5,511.89	4,207.57
II. Investing activities			
i) Investment in subsidiary		(538.00)	(15.17)
ii) Sale of investments		10,792.76	11,526.59
iii) Purchase of investments		(9,339.40)	(11,083.79)
iv) Sale/(purchase) of liquid mutual funds, etc., net		873.85	(209.44)
v) Investment in treasury shares by ESOP trust		5.78	(37.37)
vi) (Increase)/decrease in other bank balances		(41.96)	(2.14)
vii) Purchase of property, plant and equipment (including advances)		(943.31)	(550.67)
viii) Sale proceeds of property plant and equipment		136.90	33.07
ix) Capital expenditure on development of technical know-how		(35.73)	–
		910.89	(338.92)
x) Investment income			
Interest income on fixed income securities		306.99	275.05
Interest income on fixed deposits		61.05	36.42
Dividend income on other strategic investments		47.25	45.50
		415.29	356.97
(Increase)/decrease in interest receivable		7.63	(114.00)
		422.92	242.97
Net cash flow from/(used in) investing activities		1,333.81	(95.95)
	Carried forward	6,845.70	4,111.62

Statement Of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Brought forward	6,845.70	4,111.62
III. Financing activities		
i) Interest expense	(38.02)	(7.35)
ii) Equity share buy-back (incl. tax thereon)	(3,093.88)	–
iii) Dividend, including interim dividend paid	(4,046.96)	(4,048.98)
Net cash flow from/(used in) financing activities	(7,178.86)	(4,056.33)
Net change in cash and cash equivalents	(333.16)	55.29
Cash and cash equivalents at the beginning of the year	563.97	505.13
Add/(Less): Effects of exchange (loss)/gain on cash and cash equivalents	(11.39)	3.55
Cash and cash equivalents at the end of the year [See note 11]	219.42	563.97

As per our report of even date

On behalf of the Board of Directors

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Niraj Bajaj
Chairman
(DIN: 00028261)

Dinesh Thapar
Chief Financial Officer

Rajiv Bajaj
Managing Director
(DIN: 00018262)

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 25 April 2023

Dr. J Sridhar
Company Secretary

Anami N. Roy
Chairman – Audit Committee
(DIN: 01361110)

Notes to standalone financial statements for the year ended 31 March 2023

Corporate information

Bajaj Auto Ltd. (the 'Company') is a company limited by shares, incorporated and domiciled in India. The Company is engaged in the business of development, manufacturing and distribution of automobiles such as motorcycles, commercial vehicles, electric two-wheelers etc. and parts thereof. The Company sells its products in India as well as in various other global markets. The registered office of the Company is located at Mumbai-Pune Road, Akurdi, Pune 411035.

The standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company on 25 April 2023.

1 Summary of significant accounting policies followed by the Company

Basis of preparation

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Act, on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities (including derivative instruments) that are measured at fair value or amortised book value.

The financial statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

All assets and liabilities, other than deferred tax assets and liabilities, have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Act. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for current and non-current classification of assets and liabilities.

Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Use of estimates, judgments and assumptions

Estimates and assumptions used in the preparation of these financial statements and disclosures made therein are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date. The following are items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates is included in the relevant notes together with information about basis of calculation for each affected line item in the financial statements:

- Estimation of fair value of derivative instruments
- Estimation of variable considerations in revenue
- Provision for warranties
- Provision for employee benefits
- Provision for tax expenses
- Residual value and useful life of property, plant and equipment, intangible assets
- Valuation of investments
- Inventory provisioning
- Provision for bad and doubtful debts

2 Revenue from contracts with customers

Revenue is recognised when control of goods (vehicles or parts) and services have been transferred to the customer; at an amount that reflects the consideration which the Company expects to be entitled in exchange for those goods or services. The timing of when the company transfers the goods or provide services may differ from the timing of the customer's payment. Amounts disclosed as revenue are net of goods and service tax (GST).

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below (in respect of freight), because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided below:

Sale of Goods (vehicles or parts)

The Company has determined that our customers from the sale of goods are generally dealers and distributors. Transfer of control, and therefore revenue recognition, generally corresponds to the date when the goods are made available to the customer, or when the goods are released to the carrier responsible for transporting them to the customer in the following manner:

- Domestic sales are recognised at the time of dispatch from the point of sale;
- Export sales are recognised on the date when shipped on board as per terms of sale and are initially recorded at the relevant exchange rates prevailing on the date of the transaction

Generally, Company does not offer any specific credit period to its customer. All invoices are due immediately after billing.

The nature of contracts of the Company are such that no material part performance obligations would remain unfulfilled at the end of any accounting period.

Variable consideration

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method.

Consideration payable to the customer

Consideration payable to a customer includes cash amounts that the Company pays, or expects to pay, to the customer. The consideration payable to a customer is accounted for as a reduction of the revenue.

Warranty obligations

The Company provides warranties for general repairs of defects as per terms of the contract with ultimate customers. These warranties are considered as assurance type warranties and are accounted for under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets.

Financing component

Generally, the Company receives short term advances from its customers. The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Principal versus agent consideration in respect of freight

The Company, on behalf of its customers (dealers and distributors), dispatches goods to agreed locations for an agreed fee. The Company has determined that the performance obligation of the Company is to arrange for those goods and services (Company is an agent) to the dealers and hence the amount charged to the customer offset by freight charges paid to the freight service providers is shown as revenue and disclosed as other operating income or other operating expenses, depending upon the results of the offsetting.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy no. 6 Financial instruments – initial measurement and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Refund liabilities

A refund liability is the obligation to refund some or all the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

3 Property, plant and equipment and depreciation/amortisation

A. Property, plant and equipment

- i) Capital work in progress, property, plant and equipment except land are carried at historical cost of acquisition, construction or manufacturing, as the case may be, less accumulated depreciation and amortisation. Freehold land is carried at cost of acquisition.
- ii) Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing part of the plant and equipment, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.
- iii) Costs incurred to manufacture/construct property, plant and equipment are reduced from the total expense under the head 'Expenses, included in above items, capitalised' in the Statement of Profit and Loss.
- iv) Land and buildings acquired/constructed, not intended to be used in the operations of the Company and held for earning long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, are categorised as investment property.
- v) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.
- vi) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at regular intervals and adjusted prospectively, if appropriate.

B. Depreciation and amortisation methods, estimated useful lives and residual value

(a) Leasehold land

Premium on leasehold land is amortised over the period of lease.

(b) Other tangible assets

- i. a. Depreciation is provided on a pro rata basis on straight line method to allocate the cost, net of residual value over the estimated useful lives of the assets.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

- b. Where a significant component (in terms of cost) of an asset has an estimated economic useful life shorter than that of its corresponding asset, the component is depreciated over its shorter life.
- c. The Company, based on technical assessment made by technical expert and Management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
- ii. Assets which are depreciated over useful life/residual value different than those indicated by Schedule II are as under:

Asset class	As per Schedule II	Useful life
Aircraft	20 years	10 years
PDC Dies	8 years	3 years

- iii. Depreciation on additions is being provided on pro rata basis from the month of such additions.
- iv. Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.

4 Intangible assets

A. Technical know-how acquired

Technical know-how acquired is stated at acquisition cost less accumulated amortisation and impairment losses, if any. Acquired technical know-how is amortised equally over a period of estimated useful life

B. Technical know-how developed by the Company

- i) Expenditure incurred by the Company on development of know-how researched, is recognised as an intangible asset, if and only if the future economic benefits attributable to the use of such know-how are probable to flow to the Company and the costs/expenditure can be measured reliably.
- ii) Costs incurred to develop an intangible asset are reduced from total expenses and disclosed under the head 'Expenses, included in above items, capitalised' in the Statement of Profit and Loss.
- iii) The cost of technical know-how developed is amortised equally over its estimated useful life i.e. generally three years from the date of commencement of commercial production.

C. Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

5 Investment property

Property which is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed when incurred.

Depreciation on investment property is provided on a pro rata basis on straight line method over the estimated useful lives. Useful life of assets, as assessed by the Management, corresponds to those prescribed by Schedule II- Part 'C' of the Companies Act, 2013.

6 Investments and financial assets

A. Investment in subsidiaries

Interest in subsidiaries are recognised at cost. Cost represents amount paid for acquisition of the said investments.

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

B. Other investments and financial assets

(i) Classification

The company classifies its financial assets at initial recognition in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as 'measured at fair value', gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For assets classified as 'measured at amortised cost', this will depend on the business model and contractual terms of the cash flows.

(ii) Measurement

Initial Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

At initial recognition, the Company measures a financial asset at its fair value including, in the case of 'a financial asset not at FVTPL', transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 'FVTPL' are expensed in the Statement of Profit and Loss, when incurred.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer accounting policy no.2 'Revenue from contracts with customers'.

For a financial asset to be classified and subsequently measured at amortised cost or FVTOCI (excluding equity instruments which are measured at FVTOCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent Measurement

Subsequent measurement of financial assets depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Company classifies its financial instruments:

Subsequently measured at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost e.g. debentures, bonds, fixed maturity plans, trade receivables etc.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest income from trade receivables is included in other operating income in the Statement of Profit and Loss; whilst interest income from the remaining financial assets is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. A gain or loss on a financial asset that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired.

In case of fixed maturity plans (FMP), they are measured at amortised cost, if the Company intends to hold the FMPs to maturity. Further, the Company applies amortised cost for those FMPs where the Company is able to demonstrate that the underlying instruments in the portfolio would fulfill the SPPI test and the churn in the underlying portfolio is negligible. These conditions are assessed at each Balance Sheet date. If these conditions are not fulfilled, then FMPs are valued at FVTPL.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view, such strategy mitigates intermittent price volatility in open ended target maturity funds' underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla INR bonds with fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company believes that the investments in open ended target maturity funds meet the requirements of SPPI test as per the requirements of Ind AS 109.

Subsequently measured at FVTOCI:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading, if any, are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Subsequently measured at FVTPL:

Financial assets that do not meet the criteria for amortised cost and FVTOCI are measured at fair value through profit or loss e.g. investments in mutual funds. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated investments in mutual funds (other than FMP) as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

iii. Impairment of financial assets

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost for e.g., debt securities, deposits, trade receivables and bank balances; and lease receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk and if so, assess the need to provide for the same in the Statement of Profit and Loss.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and all lease receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit losses (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument over the expected life of the financial instrument.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost, revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments based on shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

iv. Derecognition of financial assets

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset or the rights to receive cash flows from the financial asset have expired. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

v. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The Company applies amortised cost, where it has ability to demonstrate that the underlying instruments in the portfolio fulfill the solely payments of principal and interest ('SPPI') test and the churn in the portfolio is negligible.

7 Derivative and hedging activities

The Company uses derivative financial instruments such as range forward and par forward currency contracts to hedge its foreign currency risks. Such derivative instruments are initially recognised at fair value on the date at which the derivative contract is entered and are subsequently re-measured at fair value as at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

The Company documents its risk management objectives and strategy for undertaking various hedge transactions. In terms thereof, the company designates their derivatives as hedges of foreign exchange risks associated with the cash flow of highly probable forecast transactions (viz. export sales).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than or equal to 12 months.

Cash flow hedges that qualify for hedge accounting –

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

For hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

When forward contracts are used to hedge forecast transactions, the Company designates them in entirety as the hedging instrument. Any gains or losses arising from changes in the fair value for the effective portion of cash flow hedges is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

Where option contracts are used to hedge forecast transactions, the Company designates intrinsic value of the option contract as hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contract are recognised in the 'Cash flow hedging reserve' within equity. The changes in time value of the option contracts that relate to the hedged items are recognised through other comprehensive income in 'Costs of hedging reserve' within equity.

When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Profit and Loss. When a hedging instrument is unexercised and expires, the cumulative gain or loss is reversed within equity with the corresponding effect to the hedge receivable/payable.

If the hedge ratio for risk management is no longer optimal, but risk management objectives remain unchanged and hedge continues to qualify for hedge accounting, the hedge relationships are re-balanced so that the hedge ratio aligns. Consequently, hedge ineffectiveness is computed and accounted for in the Statement of Profit and Loss immediately.

8 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units).

9 Foreign currency transactions

- i) Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency').
- ii) On initial recognition, all foreign currency transactions are recorded at the foreign exchange rate on the date of the transaction.
- iii) Monetary assets and liabilities in foreign currency outstanding at the close of the financial year are revalued at the appropriate exchange rates prevailing at the close of the year.
- iv) The gain or loss on decrease/increase in reporting currency due to fluctuations in foreign exchange rates, in case of monetary assets and liabilities in foreign currency, are recognised in the Statement of Profit and Loss.
- v) Fixed assets purchased at liaison offices in foreign exchange are recorded at their historical cost computed with reference to the average rate of foreign exchange remitted to the liaison office.
- vi) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- vii) In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

10 Inventories

Cost of inventories have been computed to include all costs of purchases (including materials), cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- i) Finished stocks of vehicles and auto spare parts and stocks of work-in-progress are valued at cost of manufacturing or net realisable value whichever is lower. Cost is calculated on a weighted average basis.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

- ii) Stores, packing materials and tools are valued at cost arrived at on a weighted average basis or net realisable value, whichever is lower.
- iii) Raw materials and components are valued at cost arrived at on a weighted average basis or net realisable value, whichever is lower.
- iv) Inventory of machinery spares and maintenance materials not being material are expensed in the year of purchase.
- v) Goods in transit are stated at actual cost incurred up to the date of Balance Sheet.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

11 Employee benefits

a) Privilege leave entitlements

Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, subject to terms and conditions of the scheme, the liability is recognised based on an independent actuarial valuation.

They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

b) Gratuity

Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully covers the same under Cash Accumulation Policy and Debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the liability based on an independent actuarial valuation is recognised as a liability.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method in conformity with the principles and manner of computation specified in Ind AS 19.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

c) Superannuation

Defined contribution to superannuation fund is being made as per the scheme of the Company and recognised as expense as and when due.

d) Provident fund contributions

are made to Company's Provident Fund Trust. The contributions are accounted for as defined benefit plans and the contributions are recognised as employee benefit expense when they are due. Deficits, if any, of the fund as compared to liability based on an independent actuarial valuation is to be additionally contributed by the Company and hence recognised as a liability.

e) Defined contribution to Employees Pension Scheme 1995

is made to Government Provident Fund Authority and recognised as expense as and when due.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

12 Taxation

- Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961; and the Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
- Deferred tax is provided using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

13 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources is remote, no provision or disclosure is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

14 Leases including investment properties

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

a) Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to note 1 clause 8 for accounting policies on impairment of non-financial assets.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

c) Short term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces and certain equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

15 Government grant

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

Government grants in the nature of export incentives are accounted for in the period of export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are reasonably expected to be fulfilled.

When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a Government grant. The loan or assistance is initially recognised and measured at fair value and the Government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

16 Dividends

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

17 Cash and cash equivalents

For presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Core Management Committee which includes the Managing Director who is the Chief Operating Decision Maker. The Core Management Committee examines performance both from a product as well as from a geographical perspective and has identified two operative reportable segments from which significant risks and rewards are derived viz. Automotive business and Investments.

20 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each Balance Sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company has set policies and procedures for both recurring and non-recurring fair value measurement of financial assets, which includes valuation techniques and inputs to use for each case.

For fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 1 clause 1)
- Quantitative disclosures of fair value measurement hierarchy (note 32)
- Investment properties (note 3)
- Financial instruments (including those carried at amortised cost) (note 32)

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Company (Contd.)

21 Other Income

a) Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, and it is probable that the economic benefits associated with the dividend will flow to the Company and that the amount of the dividend can be measured reliably.

b) Other income

The Company recognises income on accrual basis. However, where the ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent revenue is reasonably certain and can be reliably measured.

22 Employee stock options

Certain employees (including senior executives) of the Company receive part of their remuneration in the form of employee stock options (ESOP).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in note 43.

That cost is recognised, together with a corresponding increase in share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of ESOPs, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an ESOP, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an ESOP and lead to an immediate expensing of an ESOP unless there are also service and/or performance conditions.

No expense is recognised for ESOPs that do not ultimately vest because non-market performance and/or service conditions have not been met. Where ESOPs include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

23 Treasury shares

The Company has created an ESOP Trust (the 'Trust') for providing share-based payment to its employees. The Company uses the Trust as a vehicle for distributing shares to employees under the Employee Stock Option Scheme. The Trust purchase shares of the Company from the market, for giving shares to employees. The Company treats Trust as its extension and shares held by the Trust are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Share options exercised during the reporting period are settled with treasury shares.

24 Changes in accounting policies and disclosures

New and amended standards

Several amendments and interpretations apply for the first time in March 2023, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

2 Property, plant and equipment

Current year

(₹ In Crore)									
Particulars	Gross block (a)				Depreciation			Net block	
	As at 1 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 1 April 2022	Deductions	For the year (b)	As at 31 March 2023	As at 31 March 2023
Land freehold	19.97	–	–	19.97	–	–	–	–	19.97
Land leasehold (Right-of-use assets)	152.41	–	1.98	150.43	–	–	–	–	150.43
Buildings	979.94	301.32	–	1,281.26	382.27	–	23.57	405.84	875.42
Waterpumps, reservoirs and mains	17.79	0.04	–	17.83	15.06	–	0.33	15.39	2.44
Plant and machinery	1,296.05	147.49	17.83	1,425.71	1,032.69	11.84	55.64	1,076.49	349.22
Computers and IT Equipment	83.42	7.44	7.38	83.48	76.94	7.38	3.87	73.43	10.05
Dies and jigs	741.07	120.69	6.56	855.20	475.31	6.43	74.72	543.60	311.60
Electric installations	75.04	8.25	–	83.29	72.67	–	1.16	73.83	9.46
Factory equipment	458.81	37.84	0.82	495.83	269.83	0.78	25.64	294.69	201.14
Furniture	46.54	1.01	0.13	47.42	31.88	0.13	3.31	35.06	12.36
Office equipment	56.89	3.24	0.14	59.99	42.06	0.14	3.84	45.76	14.23
Electric fittings	36.89	2.18	0.17	38.90	28.23	0.17	1.72	29.78	9.12
Vehicles and aircraft	501.18	538.64	295.62	744.20	281.49	262.33	55.19	74.35	669.85
Total	4,466.00	1,168.14	330.63	5,303.51	2,708.43	289.20	248.99	2,668.22	2,635.29
Capital work-in-progress	76.82	81.67	76.57	81.92	–	–	–	–	81.92

(a) At cost, except leasehold land which is at cost, less amounts written off.

(b) Refer note 1 clause 3 of summary of significant accounting policies.

(c) No revaluation has been done during the year with respect to property, plant and equipment.

(d) No assets acquired or transferred as part of business combination.

Ageing Schedule for Capital work-in-progress

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	81.28	0.64	–	–	81.92
Projects temporarily suspended	–	–	–	–	–
Total	81.28	0.64	–	–	81.92

There are no delayed and overrun projects.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

2 Property, plant and equipment (Contd.)

Previous year

(₹ In Crore)									
Particulars	Gross block (a)				Depreciation			Net block	
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions	For the year (b)	As at 31 March 2022	As at 31 March 2022
Land freehold	19.97	–	–	19.97	–	–	–	–	19.97
Land leasehold (Right-of-use assets)	47.28	107.11	1.98	152.41	–	–	–	–	152.41
Buildings	976.00	4.30	0.36	979.94	360.79	0.22	21.70	382.27	597.67
Waterpumps, reservoirs and mains	17.74	0.05	–	17.79	14.30	–	0.76	15.06	2.73
Plant and machinery	1,368.53	27.35	99.83	1,296.05	1,064.25	89.08	57.52	1,032.69	263.36
Computers and IT Equipment	84.01	4.67	5.26	83.42	78.32	5.26	3.88	76.94	6.48
Dies and jigs	661.18	83.21	3.32	741.07	401.97	3.13	76.47	475.31	265.76
Electric installations	74.30	0.74	–	75.04	71.44	–	1.23	72.67	2.37
Factory equipment	439.28	21.29	1.76	458.81	244.02	1.60	27.41	269.83	188.98
Furniture	44.35	2.27	0.08	46.54	28.69	0.08	3.27	31.88	14.66
Office equipment	53.13	3.95	0.19	56.89	38.69	0.19	3.56	42.06	14.83
Electric fittings	36.81	0.33	0.25	36.89	26.69	0.25	1.79	28.23	8.66
Vehicles and aircraft	356.50	203.35	58.67	501.18	284.59	49.55	46.45	281.49	219.69
Total	4,179.08	458.62	171.70	4,466.00	2,613.75	149.36	244.04	2,708.43	1,757.57
Capital work-in-progress	15.98	73.61	12.77	76.82	–	–	–	–	76.82

(a) At cost, except leasehold land which is at cost, less amounts written off.

(b) Refer note 1 clause 3 of summary of significant accounting policies.

(c) No revaluation has been done during the year with respect to property, plant and equipment.

(d) No assets acquired or transferred as part of business combination.

Ageing Schedule for Capital work-in-progress

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	74.55	0.34	–	1.93	76.82
Projects temporarily suspended	–	–	–	–	–
Total	74.55	0.34	–	1.93	76.82

There are no delayed and overrun projects.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

3 Investment property

(₹ In Crore)		
As at 31 March		
Particulars	2023	2022
Gross carrying amount		
Opening balance	69.66	69.66
Additions	—	—
Closing balance	69.66	69.66
Accumulated depreciation		
Opening balance	18.53	17.36
Depreciation charge	1.12	1.17
Closing balance	19.65	18.53
Net carrying amount	50.01	51.13

i) Amounts recognised in the Statement of profit and loss for investment properties

(₹ In Crore)		
For the year ended 31 March		
Particulars	2023	2022
Rental income	14.59	12.08
Direct operating expenses from property that generated rental income	(1.01)	(0.21)
Direct operating expenses from property that did not generate rental income	—	—
Profit from investment properties before depreciation	13.58	11.87
Depreciation	(1.12)	(1.17)
Profit from investment property	12.46	10.70

ii) Contractual obligations

The Company has no restrictions on the realisability of its investment property. There are no contractual obligations to purchase, construct or develop investment property as at the year end.

iii) Leasing arrangements

Investment property is leased out to various tenants under operating leases. Disclosure on future rent receivable is included in Note 40.

iv) Fair value

(₹ In Crore)		
As at 31 March		
Particulars	2023	2022
Investment property	223.09	223.03

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Company are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer, as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules 2017, and consequently classified as a level 2 valuation.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

4 Intangible assets

Current year

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 1 April 2022	Deductions	For the year	As at 31 March 2023	As at 31 March 2023
Intangible assets									
Technical know-how developed/acquired	95.56	35.73	-	131.29	70.24	-	30.35	100.59	30.70
Total intangible assets	95.56	35.73	-	131.29	70.24	-	30.35	100.59	30.70
Intangible assets under development	-	-	-	-	-	-	-	-	-

(a) No revaluation has been done during the year with respect to intangible assets.

4 Intangible assets

Previous year

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions	For the year	As at 31 March 2022	As at 31 March 2022
Intangible assets									
Technical know-how developed/acquired	95.56	-	-	95.56	48.26	-	21.98	70.24	25.32
Total intangible assets	95.56	-	-	95.56	48.26	-	21.98	70.24	25.32
Intangible assets under development	-	-	-	-	-	-	-	-	-

(a) No revaluation has been done during the year with respect to intangible assets.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

5 Investments

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
(A) Investment in subsidiaries				
Investment carried at cost				
In subsidiaries				
Unquoted:				
1,980,000 (1,980,000) Equity Shares of Euro 100 each in Bajaj Auto International Holding BV Amsterdam, Netherlands	1,218.72	1,218.72	–	–
449,997 (449,997) Equity Shares of Thai Baht 100 each in Bajaj Auto (Thailand) Ltd	10.54	10.54	–	–
411,875 (411,875) Equity Shares of USD 3 each in PT Bajaj Auto Indonesia	6.17	6.17	–	–
Less: Provision for diminution in the value of investment	2.17	2.17	–	–
	4.00	4.00	–	–
470,000,000 (5,000,000) Equity Shares of ₹ 10 each in Chetak Technology Ltd.	470.00	5.00		
30,000,000 (–) Equity Shares of Reais 1 each in Bajaj Do Brasil Comercio De Motocicletas Ltda	48.00	–		
30,000,000 (5,000,000) Equity Shares of ₹ 10 each in Bajaj Auto Consumer Finance Ltd.	30.00	5.00		
6,000 (6,000) Equity Shares of Euro 100 each in Bajaj Auto Spain S.L.U.	5.17	5.17		
Total (A)	1,786.43	1,248.43	–	–
(B) Other Investments				
Investment carried at Fair Value through OCI				
In Equities:				
Quoted:				
3,500,000 (3,500,000) Equity Shares of ₹ 10 each in Bajaj Holdings & Investments Ltd.	2,072.04	1,753.87	–	–
Unquoted:				
20,576 (17,495) Compulsorily Convertible Preference Shares of ₹ 100 each in Yulu Bikes Private Ltd.	202.90	144.21	–	–
100 (–) Equity Shares of ₹ 1 each in Yulu Bikes Private Ltd.	0.08	–	–	–
Fair value	2,275.02	1,898.08	–	–
Investment carried at amortised cost				
In Bonds and debentures:				
Quoted:				
500 (500) 8.30% Rural Electrification Corporation Ltd. of ₹ 1,000,000 each	52.22	53.23	–	–
Carried over	52.22	53.23	–	–
Carried over	2,275.02	1,898.08	–	–

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Brought over	2,275.02	1,898.08	–	–
In Bonds and debentures: (Contd.)				
Quoted: (Contd.)				
Brought over	52.22	53.23	–	–
300 (300) 8.11% Rural Electrification Corporation Ltd. of ₹ 1,000,000 each	31.49	32.03	–	–
1,350 (1,350) 5.85% Rural Electrification Corporation Ltd. of ₹ 1,000,000 each	135.04	135.08	–	–
3,000 (3,000) 6.80% Rural Electrification Corporation Ltd. of ₹ 1,000,000 each	–	307.10	301.46	–
1,650 (1,650) 6.92% Rural Electrification Corporation Ltd. of ₹ 1,000,000 each	–	168.65	165.16	–
1,500 (1,500) 6.50% Power Finance Corporation Ltd. of ₹ 1,000,000 each	152.08	152.89	–	–
500 (500) 7.04% Power Finance Corporation Ltd. of ₹ 1,000,000 each	–	51.17	50.04	–
3,100 (3,100) 6.72% Power Finance Corporation Ltd. of ₹ 1,000,000 each	–	316.30	310.93	–
2,500 (2,500) 6.75% Power Finance Corporation Ltd. of ₹ 1,000,000 each	–	254.95	250.55	–
500 (500) 8.18% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	53.46	53.95	–	–
1,750 (1,750) 8.24% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	188.81	190.65	–	–
4,550 (4,550) 7.43% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	477.45	480.01	–	–
700 (700) 7.10% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	72.76	73.08	–	–
600 (600) 6.87% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	61.09	61.21	–	–
2,800 (2,800) 6.39% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	277.58	277.36	–	–
750 (750) 6.42% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	73.58	73.38	–	–
250 (250) 6.44% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	24.59	24.54	–	–
1,900 (1,900) 6.49% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	189.56	189.38	–	–
100 (100) 6.50% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	–	10.19	10.00	–
250 (250) 6.72% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	–	25.52	25.01	–
250 (250) 6.85% National Bank for Agriculture and Rural Development of ₹ 1,000,000 each	25.17	25.19	–	–
Carried over	1,814.88	2,955.86	1,113.15	–
Carried over	2,275.02	1,898.08	–	–

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Brought over	2,275.02	1,898.08	–	–
In Bonds and debentures: (Contd.)				
Quoted: (Contd.)				
Brought over	1,814.88	2,955.86	1,113.15	–
5,000 (5,000) 5.05% Bajaj Finance Ltd. of ₹ 1,000,000 each	–	499.94	499.88	–
1,250 (1,250) 7.20% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	127.93	125.07	–
– (2,500) 5.30% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	250.93
Amortised cost	1,814.88	3,583.73	1,738.10	250.93
In Government Bonds and securities:				
Quoted:				
5,000,000 (5,000,000) 8.03% Gujarat State Development Loan of ₹ 100 each	52.61	53.80	–	–
26,500,000 (26,500,000) 7.89% Gujarat State Development Loan of ₹ 100 each	278.53	284.42	–	–
10,000,000 (10,000,000) 6.49% Gujarat State Development Loan of ₹ 100 each	100.30	100.34	–	–
5,000,000 (5,000,000) 6.57% Gujarat State Development Loan of ₹ 100 each	50.13	50.14	–	–
7,464,200 (7,464,200) 7.77% Gujarat State Development Loan of ₹ 100 each	–	77.48	75.15	–
1,000,000 (1,000,000) 7.98% Karnataka State Development Loan of ₹ 100 each	10.60	10.82	–	–
10,000,000 (10,000,000) 6.53% Karnataka State Development Loan of ₹ 100 each	100.33	100.36	–	–
4,150,000 (4,150,000) 6.54% Karnataka State Development Loan of ₹ 100 each	41.55	41.55	–	–
7,500,000 (7,500,000) 6.96% Karnataka State Development Loan of ₹ 100 each	75.54	75.59	–	–
1,000,000 (1,000,000) 8.15% Maharashtra State Development Loan of ₹ 100 each	10.68	10.90	–	–
5,000,000 (5,000,000) 7.95% Maharashtra State Development Loan of ₹ 100 each	–	52.07	50.43	–
Amortised cost	720.27	857.47	125.58	–
In Certificate of Deposit:				
Unquoted:				
5,500 (–) Certificate of Deposit of ₹ 500,000 each of Axis Bank – 23.11.2023	–	–	261.93	–
2,000 (–) Certificate of Deposit of ₹ 500,000 each of Axis Bank – 29.11.2023	–	–	95.15	–
Carried over	–	–	357.08	–
Carried over	4,810.17	6,339.28	1,863.68	250.93

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Brought over	4,810.17	6,339.28	1,863.68	250.93
In Certificate of Deposit: (Contd.)				
Unquoted: (Contd.)				
Brought over	–	–	357.08	–
3,000 (–) Certificate of Deposit of ₹ 500,000 each of Bank of Baroda – 15.11.2023	–	–	143.16	–
4,000 (–) Certificate of Deposit of ₹ 500,000 each of Bank of Baroda – 30.11.2023	–	–	190.28	–
2,000 (–) Certificate of Deposit of ₹ 500,000 each of ICICI Bank – 30.11.2023	–	–	95.14	–
7,500 (–) Certificate of Deposit of ₹ 500,000 each of ICICI Bank – 17.11.2023	–	–	357.75	–
Amortised cost	–	–	1,143.41	–
In Fixed Deposits:				
Unquoted:				
– 5.25% HDFC Ltd. Fixed Deposit	–	500.00	–	–
– 5.30% HDFC Ltd. Fixed Deposit	–	500.00	–	–
– 5.25% HDFC Ltd. Fixed Deposit	–	115.00	–	–
– 7.55% HDFC Ltd. Fixed Deposit	–	–	300.00	–
– 7.55% HDFC Ltd. Fixed Deposit	–	–	200.00	–
– 7.90% HDFC Ltd. Fixed Deposit	–	–	400.00	–
– 7.55% Bajaj Finance Ltd. Fixed Deposit	–	–	300.00	–
– 7.90% Bajaj Finance Ltd. Fixed Deposit	–	–	200.00	–
Amortised cost	–	1,115.00	1,400.00	–
In Fixed maturity plans				
Unquoted:				
44,000,000 (604,182,600) Units of Aditya Birla Sun Life Fixed Term Plan Direct Growth	46.79	44.06	–	736.77
– (10,000,000) Units of DSP Fixed Maturity Plan Direct Growth	–	–	–	12.72
– (625,557) Units of PGIM India Fixed Maturity Fund Direct Plan Growth	–	–	–	85.26
50,000,000 (468,000,000) Units of HDFC Fixed Maturity Plan	53.20	50.19	–	542.19
10,000,000 (471,000,000) Units of ICICI – Prudential Fixed Maturity Plan	–	11.51	12.28	615.44
74,996,250 (684,996,250) Units of Kotak Fixed Maturity Plan Growth	82.43	77.80	–	798.90
– (105,000,000) Units of HSBC Fixed Maturity Plan Direct Growth	–	–	–	139.31
Carried over	182.42	183.56	12.28	2,930.59
Carried over	4,810.17	7,454.28	4,407.09	250.93

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Brought over	4,810.17	7,454.28	4,407.09	250.93
In Fixed maturity plans (Contd.)				
Unquoted: (Contd.)				
Brought over	182.42	183.56	12.28	2,930.59
74,996,250 (489,996,250) Units of Nippon India Fixed Horizon Fund Growth	81.42	76.76	–	550.80
– (40,000,000) Units of Invesco Fixed Maturity Plan Direct Growth	–	–	–	53.05
484,996,250 (749,996,250) Units of SBI Debt Fund Direct Plan Growth	523.90	494.79	–	342.56
– (10,000,000) Units of Tata Fixed Maturity Plan Growth	–	–	–	13.12
– (10,000,000) Units of UTI Fixed Maturity Plan Growth	–	–	–	13.53
Amortised cost	787.74	755.11	12.28	3,903.65
In Exchange Traded Funds				
Quoted:				
8,724,846 (8,724,846) Bharat Bond ETF April 2025	1,005.69	953.97	–	–
15,940,436 (15,940,436) Bharat Bond ETF – April 2030	2,063.50	1,934.05	–	–
3,565,094 (3,565,094) Bharat Bond ETF – April 2031	413.72	387.70	–	–
4,282,638 (4,282,638) Bharat Bond ETF – April 2032	463.19	433.31	–	–
13,695,640 (13,695,640) Nippon India ETF Nifty CPSE Bond Plus SDL – 2024 Maturity	157.64	150.01	–	–
43,000,000 (43,000,000) Nippon India ETF Nifty SDL – April 2026	493.71	466.70	–	–
205,847,653 (64,996,750) Nippon India Nifty AAA CPSE Bond Plus SDL Apr 2027 Maturity 60:40 Index Fund	214.16	65.08	–	–
48,828,497 (–) Nippon India Nifty SDL Plus G–Sec Jun 2028 70:30 Index Fund	50.02	–	–	–
263,770,566 (263,770,566) Aditya Birla Sun Life Nifty SDL Plus PSU Bond Sep 2026 60:40 Index Fund	285.04	269.26	–	–
166,093,651 (166,093,651) Aditya Birla Sun Life Nifty SDL Apr 2027 Index Fund	178.14	167.84	–	–
226,004,362 (100,000,000) Aditya Birla Sun Life Crisil SDL Plus AAA PSU Apr 2027 60:40 Index Fund	236.38	100.05	–	–
76,795,997 (–) Aditya Birla Sun Life Crisil IBX 50:50 GILT Plus SDL Apr 2028 Index Fund	80.04	–	–	–
113,891,937 (113,891,937) Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund	121.58	114.44	–	–
20,000,000 (20,000,000) Kotak Nifty SDL Apr 2032 Top 12 Equal Weight Index Fund	21.58	20.18	–	–
48,396,620 (–) Kotak Nifty SDL Plus AAA PSU Bond Jul 2028 60:40 Index Fund	50.03	–	–	–
Carried over	5,834.42	5,062.59	–	–
Carried over	5,597.91	8,209.39	4,419.37	4,154.58

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Brought over	5,597.91	8,209.39	4,419.37	4,154.58
In Exchange Traded Funds (Contd.)				
Quoted: (Contd.)				
Brought over	5,834.42	5,062.59	–	–
298,359,352 (298,359,352) SBI CPSE Bond Plus SDL Sep 2026 50:50 Index Fund	320.04	302.05	–	–
183,849,514 (87,162,962) Axis Crisil SDL 2027 Debt Index Fund	192.58	87.13	–	–
192,038,100 (–) HSBC Crisil IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund	200.11	–	–	–
191,980,955 (–) DSP Nifty SDL Plus G–Sec Jun 2028 30:70 Index Fund	200.11	–	–	–
81,937,188 (–) ICICI Prudential Nifty SDL Dec 2028 Index Fund	85.05	–	–	–
63,868,446 (63,868,446) ICICI Prudential Nifty SDL Sep 2027 Index Fund	68.06	64.04	–	–
Amortised cost	6,900.37	5,515.81	–	–
Investment carried at fair value through profit or loss				
In Short-term Funds				
Quoted:				
34,631,684 (34,631,684) Units of DSP Banking and PSU Debt Fund – Direct Plan – Growth	72.11	69.17	–	–
673,225,624 (341,788,061) Units of Bandhan Corporate Bond Fund – Direct Plan–Growth (erstwhile IDFC Corporate Bond Fund–Direct Plan–Growth)	1,117.70	548.23	–	–
14,296,498 (14,296,498) Units of Bandhan Super Saver Income Fund – Short Term–Direct Plan–Growth (erstwhile IDFC Bond Fund–Direct Plan–Growth)	72.96	70.05	–	–
117,182,739 (–) Units of Bandhan Banking and PSU Debt Fund – Direct Plan – Growth (erstwhile IDFC Banking and PSU Debt Fund – Direct Plan – Growth)	250.22	–	–	–
30,603,467 (30,603,467) Units of Kotak Bond Short Term Plan–Direct Plan – Growth	146.05	139.84	–	–
30,779,648 (30,779,648) Units of HSBC Short Duration Fund – Direct Plan– Growth	72.34	69.60	–	–
122,864,287 (92,496,457) Units of Nippon India Floating Rate Fund – Short Term–Direct Plan – Growth	485.50	349.12	–	–
146,141,389 (146,141,389) Units of ICICI Prudential Income Opportunities Fund – Direct Plan–Growth	512.01	486.23	–	–
449,031,864 (449,031,864) Units of HDFC Medium Term Opportunities Fund – Direct Plan–Growth	1,240.19	1,189.10	–	–
– (47,617,832) Units of Sundaram Banking and PSU Debt Fund – Direct Plan– Growth	–	168.27	–	–
116,201,242 (–) Units of HSBC Banking and PSU Debt Fund – Direct Plan– Growth	250.17	–	–	–
Fair value	4,219.25	3,089.61	–	–
Carried over	16,717.53	16,814.81	4,419.37	4,154.58

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Brought over	16,717.53	16,814.81	4,419.37	4,154.58
In Long Duration Bond Funds				
Quoted:				
– (82,700,443) Units of Nippon India Dynamic Bond Fund – Direct Plan – Growth	–	262.47	–	–
– (83,348,103) Units of L&T Triple Ace Bond Fund – Direct Plan –Growth	–	523.92	–	–
Fair Value	–	786.39	–	–
In Liquid and Overnight mutual funds				
Quoted:				
– (1,167,236) Bandhan Liquid Fund – Direct Plan –Growth	–	–	–	300.09
– (847,353) SBI Overnight Fund – Direct Plan –Growth	–	–	–	293.30
– (19,379,916) Nippon India Overnight Fund – Direct Plan –Growth	–	–	–	221.16
Fair Value	–	–	–	814.55
Total (B)	16,717.53	17,601.20	4,419.37	4,969.13
Total (A+B)	18,503.96	18,849.63	4,419.37	4,969.13
Aggregate provision for diminution in value of investments	2.17	2.17	–	–

(₹ In Crore)

Particulars	Book value		Market value	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Quoted	17,590.49	16,652.36	17,271.67	16,563.73
Unquoted	5,332.84	7,166.40	NA	NA
Total	22,923.33	23,818.76		

Notes to Investments

- Investments made by the Company other than those with a maturity of less than one year, are intended to be held for long-term. On an assessment of the expected credit loss due to significant changes in risk profile, no material provisions are required to be made.
- In absence of an active market and non availability of quotes on a recognised stock exchange, investment in fixed maturity plans and fixed term plans though listed on recognised stock exchanges are disclosed as unquoted. Other mutual funds, though unlisted, are quoted on recognised stock exchanges at their previous day NAVs which is the quote for the day.
- Refer note 1 (6) for accounting policy on investments and note 33 for credit risk management related to investments.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

6 Loans

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Employee loans	2.28	4.57	3.62	4.17
	2.28	4.57	3.62	4.17

7 Other financial assets

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Non-current bank balances [See note 12]	0.02	0.02	–	–
Security deposits	33.56	27.04	–	–
Interest receivable on investments	–	34.33	156.41	129.71
Interest receivable on loans, deposits etc.	–	–	0.57	0.55
Valuation gains on derivative hedging instruments [See note 32]	–	–	–	80.53
PSI Receivable	–	–	263.02	345.78
Other advances	–	–	50.81	39.69
	33.58	61.39	470.81	596.26

Security deposits include a sum of ₹ 9.92 crore (previous year ₹ 9.92 crore) against use of premises on a Leave License basis, placed with directors and their relatives, jointly and severally. [See note 39]

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

8 Other assets

(Unsecured, good, unless stated otherwise)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Capital advances	39.80	269.73	–	–
Security deposits	8.47	6.43	–	–
Advances recoverable in cash or in kind				
Advances to related parties [See note 39]	–	–	12.07	11.32
Other advances	26.99	22.94	100.72	114.54
Doubtful advances	4.03	8.13	–	–
	31.02	31.07	112.79	125.86
Provision for doubtful advances	4.03	8.13	–	–
	26.99	22.94	112.79	125.86
Gratuity asset [See note 38]	1.03	12.92	–	–
VAT refund receivable	30.83	39.78	–	129.66
GST credit/refund receivable	–	–	247.22	506.79
EV subsidy receivable	–	–	85.57	21.06
Export incentives receivable				
Unsecured considered good	–	–	71.26	306.31
Doubtful	–	0.21	–	–
	–	0.21	71.26	306.31
Provision for doubtful export incentives	–	0.21	–	–
	–	–	71.26	306.31
	107.12	351.80	516.84	1,089.68

9 Inventories

Particulars	As at 31 March	
	2023	2022
Raw materials and components (includes in transit ₹ 35.42 crore (previous year ₹ 31.13 crore))	664.48	591.72
Work-in-progress	78.13	70.11
Finished goods	631.88	541.79
Stores, spares and packing material	21.85	25.67
Loose tools	1.56	1.22
	1,397.90	1,230.51

Amount recognised in profit and loss

Write-downs of inventories to net realisable value/reversal of provision for write-down, resulted in net loss/(gain) of ₹ 52.20 crore [Previous year – ₹ 6.74 crore]. These were recognised as an expense/(income) during the year in the Statement of Profit and Loss.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

10 Trade receivables

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Unsecured, considered good	–	–	1,776.12	1,516.38
Receivables which have significant increase in credit risk	43.20	39.66	–	–
	43.20	39.66	1,776.12	1,516.38
Allowance for bad and doubtful receivable [See note 33(A)]	43.20	39.66	–	–
	–	–	1,776.12	1,516.38
	–	–	1,776.12	1,516.38

Outstanding for following periods from due date of payment

Ageing schedule as at 31 March 2023	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) Undisputed trade receivables – considered good	1,761.41	12.13	1.83	0.15	0.60	1,776.12
ii) Undisputed trade receivables – which have significant increase in credit risk	8.23	3.28	1.78	0.63	2.96	16.88
iii) Disputed trade receivables - considered good	–	–	–	–	–	–
iv) Disputed trade receivables - which have significant increase in credit risk	–	0.13	0.78	2.54	22.87	26.32
	1,769.64	15.54	4.39	3.32	26.43	1,819.32

Outstanding for following periods from due date of payment

Ageing schedule as at 31 March 2022	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) Undisputed trade receivables – considered good	1,484.52	19.45	11.83	0.02	0.56	1,516.38
ii) Undisputed trade receivables – which have significant increase in credit risk	4.29	0.27	1.86	0.36	2.68	9.46
iii) Disputed trade receivables - considered good	–	–	–	–	–	–
iv) Disputed trade receivables - which have significant increase in credit risk	0.33	0.83	5.27	4.75	19.02	30.20
	1,489.14	20.55	18.96	5.13	22.26	1,556.04

11 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Balances with banks	219.38	563.92
Cash on hand	0.04	0.05
	219.42	563.97

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

12 Other bank balances

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Unclaimed dividend and unspent CSR accounts	–	–	66.33	24.37
Deposits with residual maturity for more than twelve months	0.02	0.02	–	–
Deposits with residual maturity for less than twelve months	–	–	–	–
	0.02	0.02	66.33	24.37
Amount disclosed under 'other financial assets' [See note 7]	(0.02)	(0.02)	–	–
	–	–	66.33	24.37

13 Equity share capital

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Authorised		
300,000,000 equity shares of ₹ 10 each	300.00	300.00
Issued, subscribed and fully paid-up shares		
282,957,358 equity shares of ₹ 10 each	282.96	289.37
	282.96	289.37

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	289,367,020	289.37	289,367,020	289.37
Issued/(bought back) during the year*	(6,409,662)	(6.41)	–	–
Outstanding at the end of the year	282,957,358	282.96	289,367,020	289.37

* The Board of Directors at its meeting held on 27 June 2022 approved a proposal to buyback fully paid up equity shares of the Company having a face value of ₹ 10 each from the existing shareholders (except promoters, promoter group and persons in control of the Company) from open market through stock market mechanism (i.e. through National Stock Exchange of India Ltd. and BSE Ltd.) at a maximum buyback price not exceeding ₹ 4,600 per equity share and maximum buyback size up to ₹ 2,500 crore.

In this regard, the Company bought back 6,409,662 number of equity shares from the stock exchange at a volume weighted average buyback price of ₹ 3,900.31 per share comprising 2.22% of the pre-buyback number of shares of the Company. The buyback resulted in a cash outflow of ₹ 2,499.97 crore (excluding transaction cost and tax on buyback). An amount of ₹ 582.39 crore was paid towards tax on buyback. In accordance with relevant statutory provisions, the Company has created a capital redemption reserve of ₹ 6.41 crore, equal to the nominal value of shares bought back, as an appropriation from retained earnings.

The Buyback Committee of the Company, at its meeting held on 10 October 2022, approved the completion and closure of the buyback.

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors; and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

13 Equity share capital (Contd.)

c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Holdings & Investment Ltd.	96,727,050	34.18%	96,727,050	33.43%
Jamnalal Sons Pvt. Ltd.	26,281,400	9.29%	26,281,400	9.08%
Life Insurance Corporation of India	15,214,187	5.38%	20,757,508	7.17%

d. Shareholding of promoters

Promoter name	No. of shares	% of total shares	% change during the year*
For 2022-23			
Shekhar Bajaj	6,020	0.00%	0.00%
Madhur Bajaj	200,000	0.07%	0.00%
Niraj Bajaj	42,622	0.02%	0.00%
Rajiv Bajaj	754,200	0.27%	0.01%
Sanjiv Bajaj**	327,224	0.12%	0.00%
Bajaj Holdings & Investment Ltd.	96,727,050	34.18%	0.75%

* No changes in the number of shares held by the Promoters; However, percentages of holdings have changed pursuant to reduced capital on account of buyback of 6,409,662 equity shares of the Company made during the year.

** Sanjiv Bajaj also holds 1,048,796 shares as Executor for the Estate of Late Shri Rahul Bajaj

Promoter name	No. of shares	% of total shares	% change during the year
For 2021-22			
Rahul Kumar Bajaj*	—	0.00%	(0.36%)
Shekhar Bajaj	6,020	0.00%	—
Madhur Bajaj	200,000	0.07%	(0.24%)
Niraj Bajaj	42,622	0.01%	—
Rajiv Bajaj**	754,200	0.26%	0.26%
Sanjiv Bajaj**	327,224	0.11%	0.11%
Bajaj Holdings & Investment Ltd.	96,727,050	33.43%	—

* Shri Rahul Kumar Bajaj, one of the promoters of Bajaj Auto Ltd. expired on 12 February 2022. Shares held by Late Shri Rahul Kumar Bajaj in individual capacity, and previously shown as part of holdings of Promoters, are in the process of transmission. As per regulation 31A (6) of SEBI LODR Regulations, Late Shri Rahul Kumar Bajaj automatically ceases to be a promoter and his holdings would hereafter be shown under 'Promoter Group - (Estate of Rahul Kumar Bajaj)' category until his shares are transmitted to the respective legal heirs, who would all be Promoters/Promoter Group.

** Shri Rajiv Rahul Kumar Bajaj and Shri Sanjiv Rahul Kumar Bajaj, sons of Late Shri Rahul Kumar Bajaj have now succeeded as Promoters and their holdings which earlier were shown under 'Promoter Group' category have got transferred to 'Promoter' Category.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

14 Other equity

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Reserves and surplus:		
General reserve		
Balance as at the beginning of the year	6,389.60	5,887.60
Add: Transferred from surplus in Statement of Profit and Loss	–	502.00
Balance as at the end of the year	6,389.60	6,389.60
Retained earnings		
Balance as at the beginning of the year	19,340.40	18,861.25
Profit for the year	5,627.60	5,018.87
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/(losses) of defined benefit plans	(1.58)	13.42
Less: Appropriations		
Transfer to General reserve	–	502.00
Share buyback and tax thereon	3,087.47	–
Recognition of capital redemption reserve	6.41	–
Final dividend for the year ended 31 March 2022/2021	4,051.14	4,051.14
Total appropriations	7,145.02	4,553.14
Balance as at the end of the year	17,821.40	19,340.40
Other reserves:		
Cash flow hedging reserve [See note 33]	–	54.33
Costs of hedging reserve [See note 33]	–	5.93
FVTOCI reserve		
Balance as at the beginning of the year	626.41	88.43
Net (losses)/gains on FVTOCI equity securities	300.72	537.98
Balance as at the end of the year	927.13	626.41
Capital redemption reserve		
Balance as at the beginning of the year	–	–
Add: Recognised during the year	6.41	–
Balance as at the end of the year	6.41	–
Share based payment reserve		
Balance as at the beginning of the year	32.27	16.91
Add: Recognised during the year	29.82	15.36
Balance as at the end of the year	62.09	32.27
Treasury shares		
Balance as at the beginning of the year	(69.51)	(32.14)
Add: Changes during the year	5.78	(37.37)
Balance as at the end of the year	(63.73)	(69.51)
	25,142.90	26,379.43

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

14 Other equity (Contd.)

Nature and purpose of reserve:

General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

Retained earnings

Retained earnings is a free reserve. This is the accumulated profit earned by the Company till date, less transfer to general reserve, dividend and other distributions made to the shareholders.

Cash flow hedging reserve and Costs of hedging reserve

It represents the effective portion of the fair value of forward/option contracts designated as cashflow hedge.

FVTOCI reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve within equity.

Capital redemption reserve

As per section 69 of the Companies Act 2013, where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to the capital redemption reserve account. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

Share based payment reserve

Share based payment reserve is created as required by Ind AS 102 'Share Based Payments' on the employee stock option scheme operated by the Company for its employees.

Treasury shares

The reserve for shares of the Company held by the Bajaj Auto ESOP Trust (ESOP Trust). Company has issued employees stock option scheme for its employees. The equity shares of the Company have been purchased and held by ESOP Trust. Trust to transfer in the name of employees at the time of exercise of option by employees.

15 Sales tax deferral

(₹ In Crore)		
As at 31 March		
Particulars	2023	2022
Unsecured		
Sales tax deferral liability/loan, an incentive under Package Scheme of Incentives 1983 and 1993 - interest free, partially prepaid	124.23	122.77
	124.23	122.77

The exemption of interest on the sales tax liability deferred for payment is considered as a Government grant and measured at an internal rate of return available for pre-payment of the liability as per the sales tax rules. Also see note 33.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

16 Provisions

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Provision for employee benefits [See note 38]				
Provision for compensated absences	–	–	134.65	127.56
Provision for welfare scheme	0.87	1.30	0.49	0.56
	0.87	1.30	135.14	128.12
Other provisions				
Provision for warranties	–	–	30.81	25.63
	0.87	1.30	165.95	153.75

Provision for warranties

Provision is made for estimated warranty claims in respect of vehicles sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information; and any recent trends that may suggest future claims could differ from historical amounts.

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
At the beginning of the year	25.63	22.04
Arising during the year	36.22	24.41
Utilised during the year	31.04	20.82
At the end of the year	30.81	25.63

17 Deferred tax liabilities (net)

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Deferred tax liabilities		
On account of timing difference in		
Property, plant and equipment	149.60	116.03
Employee benefits:		
Defined benefit plans provisions - P&L	9.67	15.65
Defined benefit plans provisions - OCI	0.42	0.41
Financial instruments:		
Mutual funds including fixed maturity plans, ETFs	152.30	247.12
Fair valuation of derivative hedging contracts	–	20.27
Financial assets at FVTOCI	117.17	80.75
	269.47	348.14
Gross deferred tax liabilities	429.16	480.23

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

17 Deferred tax liabilities (net) (Contd.)

(₹ In Crore)		
Particulars	As at 31 March	
	2023	2022
Deferred tax assets		
On account of timing difference in		
Employee benefits:		
Welfare scheme costs and others	0.34	0.47
Bonus provisions	1.72	1.72
Provision for privilege leave etc.	33.89	32.10
Defined benefit plans provisions - OCI	14.21	13.67
	50.16	47.96
Financial instruments:		
Amortisation of discount on acquisition of fixed income securities	9.86	4.82
	9.86	4.82
Other items:		
Provision for bad/doubtful debts and advances	11.89	12.02
Taxes, duties, others etc.	12.10	12.10
	23.99	24.12
Gross deferred tax assets	84.01	76.90
	345.15	403.33

Movement in deferred tax liabilities (net):

(₹ In Crore)					
Particulars	Property, plant and equipment	Financial instruments	Employee benefits	Other items	Total
At 31 March 2021	125.36	452.66	(30.63)	(25.25)	522.14
Charged/(credited)					
to profit and loss	(9.33)	(166.66)	(5.79)	1.13	(180.65)
to other comprehensive income	–	57.32	4.52	–	61.84
At 31 March 2022	116.03	343.32	(31.90)	(24.12)	403.33
Charged/(credited)					
to profit and loss	33.57	(99.86)	(7.64)	0.15	(73.78)
to other comprehensive income	–	16.15	(0.53)	(0.02)	15.60
At 31 March 2023	149.60	259.61	(40.07)	(23.99)	345.15

18 Other non-current liabilities

(₹ In Crore)		
Particulars	As at 31 March	
	2023	2022
Annuity payable to VRS/Welfare scheme optees	0.19	0.30
	0.19	0.30

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

19 Trade payables

			(₹ In Crore)	
			As at 31 March	
Particulars			2023	2022
Total outstanding dues of micro enterprises and small enterprises			269.41	150.64
Total outstanding dues of creditors other than micro enterprises and small enterprises			3,804.47	3,482.54
			4,073.88	3,633.18

Due - Outstanding for following periods from due date of payment

Ageing schedule as at 31 March 2023	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro enterprises and small enterprises (MSME)	–	269.41	–	–	–	–	269.41
(ii) Others	935.18	2,439.57	424.35	2.81	0.47	2.09	3,804.47
(iii) Disputed dues - MSME	–	–	–	–	–	–	–
(iv) Disputed dues - Others	–	–	–	–	–	–	–
	935.18	2,708.98	424.35	2.81	0.47	2.09	4,073.88

Due - Outstanding for following periods from due date of payment

Ageing schedule as at 31 March 2022	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i. Micro enterprises and small enterprises (MSME)	–	150.64	–	–	–	–	150.64
ii. Others	830.51	2,321.70	323.18	3.11	0.69	3.35	3,482.54
iii. Disputed dues - MSME	–	–	–	–	–	–	–
iv. Disputed dues - Others	–	–	–	–	–	–	–
	830.51	2,472.34	323.18	3.11	0.69	3.35	3,633.18

20 Other financial liabilities

			(₹ In Crore)	
			As at 31 March	
Particulars			2023	2022
Security deposits			27.25	27.11
Unclaimed dividend			28.55	24.37
Directors' remuneration and commission payable [see note 39]			32.02	17.57
Employee benefits payable			155.79	192.77
Other payables			203.31	135.18
			446.92	397.00

Refer note 32 for financial liabilities measured at amortised cost.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

21 Other current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Annuity payable to VRS/Welfare scheme optees	0.06	0.27
Advance received from customers	234.84	301.92
Taxes and duties payable	111.29	97.22
Other payables	138.71	79.30
	484.90	478.71

22 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Revenue from operations		
Revenue from contracts with customers		
Sale of products*	35,359.15	32,135.98
Other operating revenue		
Scrap sales	28.74	29.25
Export incentives	469.33	551.27
PSI	45.04	30.50
Royalty	231.95	174.58
Technical know how fees	–	2.65
Rent [See note 40]	40.17	26.67
Insurance claims	1.19	0.49
Miscellaneous receipts	158.57	91.86
Government grants	2.65	2.65
Interest income on financial services to dealers	90.81	98.81
	1,068.45	1,008.73
	36,427.60	33,144.71

* This includes Faster Adoption and Manufacturing of Electric Vehicles (FAME)-II subsidy receivable on sale of eligible products from Central and State Government amounting to ₹ 157.83 crore (31 March 2022: ₹ 35.24 crore).

Revenue from contracts with customers (Goods transferred at a point in time)

India	20,901.08	15,201.89
Outside India	14,458.07	16,934.09
Total revenue from contracts with customers	35,359.15	32,135.98

Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Revenue as per contracted price	35,676.86	32,407.71
Adjustments:		
Cash discounts and target incentives	(309.62)	(242.90)
Sales promotion expenses	(8.09)	(28.83)
Revenue from contracts with customers	35,359.15	32,135.98

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

23 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Investment income		
Interest income on fixed income securities	306.99	275.05
Amortisation of (premium)/discount on acquisition of fixed income securities	(2.00)	(17.67)
Interest income on fixed deposits	61.05	36.42
Interest income on exchange traded funds	344.56	204.68
Interest income on fixed maturity plans	39.55	388.93
Interest income from financial assets at amortised cost	750.15	887.41
Dividend income on other strategic investments	47.25	45.50
Gain on valuation and realisation of mutual funds measured at FVTPL	174.53	224.47
Profit on sale of other investments, net	—	—
	971.93	1,157.38
Others		
Surplus on sale of property, plant and equipment	111.56	21.59
Gains on exchange fluctuations	97.93	30.27
	209.49	51.86
	1,181.42	1,209.24

24 Changes in inventories

Particulars	(₹ In Crore)		
	For the year ended 31 March		
	2023	2022	(Increase)/decrease
Inventories at the end of the year			
Work-in-progress	78.13	70.11	(8.02)
Finished goods	631.88	541.79	(90.09)
	710.01	611.90	(98.11)
Inventories at the beginning of the year			
Work-in-progress	70.11	85.50	15.39
Finished goods	541.79	714.36	172.57
	611.90	799.86	187.96
	(98.11)	187.96	

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

25 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Salaries, wages and bonus to employees [See note 39]	1,246.16	1,170.31
Contribution to provident and other funds [See note 38 and 39]	88.37	92.03
Share based payment to employees	29.82	15.36
Staff welfare expenses	80.55	81.10
	1,444.90	1,358.80

26 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Interest expense	38.02	7.35
Interest adjustment on Government grant	1.46	1.31
	39.48	8.66

27 Depreciation and amortisation expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Depreciation on property, plant and equipment	248.99	244.04
Depreciation on investment property	1.12	1.17
Amortisation of technical know-how	30.35	21.98
Amortisation of leasehold land	1.98	1.98
	282.44	269.17

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

28 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Stores and tools consumed	153.55	132.43
Power, fuel and water	122.51	108.01
Rent	13.60	15.58
Repairs to buildings	47.11	38.42
Repairs to machinery	105.23	105.59
Other repairs	20.49	17.62
Insurance	12.15	11.03
Rates and taxes	13.49	17.50
Payment to auditor	1.87	2.01
Directors' fees and travelling expenses	1.05	0.93
Commission to non-executive directors	2.58	2.28
Travelling expenses	45.03	12.24
Miscellaneous expenses	554.51	488.14
Packing material consumed	409.32	542.22
Freight and forwarding expenses	194.18	269.84
Advertisement	359.85	168.06
Vehicle service charges and other expenses	164.74	103.39
Sales promotion expenses	30.50	43.01
Contribution to electoral bonds	5.00	—
Expenditure towards Corporate Social Responsibility (CSR) activities	124.99	128.00
Bad debts and other irrecoverable debit balances written off	5.98	0.02
Loss on property, plant and equipment sold, demolished, discarded and scrapped	14.11	8.88
Provision for doubtful debts and advances, net (includes expected credit loss on trade receivables)	4.79	(4.44)
	2,406.63	2,210.76

Payment to auditor

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
As auditor		
Audit fee	1.04	1.04
Tax audit fee	0.10	0.10
Limited review	0.66	0.66
Other services (certification fees)	0.02	0.20
Reimbursement of expenses	0.05	0.01
	1.87	2.01

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

Expenditure towards Corporate Social Responsibility (CSR) activities

			(₹ In Crore)	
			For the year ended 31 March	
Particulars	2023	2022		
a) Detail of spends				
i) Gross amount required to be spent by the Company during the year	124.99	128.00		
ii) Amount of expenditure incurred	124.99	128.00		
iii) Shortfall at the end of the year	–	–		
iv) Total of previous years shortfall	–	–		
v) Reason for shortfall	NA	NA		
vi) Nature of CSR activities				
Poverty, Health, Sanitation, Water	7.24	35.58		
Education, Special Education, Vocation, Livelihoods	22.93	22.31		
Environment, Soil And Water, Protection of Flora and fauna	9.88	8.58		
Heritage, Art, Culture, Handicrafts, Public Libraries	0.23	0.28		
Veterans, War Widows, Dependents	–	1.00		
Rural Development	4.79	4.38		
Gender/Women, Orphans, Homes and Hostels, Day Care	1.90	3.18		
Others (including provision for unspent)	78.02	52.69		
Total	124.99	128.00		
No funds relating to other than identified and ongoing projects are required to be transferred to specified funds.				
b) Amount spent in cash during the year on:				
i) Construction/acquisition of any asset	–	–		
ii) On purposes other than (i) above	124.99	128.00		
	124.99	128.00		

Details of ongoing projects

Opening balance		Amount required to be spent	Amount spent during the year			Closing balance	
With Company	In separate CSR unspent account		From Company's bank account	From separate CSR unspent account	Amount transferred to CSR unspent account	With Company	In separate CSR unspent account
–	–	124.99	52.57	13.22	51.00	72.42	37.78

29 Exceptional items

			(₹ In Crore)	
			For the year ended 31 March	
Particulars	2023	2022		
PSI Scheme	–	(315.28)		
	–	(315.28)		

This is amount receivable from State Government of Maharashtra under Package Scheme of Incentive 2007 (PSI), for the period April 2015 to March 2021.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

30 Tax expense

			(₹ In Crore)	
			For the year ended 31 March	
Particulars	2023	2022		
(a) Tax expense				
Current tax				
Current tax on profits for the year	1,854.82	1,667.11		
Deferred tax				
Decrease/(increase) in deferred tax assets	(6.57)	(2.28)		
(Decrease)/increase in deferred tax liabilities	(67.21)	(178.37)		
Total deferred tax expense/(benefit)	(73.78)	(180.65)		
Tax expenses	1,781.04	1,486.46		
(b) Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate				
Profit before tax	7,408.64	6,505.33		
Tax at the Indian tax rate of 25.168% (Previous year - 25.168%)	1,864.61	1,637.26		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
– Corporate social responsibility expenditure and contribution to electoral bonds	32.72	32.22		
– Rate difference in amortisation of fixed income securities	(3.78)	(4.68)		
– Others	7.50	3.87		
Tax effect of amounts which are deductible (non taxable) in calculating taxable income:				
– Dividend received on strategic investment	(11.89)	(11.45)		
– Profit on investments not taxable	(40.97)	(109.48)		
– Income from fair valuation of mutual funds	(67.24)	(60.51)		
– Disallowance of expenditure incurred on rented property (net)	0.09	(0.77)		
Tax expense	1,781.04	1,486.46		

31 Earnings Per Share (EPS)

			For the year ended 31 March	
Particulars	2023	2022		
a. Profit for the year (₹ In Crore)	5,627.60	5,018.87		
Weighted average number of shares outstanding during the year (Nos)	285,418,164	289,367,020		
Less: Weighted average number of shares held by ESOP Trust i.e. Treasury shares (Nos)	211,530	221,458		
Net weighted average number of shares outstanding during the year (Nos)	285,206,634	289,145,562		
b. Earnings per share (Basic and Diluted) ₹	197.3	173.6		
Face value per share ₹	10.0	10.0		

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

32 Fair value measurement

i) Financial instruments by category

(₹ In Crore)

Particulars	31 March 2023			31 March 2022		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Investments						
– Equity	–	2,275.02	–	–	1,898.08	–
– Bonds and debentures	–	–	3,552.98	–	–	3,834.66
– Government bonds and securities	–	–	845.85	–	–	857.47
– Certificate of Deposit	–	–	1,143.41	–	–	–
– Exchange traded funds	–	–	6,900.37	–	–	5,515.81
– Fixed maturity plans	–	–	800.02	–	–	4,658.76
– Fixed deposits	–	–	1,400.00	–	–	1,115.00
– Short-term funds	4,219.25	–	–	3,089.61	–	–
– Long duration bond funds	–	–	–	786.39	–	–
– Liquid mutual funds	–	–	–	814.55	–	–
Trade receivables	–	–	1,776.12	–	–	1,516.38
Loans	–	–	5.90	–	–	8.74
Other financial assets	–	–	504.39	–	–	577.12
Cash and cash equivalents	–	–	219.42	–	–	563.97
Other bank balances	–	–	66.33	–	–	24.37
Derivative financial assets	–	–	–	–	80.53	–
	4,219.25	2,275.02	17,214.79	4,690.55	1,978.61	18,672.28
Financial liabilities						
Sales tax deferral	–	–	124.23	–	–	122.77
Trade payables	–	–	4,073.88	–	–	3,633.18
Other financial liabilities	–	–	446.92	–	–	397.00
Derivative financial liability	–	–	–	–	–	–
	–	–	4,645.03	–	–	4,152.95

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

32 Fair value measurement (Contd.)

ii) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets/liabilities measured at fair value - recurring fair value measurements At 31 March 2023

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
Short-term funds	5	4,219.25	–	–	4,219.25
Long duration bond funds	5	–	–	–	–
Liquid mutual funds	5	–	–	–	–
Financial investments at FVTOCI					
Derivatives designated as hedges					
Option contracts	7	–	–	–	–
Equity investment	5	2,072.04	202.98	–	2,275.02
		6,291.29	202.98	–	6,494.27

Assets disclosed at fair value - At 31 March 2023

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	3	–	223.09	–	223.09

Financial assets/liabilities measured at fair value - recurring fair value measurements At 31 March 2022

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
Short-term funds	5	3,089.61	–	–	3,089.61
Long duration bond funds	5	786.39	–	–	786.39
Liquid mutual funds	5	814.55	–	–	814.55
Financial investments at FVTOCI					
Derivatives designated as hedges					
Option contracts	7	–	80.53	–	80.53
Equity investment	5	1,753.87	–	144.21	1,898.08
		6,444.42	80.53	144.21	6,669.16

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

32 Fair value measurement (Contd.)

ii) Fair value hierarchy (Contd.)

Assets disclosed at fair value - At 31 March 2022

(₹ In Crore)					
Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	3	–	223.03	–	223.03

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation Techniques used to determine fair value

Valuation Techniques used to determine fair value include

- Open ended mutual funds at NAV's/rates declared and/or quoted
- Derivative Instruments at values determined by counter parties/Banks using market observable data.

iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ In Crore)				
Particulars	31 March 2023		31 March 2022	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Investments				
Bonds and debentures	3,552.98	3,458.40	3,834.66	3,797.62
Government bonds and securities	845.85	811.01	857.47	838.71
Exchange traded funds	6,900.37	6,710.97	5,515.81	5,482.98
Fixed maturity plans	800.02	778.99	4,658.76	4,636.65
	12,099.22	11,759.37	14,866.70	14,755.96

The carrying amounts of certificate of deposits, fixed deposits, trade receivables, trade payables, other financial assets/liabilities, loans and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

33 Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk (including foreign exchange risk). In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments such as foreign exchange forward contracts and foreign currency option contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the Company is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at amortised cost and fair value through profit or loss	Credit ratings	Diversification of counterparties, diversification of investment limits, monitoring of counterparties basis credit rating
	Derivative financial instruments	Credit ratings	Deal with reputed banks holding high credit risk rating
	Trade receivables	Credit limit and ageing analysis	No. of overdue days, monitoring of credit limits
Liquidity Risk	Other liabilities	Maturity analysis	Maintaining sufficient cash/cash equivalents and marketable securities
Market Risk- Foreign Exchange	Highly probable forecast transactions and financial assets and liabilities not denominated in INR	Sensitivity analysis	Forward foreign exchange contracts and foreign currency options

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of available funds. The Company's risk management is carried out by a treasury department as per such policies approved by the Board of Directors. Accordingly, Company's treasury department identifies, evaluates and hedges financial risks.

A) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Company. Credit risk primarily arises from cash and cash equivalents, derivative financial instruments, financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and trade receivables. None of the financial instruments of the Company result in material concentration of credit risk.

Credit risk management

For Derivative instruments exposures are extended with multiple banks holding high credit risk ratings.

In regard to Trade receivables, which are typically unsecured, credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom credit is extended in the normal course of business. The Company follows a 'simplified approach' for recognition of impairment loss allowance on trade receivables. Accordingly, impairment loss allowance is recognised based on lifetime expected credit losses at each reporting date, right from its initial recognition. The provision rates are based on days past due; and the calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

33 Financial risk management (Contd.)

Set out below is the information about the credit risk exposure of the Company's trade receivables using provision matrix:

Particulars	(₹ In Crore)	
	As on 31 March	
	2023	2022
Estimated total gross carrying amount	1,819.32	1,556.04
ECL	43.20	39.66
Net carrying amount	1,776.12	1,516.38

Reconciliation of impairment allowance – Trade receivable

Particulars	(₹ In Crore)
Impairment allowance as on 31 March 2021	44.10
Changes in loss allowance	(4.44)
Impairment allowance as on 31 March 2022	39.66
Changes in loss allowance	3.54
Impairment allowance as on 31 March 2023	43.20

For other financial assets, the Company has an investment policy which allows the Company to invest only with counterparties having a credit rating equal to or above AA+ and A1+. The Company reviews the creditworthiness of these counterparties on an on-going basis. Counter party limits may be updated as and when required, subject to approval of Board of Directors.

B) Liquidity risk

The Company's principal source of liquidity are 'cash and cash equivalents' and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period. The Company has no outstanding term borrowings except sales tax deferral liability amounting to ₹ 124.23 crore which are interest free and are repayable after 10 years from the Balance Sheet date. Additionally, the Company has invested its surplus funds in fixed income securities or instruments of similar profile thereby ensuring safety of capital and availability of liquidity as and when required. Hence the Company carries a negligible liquidity risk.

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
The Company had		
Net working capital funds	3,672.37	5,305.03
which includes;		
i) Cash and cash equivalents	219.42	563.97
ii) Current investments	4,419.37	4,969.13

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

33 Financial risk management (Contd.)

The table below summarises the contractual maturities of financial liabilities as at 31 March 2023 and 31 March 2022:

Maturities of financial liabilities

(₹ In Crore)

Particulars	Less than and equal to 1 year	More than 1 year	Total
As on 31 March 2023			
Non-derivatives			
Sales tax deferral (discounted)	–	124.23	124.23
Trade payables	4,073.88	–	4,073.88
Other financial liabilities	446.92	–	446.92
	4,520.80	124.23	4,645.03
As on 31 March 2022			
Non-derivatives			
Sales tax deferral (discounted)	–	122.77	122.77
Trade payables	3,633.18	–	3,633.18
Other financial liabilities	397.00	–	397.00
	4,030.18	122.77	4,152.95

C) Market risk

(i) Foreign currency risk

The Company has significant exports and is therefore exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from highly probable forecast transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through sensitivity analysis. The primary objective for forex hedging against anticipated foreign currency risks will be to hedge the Company's highly probable foreign currency cash flows arising from such transactions (thus reducing volatility of cash flow and profit).

The Company's risk management policy permits the use of plain foreign exchange forward contracts and foreign currency option contracts including Foreign Currency - INR Option Cost Reduction Structures to hedge forecasted sales.

The Company also imports certain materials the value of which is not material as compared to value of exports. Currently, Company does not hedge this exposure. Nevertheless, Company may wish to hedge such exposures.

The Company uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Company designates forward contracts in entirety and intrinsic value of foreign currency option contracts as the hedging instrument. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised through other comprehensive income in the 'Cash flow hedging reserve' within equity. The change in time value that relate to the hedged item (aligned time value) is recognised through other comprehensive income in 'Costs of hedging reserve' within equity. Amount recognised in equity is reclassified to profit or loss when the hedged item (i.e. forecasted export sales) affects Statement of Profit and Loss. The ineffective portion of change in fair value of the hedging instrument and any residual time value (the non-aligned portion), if any, is recognised in the statement of profit and loss immediately.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

33 Financial risk management (Contd.)

The fair values (Marked-to-market/MTM) of foreign currency derivative contracts outstanding as on 31 March 2023 and 31 March 2022 are as follows:

(₹ In Crore)

	As at 31 March 2023		As at 31 March 2022	
	Notional In USD Mn (Sell)	MTM Gain/ (Loss)	Notional In USD Mn (Sell)	MTM Gain/ (Loss)
For export transactions:				
Foreign currency derivative designated as hedging instruments – options contracts	–	–	1,326.00	80.53
	–	–	1,326.00	80.53

For import transactions: NIL

Open exposure

The Company's exposure to foreign currency risk at the end of the reporting period are as follows

(USD Million)

	As at 31 March	
	2023	2022
Receivables	70.26	94.68
Payables	7.03	8.05
Others (EEFC balances)	3.98	64.50

Sensitivity analysis

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on other components of equity arises from the changes in fair value of the foreign exchange option contracts designated as cash flow hedges.

(₹ In Crore)

	As at 31 March	
	2023	2022
Impact on other components of equity		
USD Sensitivity		
INR/USD Increase by 5% (Previous year 5%)	–	(185.07)
INR/USD Decrease by 5% (Previous year 5%)	–	329.99

Maturity of outstanding contracts

The details in respect of the maturity of outstanding foreign exchange option contracts are given below

(₹ In Crore)

	As at 31 March 2023		As at 31 March 2022	
	Notional In USD Mn (Sell)	MTM Gain/ (Loss)	Notional In USD Mn (Sell)	MTM Gain/ (Loss)
On export transactions:				
Not later than three months	–	–	331.50	23.05
Later than three months and not later than six months	–	–	331.50	24.94
Later than six months and not later than one year	–	–	663.00	32.54
Later than one year and not later than two years	–	–	–	–
	–	–	1,326.00	80.53

On import transactions: NIL

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

33 Financial risk management (Contd.)

Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position:

Cash flow hedge foreign exchange risk 31 March 2023

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign currency options	–	–	N.A.	(72.60)	72.60
	–	–		(72.60)	72.60

Cash flow hedge foreign exchange risk 31 March 2022

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign currency options	10,050.09	72.60	1:1	(126.38)	126.38
	10,050.09	72.60		(126.38)	126.38

* The foreign exchange option contracts are denominated in the same currency as the highly probable future sales, therefore the hedge ratio is 1:1.

(b) Disclosure of effects of hedge accounting on financial performance

Cash flow hedge 31 March 2023

(₹ In Crore)

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the Statement of Profit and Loss because of the reclassification
Foreign exchange risk – Options contracts	(72.60)	–	(25.63)	Revenue
	(72.60)	–	(25.63)	

Cash flow hedge foreign exchange risk 31 March 2022

(₹ In Crore)

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the Statement of Profit and Loss because of the reclassification
Foreign exchange risk – Options contracts	(126.38)	–	83.97	Revenue
	(126.38)	–	83.97	

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

33 Financial risk management (Contd.)

The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, so a qualitative assessment of effectiveness is performed. During the years ended 31 March 2023 and 31 March 2022, the Company did not have any hedging instruments with terms which were not aligned with those of the hedged items.

Therefore, no ineffectiveness is recognised in the Statement of Profit and Loss during the years ended 31 March 2023 and 31 March 2022.

Movements in cash flow hedging reserve and costs of hedging reserve

		(₹ In Crore)
Derivative Instrument	Foreign Currency Risk Foreign exchange options	
(i) Cash flow hedging reserve		
Balance – As at 31 March 2021		148.90
Add: Change in intrinsic value of foreign currency options		(42.41)
Less: Amount reclassified to profit or loss		(83.97)
Deferred tax relating to the above (net)		31.81
Balance – As at 31 March 2022		54.33
Add: Change in intrinsic value of foreign currency options		(98.23)
Less: Amount reclassified to profit or loss		25.63
Deferred tax relating to the above (net)		18.27
Balance – As at 31 March 2023		–
(ii) Costs of hedging reserve		
Balance – As at 31 March 2021		(58.06)
Less: Change in time value of foreign currency options		86.61
Less: Amount reclassified to profit or loss		(1.09)
Deferred tax relating to the above (net)		(21.53)
Balance – As at 31 March 2022		5.93
Add: Change in time value of foreign currency options		(21.48)
Less: Amount reclassified to profit or loss		13.56
Deferred tax relating to the above (net)		1.99
Balance – As at 31 March 2023		–

(ii) Other risks

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, bonds, fixed maturity plans, exchange traded funds, index funds etc. The Company is exposed to price risk on such investments, which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

The Company has invested its surplus funds primarily in debt based mutual funds and fixed maturity plans. The value of investment in these mutual fund schemes is reflected though Net Asset Value (NAV) declared by the Asset Management Company on daily basis. The Company has not performed a sensitivity analysis on these mutual funds based on estimated fluctuations in their NAV as in management's opinion, such analysis would not display a correct picture.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

34 Capital management

a) Objectives, policies and processes of capital management

The Company is cash surplus and has no capital other than Equity. The Company is not exposed to any regulatory imposed capital requirements.

The cash surpluses are currently invested in income generating debt instruments (including through mutual funds) and money market instruments depending on economic conditions in line with the guidelines set out by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Company does not have any borrowings and does not borrow funds unless circumstances require.

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Equity	25,425.86	26,668.80
Less: Tangible and other assets	3,249.53	2,514.14
Working capital (excl. investments)	(747.00)	335.90
Investments in subsidiaries	1,786.43	1,248.43
Investments in debt and similar investments	21,136.90	22,570.33

No changes were made in the objectives, policies and processes of capital management during the year.

b) Dividends distributed and proposed

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Dividends recognised in the financial statements		
Final dividend for the year ended 31 March 2022 of ₹ 140 (31 March 2021 – ₹ 140) per equity share, declared and paid	4,051.14	4,051.14
Dividends not recognised at the end of the reporting period		
Directors have recommended the payment of a final dividend of ₹ 140 per equity share (31 March 2022 – ₹ 140). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	3,961.40	4,051.14

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

35 Contingent liabilities

(₹ In Crore)		
Particulars	As at 31 March	
	2023	2022
a. Claims against the Company not acknowledged as debts	205.04	201.45
b. Excise, Service tax and Customs matters under dispute	341.75	340.72
c. Income tax matters	941.84	899.21
d. Value Added Tax (VAT)/Sales Tax matters under dispute	126.62	142.00
e. Claims made by temporary workmen Pending before various judicial/appellate authorities in respect of similar matters adjudicated by the Supreme Court. The matter is contingent on the facts and evidence presented before the courts/ adjudicating authorities and not necessarily likely to be influenced by the Supreme Court's order	Liability unascertained	Liability unascertained

In all the cases mentioned above, outflow is not probable and hence not provided by the Company.

36 Capital commitments

(₹ In Crore)		
Particulars	As at 31 March	
	2023	2022
Capital commitments, net of capital advances	169.55	589.55

37 Segment information

Segment information based on consolidated financial statements is given in note 43 to consolidated financial statements, which are attached to these financial statements.

The Company's Core Management Committee (CMC), examines the Group's performance both from a product and geographical perspective and has identified two reportable operative business segments. The Group's significant source of risk and rewards are derived from Automotive business and Investments, the performance of which is reviewed by the committee on a periodic basis and hence considered as individual operative segments.

The business segments comprise the following:

- Automotive
- Investments
- Others

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

38 Employee benefits

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

Funded schemes

Gratuity

The Company provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Company is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Company makes contributions to approved gratuity fund.

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation (DBO)	472.56	477.07
Fair value of plan assets	(505.16)	(521.52)
Net funded obligation	(32.60)	(44.45)
Amount not recognised due to asset ceiling	31.57	31.53
Net defined benefit liability/(asset) recognised in Balance Sheet	(1.03)	(12.92)
Expense recognised in the Statement of Profit and Loss		
Current service cost	26.48	28.73
Interest on net defined benefit liability/(asset)	(2.75)	(2.81)
Total expense charged to Statement of Profit and Loss	23.73	25.92
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	54.34	71.95
Remeasurements during the period due to		
Changes in financial assumptions	(6.30)	(14.50)
Changes in demographic assumptions	–	(15.75)
Experience adjustments	(1.51)	10.72
Actual return on plan assets less interest on plan assets	12.20	3.76
Adjustment to recognise the effect of asset ceiling	(2.25)	(1.84)
Closing amount recognised in OCI outside Statement of Profit and Loss	56.48	54.34

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	(12.92)	(16.34)
Expense charged to Statement of Profit and Loss	23.73	25.92
Amount recognised outside Statement of Profit and Loss	2.14	(17.61)
Employer contributions	(13.98)	(4.89)
Closing net defined benefit liability/(asset)	(1.03)	(12.92)

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

38 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Movement in benefit obligation		
Opening of defined benefit obligation	477.07	490.00
Current service cost	26.48	28.73
Interest on defined benefit obligation	30.57	30.25
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(6.30)	(14.50)
Actuarial loss/(gain) arising from change in demographic assumptions	–	(15.75)
Actuarial loss/(gain) arising on account of experience changes	(1.51)	10.72
Benefits paid	(53.75)	(52.38)
Closing of defined benefit obligation	472.56	477.07

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Movement in plan assets		
Opening fair value of plan assets	521.52	537.58
Employer contributions	13.98	4.89
Interest on plan assets	35.60	35.18
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(12.19)	(3.75)
Benefits paid	(53.75)	(52.38)
Closing fair value of plan assets	505.16	521.52

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Disaggregation of assets		
Category of assets		
Insurer managed funds	505.16	521.52
Others	–	–
	505.16	521.52

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

38 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Senior staff				
Impact of increase in 50 bps on DBO	(3.09%)	3.18%	(3.25%)	(3.34%)
Impact of decrease in 50 bps on DBO	3.28%	(3.03%)	(3.44%)	(3.18%)
Junior staff				
Impact of increase in 50 bps on DBO	(3.21%)	3.40%	(3.10%)	(3.26%)
Impact of decrease in 50 bps on DBO	3.50%	(3.16%)	(3.36%)	(3.04%)

These sensitivities have been calculated to show the movement in defined benefit obligation (DBO) in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Funding arrangement and policy

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 50 crore

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

38 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan:

(₹ In Crore)

Particulars	Less than a year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
31 March 2023					
Senior staff	34.64	8.40	75.13	205.78	323.95
Junior staff	88.13	43.43	86.98	400.94	619.48
31 March 2022					
Senior staff	27.19	12.75	62.91	196.87	299.72
Junior staff	83.76	47.65	108.62	382.06	622.09

Weighted average duration of defined benefit obligation (in years)	As at 31 March	
	2023	2022
Senior Staff	6.36	6.68
Junior Staff	6.70	6.45

Principal Actuarial Assumptions (Expressed as Weighted Averages)	As at 31 March	
	2023	2022
Discount rate (p.a.)	7.45%	7.25%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

38 Employee benefits (Contd.)

Funded schemes (Contd.)

Provident Fund:

Particulars	As at 31 March	
	2023	2022
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	1,452.17	1,385.12
Fair Value of plan assets	(1,476.49)	(1,451.09)
Net funded obligation	(24.32)	(65.97)
Amount not recognised due to asset ceiling	24.32	65.97
Net defined benefit liability/(asset) recognised in Balance Sheet	–	–
Expense recognised in the Statement of Profit and Loss		
Current service cost	42.81	39.75
Total expenses charged to Statement of Profit and Loss	42.81	39.75
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	–	–
Remeasurements during the period due to		
Experience adjustments	21.67	(100.29)
Actual return on plan assets less interest on plan assets	24.76	34.32
Adjustment to recognise the effect of asset ceiling	(46.43)	65.97
Closing amount recognised in OCI outside Statement of Profit and Loss	–	–
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	–	–
Expense charged to Statement of Profit and Loss	42.81	39.75
Employer contributions	(42.81)	(39.75)
Closing net defined benefit liability/(asset)	–	–
Movement in benefit obligation		
Opening of defined benefit obligation	1,385.12	1,444.48
Current service cost	42.81	39.75
Interest on defined benefit obligation	98.50	96.34
Remeasurements due to:		
Actuarial loss/(gain) arising on account of experience adjustments	21.67	(100.29)
Employee contributions	80.26	76.06
Benefits paid	(173.18)	(173.35)
Liabilities assumed/(settled)	(3.01)	2.13
Closing defined benefit obligation	1,452.17	1,385.12

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

38 Employee benefits (Contd.)

Funded schemes (Contd.)

Provident Fund: (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March 2023	2022
Movement in plan assets		
Opening fair value of plan assets	1,451.09	1,444.48
Interest on plan assets	103.28	96.34
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(24.76)	(34.32)
Employer contributions during the period	42.81	39.75
Employee contributions during the period	80.26	76.06
Benefits paid	(173.18)	(173.35)
Assets acquired/(settled)	(3.01)	2.13
Closing fair value of plan assets	1,476.49	1,451.09

Disaggregation of assets	(₹ In Crore)	
	As at 31 March 2023	
Quoted		
Government debt instruments	944.31	
Other debt instruments	435.53	
Others	28.88	
Unquoted		
Other debt instruments	66.01	
Others	1.76	
	1,476.49	

Key actuarial assumptions	As at 31 March	
	2023	2022
Discount rate (p.a.)	7.45%	7.25%
Future derived return on assets (p.a.)	9.43%	10.02%
Discount rate for the remaining term to maturity of the investment (p.a.)	7.30%	6.55%
Average historic yield on the investment (p.a.)	9.28%	9.32%
Guaranteed rate of return (p.a.)	8.15%	8.10%

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

38 Employee benefits (Contd.)

Unfunded schemes

Particulars	As at 31 March 2023		As at 31 March 2022	
	Compensated Absences	Welfare Scheme	Compensated Absences	Welfare Scheme
Present value of unfunded obligations	134.65	1.36	127.56	1.86
Expense recognised in the Statement of Profit and Loss	18.45	0.15	12.81	0.21
Amount recorded as Other Comprehensive Income		(0.03)		(0.33)
Discount rate (p.a.)	7.45%	7.45%	7.25%	7.25%
Salary escalation rate (p.a.) - senior staff	10.00%	N.A.	10.00%	N.A.
Salary escalation rate (p.a.) - junior staff	10.00%	N.A.	10.00%	N.A.

Compensated absences

The compensated absences cover the Company's liability for casual and earned leave.

Entire amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Particulars	As at 31 March	
	2023	2022
Compensated absences expected to be settled after twelve months	105.31	101.09

Particulars	As at 31 March	
	2023	2022
Amount recognised in the Statement of Profit and Loss		
Defined contribution plans:		
Superannuation paid to trust	8.38	8.25
Pension fund paid to Government authorities	12.30	13.09
Others	0.68	4.72
Defined benefit plans:		
Gratuity	23.73	25.92
Provident fund paid to trust	42.81	39.75
Others	0.47	0.30
	88.37	92.03

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

39 Disclosure of transactions with related parties as required by the Indian Accounting Standard 24

(₹ In Crore)

Name of related party and Nature of relationship	Nature of transaction	2022-23		2021-22	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
A Subsidiaries:					
PT. Bajaj Auto Indonesia (99.25% shares held by Bajaj Auto Ltd.)	Contribution to equity (411,875 shares of USD 3 each)	–	6.17	–	6.17
	Provision for diminution in value of investment	–	(2.17)	–	(2.17)
Bajaj Auto International Holdings BV Amsterdam Netherlands (Fully owned subsidiary)	Contribution to equity (1,980,000 shares of Euro 100 each)	–	1,218.72	–	1,218.72
Bajaj Auto (Thailand) Ltd. (Fully owned subsidiary)	Contribution to equity (449,997 shares of THB 100 each)	–	10.54	–	10.54
	Services received	12.35	–	8.82	–
Chetak Technology Ltd. (CTL) (Fully owned subsidiary)	Contribution to equity (470,000,000 shares of ₹ 10 each)	465.00	470.00	5.00	5.00
	Loan to CTL	100.00	–	–	–
	Repayment of Loan	100.00	–	–	–
	Interest received on loan	0.72	–	–	–
	Reimbursement of expenses	0.11	–	3.84	–
	Services rendered	15.15	–	–	–
	Sales (including capital asset)	60.60	–	–	–
	Purchases	32.99	–	–	–
Bajaj Auto Consumer Finance Ltd. (Fully owned subsidiary)	Contribution to equity (30,000,000 shares of ₹ 10 each)	25.00	30.00	5.00	5.00
	Reimbursement of expenses	0.95	–	1.72	–
	Business support service rendered	–	–	0.81	–
Bajaj Do Brasil Comercio De Motocicletas Ltda	Contribution to equity (30,000,000 shares of Reais 1 each)	48.00	48.00	–	–
Bajaj Auto Spain S.L.U.	Contribution to equity (6,000 shares of Euro 100 each)	–	5.16	5.16	5.16
	Services received	12.46	–	–	–
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (Investing party - holds 34.18% shares of Bajaj Auto Ltd.)	Investment in shares by BHIL [96,727,050 shares of ₹ 10 each]	–	(96.73)	–	(96.73)
	Purchase of shares by BAL [3,500,000 shares of ₹ 10 each]	–	1,111.49	–	1,111.49
	Dividend paid	1,354.18	–	1,354.18	–
	Dividend received	47.25	–	45.50	–
	Business support service received	40.34	–	44.62	–
	Business support service rendered	0.23	–	0.11	–
C Key management personnel and their relatives:					
Rahul Bajaj (Chairman Emeritus)	Sitting fees	–	–	0.01	–
	Commission	–	–	0.03	(0.03)
	Special Commission	–	–	2.25	–
	Rent paid for premises	–	–	0.25	–
	Deposit paid against premises taken on lease	–	–	–	3.60
Rajiv Bajaj (Managing Director)	Short-term employee benefits (including Commission)	44.45	(29.45)	40.29	(27.52)
	Post-employment benefits	3.12	–	2.92	–
	Rent paid for premises	2.48	–	2.21	–
	Deposit paid against premises taken on lease	–	1.92	–	1.92
Pradeep Shrivastava (Executive Director)	Short-term employee benefits	9.34	–	8.22	–
	Post-employment benefits	0.78	–	0.69	–
	Fair value of stock options granted	1.51	–	0.94	–
Rakesh Sharma (Executive Director)	Short-term employee benefits	9.72	–	9.32	–
	Post-employment benefits	0.66	–	0.57	–
	Equity shares issued pursuant to stock option scheme	1.20	–	2.40	–
	Fair value of stock options granted	1.41	–	0.84	–

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

39 Disclosure of transactions with related parties as required by the Indian Accounting Standard 24 (Contd.)

		2022-23		2021-22	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Name of related party and Nature of relationship	Nature of transaction				
Madhur Bajaj (Vice Chairman)	Rent paid for premises	0.33	–	0.31	–
	Deposit paid against premises taken on lease	–	4.40	–	4.40
	Sitting fees	0.07	–	0.05	–
	Commission	0.18	(0.18)	0.13	(0.13)
Sanjiv Bajaj	Sitting fees	0.07	–	0.05	–
	Commission	0.18	(0.18)	0.13	(0.13)
Shekhar Bajaj	Sitting fees	0.03	–	0.05	–
	Commission	0.08	(0.08)	0.13	(0.13)
Niraj Bajaj (Chairman)	Sitting Fees	0.11	–	0.08	–
	Commission	0.28	(0.28)	0.20	(0.20)
Rishabhayan Bajaj (Management Trainee)	Short-term employee benefits	0.22	–	0.10	–
	Post-employment benefits	0.01	–	0.00	–
Estate of Rahul Bajaj	Rent paid for premises	0.31	–	–	–
	Deposit paid against premises taken on lease	–	3.60	–	–
D Other entities/persons:					
Bajaj Finserv Ltd.	Purchase of windpower	0.66	–	6.81	–
	OA charges reimbursement	0.52	–	5.20	–
	Business support service rendered	0.24	–	0.40	–
	Sale of Asset	2.19	–	–	–
Bajaj Finance Ltd.	Investment in shares by BFL (150 shares of ₹ 10 each) - ₹ 1,500	–	(0.00)	–	(0.00)
	Service rendered	31.69	–	28.27	(0.07)
	Service received	8.23	(6.66)	11.63	–
	Security deposit received	–	(0.21)	–	(0.21)
	Investment in fixed deposit	500.00	500.00	–	–
	Investment in secured non convertible debentures	–	500.00	500.00	500.00
	Interest income/(reversal) on fixed deposit	9.52	9.52	0.87	–
	Interest income/(reversal) on secured non convertible debentures	25.25	22.55	22.55	22.55
Bajaj Allianz General Insurance Co. Ltd.	Dividend paid	0.00	–	0.00	–
	Insurance premiums paid	24.90	12.07	18.42	11.32
Bajaj Allianz Life Insurance Co. Ltd.	Claims received/receivable	4.65	–	26.80	14.30
	Insurance premiums paid/(refunded)	–	–	4.29	0.03
Bajaj Housing Finance Ltd.	Investment in shares by BALIC (125,000 shares of ₹ 10 each)	–	(0.13)	–	(0.13)
	Dividend paid	1.75	–	1.75	–
	Services rendered	1.33	–	0.06	–
Bajaj Electricals Ltd.	Security deposit received	–	(0.03)	0.00	(0.03)
	Purchases (including services received)	0.01	(0.11)	0.02	(0.11)
Hind Musafir Agency Ltd.	Services received	10.74	(0.58)	2.16	(0.24)
Hindustan Housing Co. Ltd.	Maintenance charges paid	0.29	–	0.31	0.02
KTM AG	Sale of vehicles and material	678.94	39.92	671.58	29.08
	Services rendered and other debits	32.40	–	3.14	–
	Purchase of accessories and other credits	6.41	–	–	–

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

39 Disclosure of transactions with related parties as required by the Indian Accounting Standard 24 (Contd.)

		2022-23		2021-22	
		Transaction value	Outstanding amounts carried in the Balance Sheet	Transaction value	Outstanding amounts carried in the Balance Sheet
Name of related party and Nature of relationship	Nature of transaction				
KTM Sportmotorcycle GmbH	Sale of vehicles and material	1,264.52	40.02	844.66	20.53
	Royalty paid and payable	29.37	(9.11)	24.27	(5.78)
	Services rendered and other debits	0.38	-	7.66	-
	Purchase of accessories, merchant purchase and other credits	0.57	-	0.52	-
K Motors South East Europe (KTM Southeast Europe A.E.)	Sale of vehicles and material	2.24	0.03	1.15	(0.40)
KTM Southeast Europe S.A.	Sale of vehicles and material	-	(0.00)	-	0.39
KTM Sportmotorcycle India Pvt. Ltd.	Royalty paid and payable	7.41	(2.29)	6.18	(1.12)
	Services rendered and other debits	4.45	0.23	3.07	-
KTM Forschungs & Entwicklungs GmbH	Sale of vehicles and material	6.05	0.21	-	-
Husqvarna Motorcycles GmbH	Sale of vehicles and material	238.50	11.60	317.83	21.32
	Royalty paid and payable	0.27	(0.05)	0.43	(0.13)
	Services rendered and other debits	-	-	0.04	-
Maharashtra Scooters Ltd.	Investment in shares by MSL (6,964,277 shares of ₹ 10 each)	-	(6.96)	-	(6.96)
	Dividend paid	97.50	-	94.84	-
	Purchases	4.16	(0.47)	5.92	-
	Sales (including capital asset)	0.00	-	0.01	-
	Services rendered	0.07	-	0.10	(5.70)
CERG Advisory Pvt. Ltd.	Services received	-	-	0.05	-
Bajaj Auto Holdings Ltd.	Business support services rendered	0.00	-	-	-
Forbes Marshall Pvt Ltd	Purchases	0.01	(0.00)	-	-
Krohne Marshall Pvt Ltd	Purchases	0.10	(0.01)	-	-
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	11.00	-	4.00	-
Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	1.00	-	1.00	-
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	8.38	-	8.25	-
Bajaj Auto Ltd. Provident Fund	Provident fund contribution (Employer's share)	42.76	0.01	39.94	(10.88)
D J Balaji Rao	Sitting fees	0.19	-	0.16	-
	Commission	0.48	(0.48)	0.40	(0.40)
Dr. Gita Piramal	Sitting fees	-	-	0.11	-
	Commission	-	-	0.28	(0.28)
Naushad D Forbes	Sitting fees	0.14	-	0.13	-
	Commission	0.35	(0.35)	0.33	(0.33)
Omkar Goswami	Sitting fees	-	-	0.01	-
	Commission	-	-	0.03	(0.03)
Anami N. Roy	Sitting fees	0.14	-	0.12	-
	Commission	0.35	(0.35)	0.30	(0.30)
Pradip Shah	Sitting fees	0.11	-	0.04	-
	Commission	0.28	(0.28)	0.10	(0.10)
Ms. Lila Poonawala	Sitting fees	0.08	-	0.05	-
	Commission	0.20	(0.20)	0.13	(0.13)
Abhinav Bindra	Sitting fees	0.09	-	0.05	-
	Commission	0.23	(0.23)	0.13	(0.13)
CSEP Research Foundation	CSR Expenses	1.60	-	-	-

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 9 of the Indian Accounting Standard - 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are unsecured and are repayable in cash.

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

40 Lease

As a lessor

The Company has given premises on operating leases. These lease arrangements range for a period between eleven months to nine years and include both cancellable and non cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

The total future minimum lease rentals for non-cancellable leases, receivable at the Balance Sheet date is as under:

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Receivable		
Within one year	26.48	22.02
After one year but not more than five years	48.97	49.43
More than five years	1.80	0.26
	77.25	71.71

41 Expenditure incurred on Research and Development

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
a. Revenue expenditure - charged to Statement of Profit and Loss	489.91	446.73
b. Revenue expenditure - capitalised	—	—
c. Capital expenditure - excluding building	35.15	42.06
d. Capital expenditure - building	—	—
	525.06	488.79

42 Ratios

Particulars	Remarks	Numerator	Denominator	As at/For the year ended 31 March	
				2023	2022
(a) Current ratio		Current assets	Current liabilities	1.71	2.13
(b) Debt equity ratio	Not applicable				
(c) Debt service coverage ratio	Not applicable				
(d) Return on equity ratio		Profit after tax	Avg. net worth	21.6%	19.4%
(e) Inventory turnover ratio		Material cost	Avg. inventory	19.83	17.86
(f) Trade receivables turnover ratio	Change is due to reduction in avg. trade receivables	Revenue from contracts with customers	Avg. trade receivables	21.48	15.18
(g) Trade payables turnover ratio		Purchases	Trade payables	6.95	7.22
(h) Net capital turnover ratio	Increase is due to reduction in current assets and increase in trade payables	Total income	Avg. working capital	8.38	4.97
(i) Net profit ratio		Profit after tax	Total income	15.0%	14.6%
(j) Return on capital employed		Profit before tax	Avg. capital employed	27.9%	24.5%
(k) Return on investments		Profit before tax	Avg. net worth	28.4%	25.1%

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

43 Share based payments (Employee stock option plans)

The Board of Directors at its meeting held on 30 January 2019, approved an Employee Stock Options Scheme ('ESOS'). Pursuant to the scheme stock options up to a maximum of 0.17% of the then issued equity capital of the Company aggregating to 5,000,000 equity shares of the face value of ₹ 10 each can be issued in a manner provided in the SEBI (Share Based Employee Benefits) Regulations, 2014 as amended. The shareholders of the Company vide their special resolution passed through postal ballot on 11 March 2019 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s).

The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. The details of grants made as of 31 March 2023 are given in below tables:

Particulars	31 March 2023		
Grant date	17 May 2019	29 April 2021	26 April 2022
No. of options granted	287,636	277,116	447,692
Exercise price (₹)	2,942.65	3,889.75	3,892.10
Weighted average fair value (₹)	827.52	1,091.44	959.75

	No. of options	Range of fair value (₹)	Weighted average fair value (₹)	Weighted average remaining contractual life (years)
Total for all grants				
Outstanding at the beginning of the year	469,986	663.31 - 1132.99	981.63	5.79
Granted during the year	447,692	854.21 - 1050.80	959.75	1.02
Cancelled during the year	20,644	720.18 - 1248.65	879.59	NA
Expired during the year	1,619	633.10 - 974.15	830.66	NA
Exercised during the year	9,928	663.31 - 974.15	840.91	NA
Outstanding at the end of the year	885,487	663.31 - 1248.65	903.50	5.67
Vested and exercisable at the end of the year	201,480	663.31 - 1248.65	839.40	3.51

Method used for accounting for share based payment plan:

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black Scholes model. The key assumptions used in Black Scholes model for calculating fair value as on the date of grants are:

Grant date	Risk Free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)
17 May 2019	6.88% to 7.26%	3.51-6.51 years	22.18% to 23.79%	2.04%	2,942.65
29 April 2021	5.18% to 6.08%	3.51-6.51 years	29.35% to 26.65%	2.06%	3,889.75
26 April 2022	6.15% to 6.82%	3.51-6.51 years	26.03% to 28.79%	3.60%	3,892.10

For the year ended 31 March 2023, the Company has accounted expense of ₹ 29.82 crore as employee benefit expenses (See note 25) on the aforesaid employee stock option plan (Previous year ₹ 15.36 crore). The balance in employee stock option outstanding account is ₹ 62.09 crore as of 31 March 2023 (Previous year ₹ 32.27 crore).

Notes to standalone financial statements for the year ended 31 March 2023 (Contd.)

44 MSME disclosure

Considering the Company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under 'The Micro, Small and Medium Enterprises Development Act 2006' during the year. There is also no amount of outstanding interest in this regard, brought forward from previous years. Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors under the said Act.

45 Miscellaneous

- There have been no events after the reporting date that require disclosure in these financial statements.
- Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.
- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company has performed the assessment to identify transactions with struck off companies as at 31 March 2023 and identified no company with any transactions.
- The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.
- No funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Company to or in any other person or entity, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- No funds have been received by the Company from any person or entity, including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.
- The Company has not been sanctioned working capital limits from banks or financial institutions during any point of time of the year on the basis of security of current assets.
- The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- Figures for previous year/period have been regrouped wherever necessary.

As per our report of even date

On behalf of the Board of Directors

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Niraj Bajaj
Chairman
(DIN: 00028261)

Dinesh Thapar
Chief Financial Officer

Rajiv Bajaj
Managing Director
(DIN: 00018262)

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 25 April 2023

Dr. J Sridhar
Company Secretary

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

CONSOLIDATED FINANCIAL STATEMENTS



Independent Auditors' Report on the Consolidated Financial Statements

To the Members of **Bajaj Auto Ltd.**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bajaj Auto Ltd. (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and its associate comprising of the consolidated Balance sheet as at 31 March 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and its associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group and its associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditors' responsibilities for the audit of the consolidated financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters

How our audit addressed the key audit matter

Accounting for buy-back (as described in Note 14 of the consolidated financial statements)

The Board of Directors at its meeting held on 27 June 2022, approved a proposal to buy-back equity shares of the Company for an aggregate amount not exceeding ₹ 2,500 crore having a face value of Rs. 10 each from the existing shareholders (except promoters, promoter group and persons in control of the Company) from open market through stock market mechanism (i.e., through National Stock Exchange of India Ltd. and BSE Ltd.) at a maximum buy-back price not exceeding ₹ 4,600 per equity share. This transaction had a significant effect on the standalone financial statements and hence was considered as a Key Audit Matter.

Our audit procedures included the following:

- Obtained and read the minutes of the meeting of the Board of Directors in which the proposed buy-back was approved.
- Compared the buy-back amount as approved by the Board of Directors with the permissible limit computed in accordance with relevant provisions of Section 68 of the Companies Act, 2013 and Regulation 4 of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 as amended ('SEBI Buyback Regulations').
- Obtained and read the resolutions passed by the Buy-back Committee for approving the extinguishment of shares which were bought back.
- Read the Certificate of Extinguishment of Equity Shares, which has been prepared by the Company pursuant to Regulation 21 read with Regulation 11(iii) of the SEBI Buyback Regulations.

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

Key audit matters	How our audit addressed the key audit matter
Accounting for buy-back (as described in Note 14 of the consolidated financial statements)	
	<ul style="list-style-type: none"> Read the letters received by the Company from National Securities Depository Ltd. (NSDL) for extinguishment of equity shares of the Company bought back in dematerialised form under the buy-back offer. Obtained the transaction statement from the Company's Registrar and compared the number of equity shares extinguished by NSDL as per aforesaid letters with the equity shares debited in the depository account. Assessed the Management's evaluation of compliance with Section 67, 68 and 69 of the Companies Act, 2013, read with rule 17 of the Companies (share capital and debentures) Amendment Rules, 2016. Assessed the Management's evaluation of compliance with the provisions of Section 115QA of Income-tax Act, 1961. Assessed the adequacy of the disclosures in the financial statements. Obtained necessary representation from the Management.
Accounting for income from government grants (as described in Note 7, 8 and 22 of the consolidated financial statements)	
<p>The Company recognises various incentives ('Grant income') receivable from the Government as per the relevant schemes, notifications and policies issued from time to time.</p> <p>Recognition of Grant income and assessment of its recoverability is subject to significant judgments arising out of conditions of various schemes and interpretation of various notifications of respective government authorities. Accordingly, this matter has been determined to be a Key Audit Matter in our audit of the standalone financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Read the relevant schemes, notifications and policies issued by respective Government authorities. Obtained and tested the computation of Grant income prepared by Management. Evaluated the Management's assessment regarding compliance with the relevant conditions as specified in the relevant notifications and policies including compliance with relevant accounting standards. Assessed the disclosures in the standalone financial statements for compliance with relevant standards. Obtained Management representation in regard to the recognition and disclosures in respect of the Grant income.

Other information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Chairman's letter, Management Discussion and Analysis, Business Responsibility and Sustainability Report, Corporate Governance and Directors' Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of their respective companies.

Auditors' Responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

- (a) We did not audit the financial statements and other financial information, in respect of five (5) subsidiaries, whose financial statements include total assets of ₹ 86.50 crore as at 31 March 2023, and total revenues of ₹ 23.55 crore and net cash outflows of ₹ 2.29 crore for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the Management. The consolidated financial statements also include the Group's share of net profit of ₹ 529.29 crore for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of one (1) associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such other auditors.

Certain of these subsidiaries and associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2020 (the 'Order' or 'CARO'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, incorporated in India, there are no matters which require reporting as specified as in paragraph 3(xxi) of the Order. The Holding Company did not have any associate company incorporated in India and did not exercise joint control over any entity incorporated in India.
- As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, and associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act; The Holding Company did not have any associate company incorporated in India and did not exercise joint control over any entity incorporated in India.
- (f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in Annexure 1 to this report. The Holding Company did not have any associate company incorporated in India and did not exercise joint control over any entity incorporated in India
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended 31 March 2023 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act; The Holding Company did not have any associate company incorporated in India and did not exercise joint control over any entity incorporated in India
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate and in its consolidated financial statements – Refer note 40 to the consolidated financial statements;
 - ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2023;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended 31 March 2023.
 - iv.
 - a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any persons or entities, including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v) The final dividend paid by the Holding Company and its subsidiaries companies incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiaries companies incorporated in India, hence reporting under this clause is not applicable.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 089802
UDIN: 23089802BGYPVV1818
Pune: 25 April 2023

Annexure 1 to Independent Auditors' Report

Referred to in paragraph 2(f) under the heading 'Report on other legal and regulatory requirements' of our report of even date to the members of Bajaj Auto Ltd.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

In conjunction with our audit of the consolidated financial statements of Bajaj Auto Limited (hereinafter referred to as the 'Holding Company') as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of internal financial controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure 1 to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to one (1) subsidiary, which is incorporated in India, is based on the corresponding reports of the auditors of such subsidiary. The Holding Company did not have any associate company incorporated in India and did not exercise joint control over any entity incorporated in India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 089802
UDIN: 23089802BGYPVV1818
Pune: 25 April 2023

Consolidated Balance Sheet

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,761.52	1,759.60
Capital work-in-progress	2	85.27	77.21
Investment property	3	50.01	51.13
Intangible assets	4	30.70	25.32
Intangible assets under development	4	—	—
Investments in associate of subsidiary	5A	4,884.03	4,063.79
Financial assets			
Investments	5B	16,717.53	17,601.20
Trade receivables	10	—	—
Loans	6	2.28	4.57
Other financial assets	7	33.72	61.39
Income tax assets (net)		812.46	749.24
Other non-current assets	8	108.53	352.15
		25,486.05	24,745.60
Current assets			
Inventories	9	1,563.55	1,230.51
Financial assets			
Investments	5B	4,581.35	4,969.13
Trade receivables	10	1,752.43	1,516.38
Cash and cash equivalents	11	241.62	933.69
Other bank balances	12	448.86	24.37
Loans	6	3.62	4.17
Other financial assets	7	473.37	596.26
Other current assets	8	585.60	1,091.10
		9,650.40	10,365.61
		35,136.45	35,111.21

Consolidated Balance Sheet (Contd.)

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2023	2022
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	282.96	289.37
Other equity	14	29,078.58	29,570.28
Equity attributable to owners of the Company		29,361.54	29,859.65
Non-controlling interest		0.01	0.01
Total equity		29,361.55	29,859.66
Non-current liabilities			
Financial liabilities			
Sales tax deferral	15	124.23	122.77
Provisions	16	1.24	1.30
Deferred tax liabilities (net)	17	345.15	402.68
Government grant		33.35	36.00
Other non-current liabilities	18	0.19	0.30
		504.16	563.05
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	19	278.26	150.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	19	3,842.92	3,481.51
Other financial liabilities	20	464.09	397.00
Other current liabilities	21	492.61	478.80
Provisions	16	166.47	153.75
Government grant		2.65	2.65
Current tax liabilities (net)		23.74	24.15
		5,270.74	4,688.50
		35,136.45	35,111.21

Summary of significant accounting policies followed by the Group

1

The accompanying notes are an integral part of the consolidated financial statements

On behalf of the Board of Directors

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Niraj Bajaj
Chairman
(DIN: 00028261)

Dinesh Thapar
Chief Financial Officer

Rajiv Bajaj
Managing Director
(DIN: 00018262)

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 25 April 2023

Dr. J Sridhar
Company Secretary

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Consolidated Statement of Profit and Loss

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2023	2022
Revenue from contracts with customers		35,391.52	32,135.98
Other operating revenue		1,063.86	1,008.73
Revenue from operations	22	36,455.38	33,144.71
Other income	23	1,187.52	1,284.14
Total income		37,642.90	34,428.85
Expenses			
Cost of raw materials and components consumed		24,073.13	22,169.88
Purchase of traded goods		2,148.45	1,971.98
Changes in inventories of finished goods, work-in-progress and traded goods	24	(100.33)	187.96
Employee benefits expense	25	1,484.47	1,362.79
Finance costs	26	39.51	8.66
Depreciation and amortisation expense	27	285.85	269.76
Other expenses	28	2,426.95	2,215.49
Expenses, included in above items, capitalised		(27.82)	(13.31)
Total expenses		30,330.21	28,173.21
Share of profits of associate		529.29	579.53
Profit before exceptional items and tax		7,841.98	6,835.17
Exceptional items	29	–	(816.51)
Profit before tax		7,841.98	7,651.68
Tax expense			
Current tax		1,854.89	1,667.11
Deferred tax		(73.12)	(181.30)
Total tax expense	30	1,781.77	1,485.81
Profit after tax		6,060.21	6,165.87
Profit attributable to non-controlling interest		–	–
Profit for the year		6,060.21	6,165.87

Consolidated Statement of Profit and Loss (Contd.)

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2023	2022
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(2.11)	17.94
Tax impact on above		0.53	(4.52)
Actuarial gains/(losses) of defined benefit plans - share of associate of subsidiary		–	2.39
Changes in fair value of FVTOCI equity instruments		337.14	605.59
Tax impact on above		(36.42)	(67.61)
Items that will be reclassified to profit or loss			
Valuation gains/(losses) on derivative hedging instruments		(80.53)	(40.87)
Tax impact on above		20.27	10.29
Other adjustments - share of associate of subsidiary		12.11	21.13
Change in foreign currency translation reserve of subsidiary		301.92	(113.98)
Other comprehensive income (net of tax)		552.91	430.36
Total comprehensive income for the year		6,613.12	6,596.23
Profit attributable to:			
Owners of the Company		6,060.21	6,165.87
Non-controlling interest		–	–
		6,060.21	6,165.87
Total comprehensive income attributable to:			
Owners of the Company		6,613.12	6,596.23
Non-controlling interest		–	–
		6,613.12	6,596.23
Basic and diluted Earnings per share (in ₹)	31	212.5	213.2
(Nominal value per share ₹ 10)			
Summary of significant accounting policies followed by the Group	1		

The accompanying notes are an integral part of the consolidated financial statements

On behalf of the Board of Directors

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Niraj Bajaj
Chairman
(DIN: 00028261)

Dinesh Thapar
Chief Financial Officer

Rajiv Bajaj
Managing Director
(DIN: 00018262)

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 25 April 2023

Dr. J Sridhar
Company Secretary

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Consolidated Statement of Changes in Equity

A. Equity share capital

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2023	2022
At the beginning of the year		289.37	289.37
Changes in equity share capital due to prior period errors		—	—
Restated balance at the beginning of the current reporting period		289.37	289.37
Changes in equity share capital		(6.41)	—
At the end of the year	13	282.96	289.37

Consolidated Statement of Changes in Equity (Contd.)

B. Other equity

(₹ In Crore)

Attributable to owners														
Particulars	Note No.	Reserves and surplus		Other reserves									Total other equity	Non-controlling interest
		General reserve	Retained earnings	Cash flow hedging reserve	Costs of hedging reserve	Foreign exchange difference of subsidiary on paid-up capital	Foreign currency translation reserve	FVTOCI reserve	Capital Reserve	Capital redemption reserve	Share based payments reserve	Treasury shares		
Balance as at 31 March 2021	14	5,887.60	20,357.85	148.90	(58.06)	0.27	574.30	88.43	–	–	16.91	(32.14)	26,984.06	0.01
Profit for the year		–	6,165.87	–	–	–	–	–	–	–	–	–	6,165.87	–
Recognition of share based payments to employees		–	–	–	–	–	–	–	–	–	15.36	–	15.36	–
Recognition of capital reserve on consolidation		–	–	–	–	–	–	–	63.14	–	–	–	63.14	–
Other comprehensive income (net of tax)		–	36.94	(94.57)	63.99	0.01	(113.99)	537.98	–	–	–	–	430.36	–
Total comprehensive income for the year ended 31 March 2022		–	6,202.81	(94.57)	63.99	0.01	(113.99)	537.98	63.14	–	15.36	–	6,674.73	–
Transactions with owners in their capacity as owners														
Transfer from Retained earnings to General reserve		502.00	(502.00)	–	–	–	–	–	–	–	–	–	–	–
Treasury shares held by ESOP Trust		–	–	–	–	–	–	–	–	–	–	(37.37)	(37.37)	–
Final dividend for the year ended 31 March 2021		–	(4,051.14)	–	–	–	–	–	–	–	–	–	(4,051.14)	–
Balance as at 31 March 2022	14	6,389.60	22,007.52	54.33	5.93	0.28	460.31	626.41	63.14	–	32.27	(69.51)	29,570.28	0.01
Profit for the year		–	6,060.21	–	–	–	–	–	–	–	–	–	6,060.21	–
Recognition of share based payments to employees		–	–	–	–	–	–	–	–	–	29.82	–	29.82	–
Other comprehensive income (net of tax)		–	10.53	(54.33)	(5.93)	0.01	301.91	300.72	–	–	–	–	552.91	–
Total comprehensive income for the year ended 31 March 2023		–	6,070.74	(54.33)	(5.93)	0.01	301.91	300.72	–	–	29.82	–	6,642.94	–
Transactions with owners in their capacity as owners														
Recognition of capital redemption reserve		–	(6.41)	–	–	–	–	–	–	6.41	–	–	–	–
Treasury shares held by ESOP Trust		–	–	–	–	–	–	–	–	–	–	5.78	5.78	–
Final dividend for the year ended 31 March 2022		–	(4,051.14)	–	–	–	–	–	–	–	–	–	(4,051.14)	–
Transaction costs on issue of shares		–	(1.81)	–	–	–	–	–	–	–	–	–	(1.81)	–
Share buyback and tax thereon		–	(3,087.47)	–	–	–	–	–	–	–	–	–	(3,087.47)	–
Balance as at 31 March 2023	14	6,389.60	20,931.43	–	–	0.29	762.22	927.13	63.14	6.41	62.09	(63.73)	29,078.58	0.01

Note: There are no changes in accounting policies or prior period errors during the current or previous year.

Summary of significant accounting policies followed by the Group 1

The accompanying notes are an integral part of the consolidated financial statements

On behalf of the Board of Directors

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Dinesh Thapar
Chief Financial Officer

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 25 April 2023

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(DIN: 00028261)

Rajiv Bajaj
Managing Director
(DIN: 00018262)

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Consolidated Statement of Cash Flows

(₹ In Crore)

For the year ended 31 March

Particulars	2023	2022
I. Operating activities	7,841.98	7,651.68
Profit before tax		
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
i) Depreciation and amortisation expense	285.85	269.76
ii) Loss on property, plant and equipment sold, demolished, discarded and scrapped	14.11	8.88
iii) Provision for doubtful debts and advances	4.79	(4.44)
iv) Share based payment to employees	29.82	15.36
v) Exchange loss/(gain) on cash and cash equivalents	11.39	(3.55)
vi) Exchange loss/(gain) on trade receivables	2.50	2.39
vii) Exchange loss/(gain) on import payables	0.24	3.64
viii) Interest adjustment on Government grant	1.46	1.31
ix) Interest expense	38.05	7.35
	388.21	300.70
Less:		
i) Investment income included in above:		
Interest income on fixed income securities	306.99	275.05
Interest income on fixed deposits	63.85	36.42
Interest income on exchange traded funds	344.56	204.68
Interest income on fixed maturity plans	39.55	388.93
Profit on sale of other investments, net	–	74.90
Gain on valuation and realisation of mutual funds measured at fair value through profit or loss	177.67	224.47
Dividend income on other strategic investments	47.25	45.50
Amortisation of premium/discount on acquisition of fixed income securities	(2.00)	(17.67)
	977.87	1,232.28
ii) Share of profits of associate	529.29	579.53
iii) Government grants	2.65	2.65
iv) Exceptional item	–	816.51
v) Surplus on sale of property, plant and equipment	111.56	21.59
	(1,621.37)	(2,652.56)
	6,608.82	5,299.82
Change in assets and liabilities		
i) (Increase)/decrease in inventories	(333.04)	263.38
ii) (Increase)/decrease in trade receivables	(243.34)	1,202.52
iii) (Increase)/decrease in loans and other assets	587.58	76.82
iv) Increase/(decrease) in liabilities and provisions	576.24	(943.47)
	587.44	599.25
Annuity payments (net) to VRS/Welfare scheme optees	(0.32)	(0.32)
Net cash flow from operating activities before income tax	7,195.94	5,898.75
Income tax paid	(1,918.52)	(1,701.54)
Net cash flow from/(used in) operating activities	5,277.42	4,197.21
Carried forward	5,277.42	4,197.21

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Brought forward	5,277.42	4,197.21
II. Investing activities		
i) Sale of investments	10,792.76	11,526.59
ii) Purchase of investments	(9,384.23)	(11,083.79)
iii) Sale/(purchase) of liquid mutual funds, etc., net	759.84	(209.44)
iv) Investment in treasury shares by ESOP trust	5.78	(37.37)
v) (Increase)/decrease in other bank balances	(424.49)	(2.14)
vi) Purchase of property, plant and equipment (including advances)	(1,074.47)	(550.75)
vii) Sale proceeds of property plant and equipment	136.90	33.07
viii) Capital expenditure on development of technical know-how	(35.73)	—
	776.36	(323.83)
ix) Investment income		
Interest income on fixed income securities	306.99	275.05
Interest income on fixed deposits	63.85	36.42
Dividend income on other strategic investments	47.25	45.50
	418.09	356.97
(Increase)/decrease in interest receivable	5.07	(114.00)
	423.16	242.97
Net cash flow from/(used in) investing activities	1,199.52	(80.86)
Carried forward	6,476.94	4,116.35

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2023	2022
Brought forward	6,476.94	4,116.35
III. Financing activities		
i) Interest expense	(38.05)	(7.35)
ii) Equity share buy-back (incl. tax thereon)	(3,093.88)	–
iii) Transaction costs on issue of shares	(1.81)	–
iv) Dividend, including interim dividend paid	(4,046.96)	(4,048.98)
Net cash flow from/(used in) financing activities	(7,180.70)	(4,056.33)
IV. Change in foreign currency translation arising on consolidation	23.08	353.51
Net change in cash and cash equivalents	(680.68)	413.53
Cash and cash equivalents at the beginning of the year	933.69	516.61
Add/(Less): Effects of exchange (loss)/gain on cash and cash equivalents	(11.39)	3.55
Cash and cash equivalents at the end of the year [See note 11]	241.62	933.69

On behalf of the Board of Directors

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Niraj Bajaj
Chairman
(DIN: 00028261)

Dinesh Thapar
Chief Financial Officer

Rajiv Bajaj
Managing Director
(DIN: 00018262)

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 25 April 2023

Dr. J Sridhar
Company Secretary

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Notes to consolidated financial statements for the year ended 31 March 2023

Corporate information

Bajaj Auto Ltd. (the 'Company') is a company limited by shares, incorporated and domiciled in India. The Company is engaged in the business of development, manufacturing and distribution of automobiles such as motorcycles, commercial vehicles, electric two-wheelers etc. and parts thereof. The Company sells its products in India as well as in various other global markets. The registered office of the Company is located at Mumbai-Pune Road, Akurdi, Pune 411035.

The consolidated financial statements comprise financial statements of Bajaj Auto Ltd. (the 'Company') and its subsidiaries (collectively, the 'Group') for the year ended 31 March 2023. The consolidated financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company on 25 April 2023.

The consolidated financial statements include results of the subsidiaries of Bajaj Auto Ltd., consolidated in accordance with Ind AS 110 'Consolidated Financial Statements' and Ind AS 28 'Investment in Associates and Joint Ventures'.

Name of the Company	Country of Incorporation	% Shareholding of Bajaj Auto Ltd.	% Shareholding of Non-controlling interest	Consolidated as
PT. Bajaj Auto Indonesia	Indonesia	99.25%	0.75%	Subsidiary
Bajaj Auto International Holdings BV	Netherlands	100.00%	–	Subsidiary
Bajaj Auto (Thailand) Ltd.	Thailand	100.00%	–	Subsidiary
Chetak Technology Ltd.	India	100.00%	–	Subsidiary
Bajaj Auto Consumer Finance Ltd.	India	100.00%	–	Subsidiary
Bajaj Auto Spain S.L.U.	Spain	100.00%	–	Subsidiary
Bajaj Do Brasil Comercio De Motocicletas Ltda	Brazil	100.00%	–	Subsidiary

The consolidated financial statements of Bajaj Auto International Holdings BV include 49.90% interest in Pierer Bajaj AG as an associate.

1 Summary of significant accounting policies followed by the Group

Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Act, on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities (including derivative instruments) that are measured at fair value.

The financial statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

All assets and liabilities, other than deferred tax assets and liabilities, have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Act. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for current and non-current classification of assets and liabilities.

Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Group (Contd.)

1 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries, being the entities that it controls. Control is evidenced where the Group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Group. For non-wholly owned subsidiaries, a share of the profit/loss for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated statement of profit and loss and consolidated balance sheet. For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The financial statements of subsidiaries acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless costs cannot be recovered. The financial statements of Bajaj Auto (Thailand) Ltd., Bajaj Auto Spain S.L.U. and Bajaj Do Brasil Comercio De Motocicletas Ltda are prepared with a three months' time lag for consolidation into the Group financial statements.

2 Investment in associates

Investments in associates are accounted for using the equity method. An associate is an entity over which the Group is in a position to exercise significant influence over operating and financial policies. The considerations made in determining whether significant influence is being exercised are similar to those necessary to determine control over the subsidiaries. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associate.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Profit and Loss.

The financial statements of the associate are prepared with a three months' time lag for consolidation into the Group financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. The Group has not identified any material adjustments during the year; in regard to the alignment of accounting policies.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the Statement of Profit or Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Group (Contd.)

3 Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss with the exception of the following:

Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in Statement of Profit and Loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g. consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in Statement of Other Comprehensive Income ('OCI'). These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their Statement of Profit and Loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

Any goodwill arising in the acquisition/business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

4 Taxation

- Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.
- Current income tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

1 Summary of significant accounting policies followed by the Group (Contd.)

- c) Deferred tax is provided using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

- d) Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5 Other significant accounting policies

Other significant accounting policies followed by the Group are exactly similar to the significant accounting policies of the parent, Bajaj Auto Ltd.; and hence have not been reproduced here. Refer note 1 of standalone financial statements of Bajaj Auto Ltd. for the year ended 31 March 2023 for details in regard to other significant accounting policies.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

2 Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block				Depreciation				Net block
	As at 1 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 1 April 2022	Deductions	For the year	As at 31 March 2023	As at 31 March 2023
Land freehold	19.97	–	–	19.97	–	–	–	–	19.97
Land leasehold (Right-of-use assets)	152.41	–	1.98	150.43	–	–	–	–	150.43
Buildings	979.94	301.32	–	1,281.26	382.27	–	23.58	405.85	875.41
Waterpumps, reservoirs and mains	17.79	0.04	–	17.83	15.06	–	0.33	15.39	2.44
Plant and machinery	1,296.46	193.54	17.83	1,472.17	1,032.78	11.84	56.94	1,077.88	394.29
Computers and IT Equipment	83.83	7.89	7.38	84.34	77.12	7.38	4.05	73.79	10.55
Dies and jigs	741.07	125.08	6.56	859.59	475.31	6.43	74.79	543.67	315.92
Electric installations	75.04	15.55	–	90.59	72.67	–	1.30	73.97	16.62
Factory equipment	458.81	103.50	0.82	561.49	269.83	0.78	26.73	295.78	265.71
Furniture	46.66	2.10	0.13	48.63	31.91	0.13	3.39	35.17	13.46
Office equipment	58.66	3.39	0.14	61.91	42.44	0.14	4.21	46.51	15.40
Electric fittings	36.89	3.95	0.17	40.67	28.23	0.17	1.73	29.79	10.88
Vehicles and aircraft	501.18	539.39	295.62	744.95	281.49	262.33	55.35	74.51	670.44
Total	4,468.71	1,295.75	330.63	5,433.83	2,709.11	289.20	252.40	2,672.31	2,761.52
Capital work-in-progress	77.21	85.02	76.96	85.27	–	–	–	–	85.27

Ageing schedule for Capital work-in-progress

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	84.63	0.64	–	–	85.27
Projects temporarily suspended	–	–	–	–	–
Total	84.63	0.64	–	–	85.27

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

2 Property, plant and equipment (Contd.)

Previous year

(₹ In Crore)

Particulars	Gross block				Depreciation			Net block	
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions	For the year	As at 31 March 2022	As at 31 March 2022
Land freehold	19.97	–	–	19.97	–	–	–	–	19.97
Land leasehold (Right-of-use assets)	47.28	107.11	1.98	152.41	–	–	–	–	152.41
Buildings	976.00	4.30	0.36	979.94	360.79	0.22	21.70	382.27	597.67
Waterpumps, reservoirs and mains	17.74	0.05	–	17.79	14.30	–	0.76	15.06	2.73
Plant and machinery	1,368.94	27.35	99.83	1,296.46	1,064.26	89.08	57.60	1,032.78	263.68
Computers and IT Equipment	84.42	4.67	5.26	83.83	78.36	5.26	4.02	77.12	6.71
Dies and jigs	661.18	83.21	3.32	741.07	401.97	3.13	76.47	475.31	265.76
Electric installations	74.30	0.74	–	75.04	71.44	–	1.23	72.67	2.37
Factory equipment	439.28	21.29	1.76	458.81	244.02	1.60	27.41	269.83	188.98
Furniture	44.47	2.27	0.08	46.66	28.70	0.08	3.29	31.91	14.75
Office equipment	54.90	3.95	0.19	58.66	38.72	0.19	3.91	42.44	16.22
Electric fittings	36.81	0.33	0.25	36.89	26.69	0.25	1.79	28.23	8.66
Vehicles and aircraft	356.50	203.35	58.67	501.18	284.59	49.55	46.45	281.49	219.69
Total	4,181.79	458.62	171.70	4,468.71	2,613.84	149.36	244.63	2,709.11	1,759.60
Capital work-in-progress	15.98	74.00	12.77	77.21	–	–	–	–	77.21

Ageing schedule for Capital work-in-progress

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	74.94	0.34	–	1.93	77.21
Projects temporarily suspended	–	–	–	–	–
Total	74.94	0.34	–	1.93	77.21

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

3 Investment property

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Gross carrying amount		
Opening balance	69.66	69.66
Additions	–	–
Closing balance	69.66	69.66
Accumulated depreciation		
Opening balance	18.53	17.36
Depreciation charge	1.12	1.17
Closing balance	19.65	18.53
Net carrying amount	50.01	51.13

See note 3 of standalone financial statements for the following disclosures in regard to investment property:

- i) Amounts recognised in profit and loss for investment properties
- ii) Contractual obligations
- iii) Leasing arrangements
- iv) Fair value

4 Intangible assets

Current year

(₹ In Crore)

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 1 April 2022	Deductions	For the year	As at 31 March 2023	As at 31 March 2023
Intangible assets									
Technical know-how developed/acquired	95.56	35.73	–	131.29	70.24	–	30.35	100.59	30.70
Total Intangible assets	95.56	35.73	–	131.29	70.24	–	30.35	100.59	30.70
Intangible assets under development	–	–	–	–	–	–	–	–	–

Previous year

(₹ In Crore)

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2021	Additions	Deductions/ adjustments	As at 31 March 2022	As at 1 April 2021	Deductions	For the year	As at 31 March 2022	As at 31 March 2022
Intangible assets									
Technical know-how developed/acquired	95.56	–	–	95.56	48.26	–	21.98	70.24	25.32
Total Intangible assets	95.56	–	–	95.56	48.26	–	21.98	70.24	25.32
Intangible assets under development	–	–	–	–	–	–	–	–	–

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

5 Investments

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
(A) Investments in associate of subsidiary				
49,900 shares of Euro 1 each in Pierer Bajaj AG	4,884.03	4,063.79	–	–
	4,884.03	4,063.79	–	–
(B) Other investments				
Investment carried at FVTOCI				
In shares	2,275.02	1,898.08	–	–
Investment carried at amortised cost				
In Government bonds and securities	720.27	857.47	125.58	–
In Bonds and debentures	1,814.88	3,583.73	1,738.10	250.93
In Fixed deposits	–	1,115.00	1,400.00	–
In Certificate of deposits	–	–	1,143.41	–
In Exchange traded funds	6,900.37	5,515.81	–	–
In Fixed maturity plans	787.74	755.11	12.28	3,903.65
Investment carried at fair value through profit or loss				
In Mutual fund units	4,219.25	3,876.00	161.98	814.55
	16,717.53	17,601.20	4,581.35	4,969.13
	21,601.56	21,664.99	4,581.35	4,969.13

Notes to Investments

- See note 5B of standalone financial statements for details of 'Other investments'.
- See footnotes to note 5 of standalone financial statements.

6 Loans

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Employee loans	2.28	4.57	3.62	4.17
	2.28	4.57	3.62	4.17

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

7 Other financial assets

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Non-current bank balances [See note 12]	0.03	0.02	–	–
Security deposits	33.69	27.04	–	–
Interest receivable on investments	–	34.33	158.97	129.71
Interest receivable on loans, deposits etc.	–	–	0.57	0.55
Valuation gains on derivative hedging instruments	–	–	–	80.53
PSI Receivable	–	–	263.02	345.78
Other advances	–	–	50.81	39.69
	33.72	61.39	473.37	596.26

Security deposits include a sum of ₹ 9.92 crore (previous year ₹ 9.92 crore) against use of premises on a Leave License basis, placed with directors and their relatives, jointly and severally. [see note 41]

8 Other assets

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Capital advances	40.39	269.73	–	–
Security deposits	9.29	6.78	–	–
Advances recoverable in cash or kind				
Advances to related parties [See note 41]	–	–	14.96	11.32
Other advances	26.99	22.94	107.97	115.16
Doubtful advances	4.03	8.13	–	–
	31.02	31.07	122.93	126.48
Provision for doubtful advances	4.03	8.13	–	–
	26.99	22.94	122.93	126.48
Gratuity asset [See note 37]	1.03	12.92	–	–
VAT refund receivable	30.83	39.78	–	129.66
GST credit/refund receivable	–	–	281.04	507.59
EV subsidy receivable	–	–	110.36	21.06
Export incentives receivable				
Unsecured considered good	–	–	71.27	306.31
Doubtful	–	0.21	–	–
	–	0.21	71.27	306.31
Provision for doubtful export incentives	–	0.21	–	–
	–	–	71.27	306.31
	108.53	352.15	585.60	1,091.10

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

9 Inventories

Particulars	As at 31 March	
	2023	2022
Raw materials and components (includes in transit ₹ 36.90 crore (previous year ₹ 31.13 crore))	827.72	591.72
Work-in-progress	78.18	70.11
Finished goods	634.05	541.79
Stores, spares and packing material	22.04	25.67
Loose tools	1.56	1.22
	1,563.55	1,230.51

Amount recognised in profit and loss

Write-downs of inventories to net realisable value/reversal of provision for write-down, resulted in net loss/(gain) of ₹ 54.12 crore [Previous year – ₹ 6.74 crore]. These were recognised as an expense/(income) during the year in the consolidated Statement of Profit and Loss.

10 Trade receivables

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Unsecured, considered good	–	–	1,752.43	1,516.38
Receivables which have significant increase in credit risk	43.20	39.66	–	–
	43.20	39.66	1,752.43	1,516.38
Allowance for bad and doubtful receivable [See note 35 (A)]	43.20	39.66	–	–
	–	–	1,752.43	1,516.38

Outstanding for following periods from due date of payment

Ageing schedule as at 31 March 2023	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed trade receivables - considered good	1,737.72	12.13	1.83	0.15	0.60	1,752.43
ii) Undisputed trade receivables - which have significant increase in credit risk	8.23	3.28	1.78	0.63	2.96	16.88
iii) Disputed trade receivables - considered good	–	–	–	–	–	–
iv) Disputed trade receivables - which have significant increase in credit risk	–	0.13	0.78	2.54	22.87	26.32
	1,745.95	15.54	4.39	3.32	26.43	1,795.63

Outstanding for following periods from due date of payment

Ageing schedule as at 31 March 2022	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed trade receivables - considered good	1,484.52	19.45	11.83	0.02	0.56	1,516.38
ii) Undisputed trade receivables - which have significant increase in credit risk	4.29	0.27	1.86	0.36	2.68	9.46
iii) Disputed trade receivables - considered good	–	–	–	–	–	–
iv) Disputed trade receivables - which have significant increase in credit risk	0.33	0.83	5.27	4.75	19.02	30.20
	1,489.14	20.55	18.96	5.13	22.26	1,556.04

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

11 Cash and cash equivalents

(₹ In Crore)		
Particulars	As at 31 March	
	2023	2022
Balances with banks	241.58	933.64
Cash on hand	0.04	0.05
	241.62	933.69

12 Other bank balances

(₹ In Crore)				
Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Unclaimed dividend and unspent CSR accounts	–	–	66.33	24.37
Deposits with residual maturity for more than twelve months	0.03	0.02	–	–
Deposits with residual maturity for less than twelve months	–	–	382.53	–
	0.03	0.02	448.86	24.37
Amount disclosed under 'other financial assets' [See note 7]	(0.03)	(0.02)	–	–
	–	–	448.86	24.37

13 Equity share capital

(₹ In Crore)		
Particulars	As at 31 March	
	2023	2022
Authorised		
300,000,000 equity shares of ₹ 10 each	300.00	300.00
Issued, subscribed and fully paid-up shares		
282,957,358 equity shares of ₹ 10 each	282.96	289.37
	282.96	289.37

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	289,367,020	289.37	289,367,020	289.37
Issued/(bought back) during the year*	(6,409,662)	(6.41)	–	–
Outstanding at the end of the year	282,957,358	282.96	289,367,020	289.37

*The Board of Directors at its meeting held on 27 June 2022 approved a proposal to buyback fully paid up equity shares of the Company having a face value of ₹ 10 each from the existing shareholders (except promoters, promoter group and persons in control of the Company) from open market through stock market mechanism (i.e. through National Stock Exchange of India Ltd. and BSE Ltd.) at a maximum buyback price not exceeding ₹ 4,600 per equity share and maximum buyback size up to ₹ 2,500 crore.

In this regard, the Company bought back 6,409,662 number of equity shares from the stock exchange at a volume weighted average buyback price of ₹ 3,900.31 per share comprising 2.22% of the pre-buyback number of shares of the Company. The buyback resulted in a cash outflow of ₹ 2,499.97 crore (excluding transaction cost and tax on buyback). An amount of ₹ 582.39 crore was paid towards tax on buyback. In accordance with relevant statutory provisions, the Company has created a capital redemption reserve of ₹ 6.41 crore, equal to the nominal value of shares bought back, as an appropriation from retained earnings.

The Buyback Committee of the Company, at its meeting held on 10 October 2022, approved the completion and closure of the buyback.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

13 Equity share capital (Contd.)

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors; and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders..

c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2023		As at 31 March 2022	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Holdings & Investment Ltd.	96,727,050	34.18%	96,727,050	33.43%
Jamnalal Sons Pvt. Ltd.	26,281,400	9.29%	26,281,400	9.08%
Life Insurance Corporation of India	15,214,187	5.38%	20,757,508	7.17%

d. Shareholding of promoters

Promoter name	No. of shares	% of total shares	% change during the year*
For 2022-23			
Shekhar Bajaj	6,020	0.00%	0.00%
Madhur Bajaj	200,000	0.07%	0.00%
Niraj Bajaj	42,622	0.02%	0.00%
Rajiv Bajaj	754,200	0.27%	0.01%
Sanjiv Bajaj**	327,224	0.12%	0.00%
Bajaj Holdings & Investment Ltd.	96,727,050	34.18%	0.75%

*No changes in the number of shares held by the Promoters; However, percentages of holdings have changed pursuant to reduced capital on account of buyback of 6,409,662 equity shares of the Company made during the year.

**Sanjiv Bajaj also holds 1,048,796 shares as Executor for the Estate of Late Shri Rahul Bajaj.

Promoter name	No. of shares	% of total shares	% change during the year
For 2021-22			
Rahul Kumar Bajaj*	—	0.00%	(0.36%)
Shekhar Bajaj	6,020	0.00%	0.00%
Madhur Bajaj	200,000	0.07%	(0.24%)
Niraj Bajaj	42,622	0.01%	0.00%
Rajiv Bajaj**	754,200	0.26%	0.26%
Sanjiv Bajaj**	327,224	0.11%	0.11%
Bajaj Holdings & Investment Ltd.	96,727,050	33.43%	0.00%

*Shri Rahul Kumar Bajaj, one of the promoters of Bajaj Auto Ltd. expired on 12 February 2022. Shares held by Late Shri Rahul Kumar Bajaj in individual capacity, and previously shown as part of holdings of Promoters, are in the process of transmission. As per regulation 31A (6) of SEBI LODR Regulations, Late Shri Rahul Kumar Bajaj automatically ceases to be a promoter and his holdings would hereafter be shown under 'Promoter Group - (Estate of Rahul Kumar Bajaj)' category until his shares are transmitted to the respective legal heirs, who would all be Promoters/Promoter Group.

**Shri Rajiv Rahul Kumar Bajaj and Shri Sanjiv Rahul Kumar Bajaj, sons of Late Shri Rahul Kumar Bajaj have now succeeded as Promoters and their holdings which earlier were shown under 'Promoter Group' category have got transferred to 'Promoter' Category.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

14 Other equity

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Reserves and surplus:		
General reserve		
Balance as at the beginning of the year	6,389.60	5,887.60
Add: Transferred from surplus in Statement of Profit and Loss	–	502.00
Balance as at the end of the year	6,389.60	6,389.60
Retained earnings		
Balance as at the beginning of the year	22,007.52	20,357.85
Profit for the year	6,060.21	6,165.87
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/(losses) of gratuity (net of tax)	(1.58)	13.42
Adjustments on account of change in share of net assets of associate/subsidiary	12.11	23.52
Less: Appropriations		
Transfer to General reserve	–	502.00
Transaction costs on issue of shares	1.81	–
Share buyback and tax thereon	3,087.47	–
Recognition of capital redemption reserve	6.41	–
Final dividend for the year ended 31 March 2022/2021	4,051.14	4,051.14
Total appropriations	7,146.83	4,553.14
Balance as at the end of the year	20,931.43	22,007.52
Other reserves:		
Cash flow hedging reserve [See note 35]	–	54.33
Costs of hedging reserve [See note 35]	–	5.93
Foreign exchange difference of subsidiary on paid-up capital	0.29	0.28
Foreign currency translation reserve	762.22	460.31
Capital Reserve	63.14	63.14
FVTOCI reserve		
Balance as at the beginning of the year	626.41	88.43
Net (losses)/gains on FVTOCI equity securities	300.72	537.98
Balance as at the end of the year	927.13	626.41
Capital redemption reserve		
Balance as at the beginning of the year	–	–
Add: Recognised during the year	6.41	–
Balance as at the end of the year	6.41	–

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

14 Other equity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Share based payment reserve		
Balance as at the beginning of the year	32.27	16.91
Add: Recognised during the year	29.82	15.36
Balance as at the end of the year	62.09	32.27
Treasury shares		
Balance as at the beginning of the year	(69.51)	(32.14)
Add: Changes during the year	5.78	(37.37)
Balance as at the end of the year	(63.73)	(69.51)
	29,078.58	29,570.28

Nature and purpose of reserve:

General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

Retained earnings

Retained earnings is a free reserve. This is the accumulated profit earned by the Company till date, less transfer to general reserve, dividend and other distributions made to the shareholders.

Cash flow hedging reserve and Costs of hedging reserve

It represents the effective portion of the fair value of forward/option contracts designated as cashflow hedge.

Foreign exchange difference of subsidiary on paid-up capital

This reserve represents the foreign exchange difference due to rate on the date of receipt vis-à-vis date of share certificate issued.

Foreign currency translation reserve

This reserve represents the foreign exchange differences on converting subsidiaries financials into INR, including other adjustments on consolidation.

FVTOCI reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI reserve within equity.

Capital redemption reserve

As per section 69 of the Companies Act 2013, where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to the capital redemption reserve account. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

Share based payment reserve

Share based payment reserve is created as required by Ind AS 102 'Share Based Payments' on the employee stock option scheme operated by the Company for its employees.

Treasury shares

The reserve for shares of the Company held by the Bajaj Auto ESOP Trust (ESOP Trust). Company has issued employees stock option scheme for its employees. The equity shares of the Company have been purchased and held by ESOP Trust. Trust to transfer in the name of employees at the time of exercise of option by employees.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

15 Sales tax deferral

(₹ In Crore)			
Particulars	As at 31 March		
	2023	2022	
Unsecured			
Sales tax deferral liability/loan, an incentive under Package Scheme of Incentives 1983 and 1993 - interest free, partially prepaid	124.23	122.77	
	124.23	122.77	

The exemption of interest on the sales tax liability deferred for payment is considered as a Government grant and measured at an internal rate of return available for pre-payment of the liability as per the sales tax rules. [See note 35]

16 Provisions

(₹ In Crore)				
Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
Provision for employee benefits				
[See note 37]				
Provision for gratuity	0.37	–	–	–
Provision for compensated absences	–	–	135.00	127.56
Provision for welfare scheme	0.87	1.30	0.49	0.56
	1.24	1.30	135.49	128.12
Other provisions				
Provision for warranties [See footnote to note 16 of standalone financial statements]	–	–	30.98	25.63
	1.24	1.30	166.47	153.75

17 Deferred tax liabilities (net)

(₹ In Crore)			
Particulars	As at 31 March		
	2023	2022	
Deferred tax liabilities	429.16	480.23	
Deferred tax assets	84.01	77.55	
	345.15	402.68	

See note 17 of standalone financial statements for detailed break-up of deferred tax liabilities/assets and movement in deferred taxes.

18 Other non-current liabilities

(₹ In Crore)			
Particulars	As at 31 March		
	2023	2022	
Annuity payable to VRS/Welfare scheme optees	0.19	0.30	
	0.19	0.30	

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

19 Trade payables

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Total outstanding dues of micro enterprises and small enterprises	278.26	150.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,842.92	3,481.51
	4,121.18	3,632.15

Dues - Outstanding for following periods from due date of payment

Ageing schedule as at 31 March 2023	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro enterprises and small enterprises (MSME)	–	278.26	–	–	–	–	278.26
(ii) Others	949.65	2,444.29	443.61	2.81	0.47	2.09	3,842.92
(iii) Disputed dues – MSME	–	–	–	–	–	–	–
(iv) Disputed dues – Others	–	–	–	–	–	–	–
	949.65	2,722.55	443.61	2.81	0.47	2.09	4,121.18

Dues - Outstanding for following periods from due date of payment

Ageing schedule as at 31 March 2022	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro enterprises and small enterprises (MSME)	–	150.64	–	–	–	–	150.64
(ii) Others	830.51	2,321.70	322.15	3.11	0.69	3.35	3,481.51
(iii) Disputed dues – MSME	–	–	–	–	–	–	–
(iv) Disputed dues – Others	–	–	–	–	–	–	–
	830.51	2,472.34	322.15	3.11	0.69	3.35	3,632.15

20 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Security deposits	27.35	27.11
Unclaimed dividend	28.55	24.37
Directors' remuneration and commission payable	32.02	17.57
Employee benefits payable	161.67	192.77
Other payables	214.50	135.18
	464.09	397.00

Refer note 34 of financial statements for financial liabilities measured at amortised cost.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

21 Other current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Annuity payable to VRS/Welfare scheme optees	0.06	0.27
Advance received from customers	235.14	301.92
Taxes and duties payable	118.70	97.31
Other payables	138.71	79.30
	492.61	478.80

22 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Revenue from operations		
Revenue from contracts with customers		
Sale of products*	35,391.52	32,135.98
Other operating revenue		
Scrap sales	28.74	29.25
Export incentives	469.33	551.27
PSI	45.04	30.50
Royalty	231.95	174.58
Technical know how fees	–	2.65
Rent [See note 40 of standalone financial statements]	30.63	26.67
Insurance claims	1.19	0.49
Miscellaneous receipts	163.52	91.86
Government grants	2.65	2.65
Interest income on financial services to dealers	90.81	98.81
	1,063.86	1,008.73
	36,455.38	33,144.71

*This includes Faster Adoption and Manufacturing of Electric Vehicles (FAME)–II subsidy receivable on sale of eligible products from Central and State Government amounting to ₹ 182.62 crore (31 March 2022: ₹ 35.24 crore).

Revenue from contracts with customers (Goods transferred at a point in time)		
India	20,928.61	15,201.89
Outside India	14,462.91	16,934.09
Total revenue from contracts with customers	35,391.52	32,135.98
Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price		
Revenue as per contracted price	35,709.23	32,407.71
Adjustments:		
Cash discounts and target incentives	(309.62)	(242.90)
Sales promotion expenses	(8.09)	(28.83)
Revenue from contracts with customers	35,391.52	32,135.98

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

23 Other income

Particulars	For the year ended 31 March	
	2023	
	2022	
Investment income		
Interest income on fixed income securities	306.99	275.05
Amortisation of (premium)/discount on acquisition of fixed income securities	(2.00)	(17.67)
Interest income on fixed deposits	63.85	36.42
Interest income on exchange traded funds	344.56	204.68
Interest income on fixed maturity plans	39.55	388.93
Interest income from financial assets at amortised cost	752.95	887.41
Dividend income on other strategic investments	47.25	45.50
Gain on valuation and realisation of mutual funds measured at FVTPL	177.67	224.47
Profit on sale of other investments, net	–	74.90
	977.87	1,232.28
Others		
Surplus on sale of property, plant and equipment	111.56	21.59
Tax refunds/credits	–	–
Gains on exchange fluctuations	98.09	30.27
	209.65	51.86
	1,187.52	1,284.14

24 Changes in inventories

Particulars	For the year ended 31 March		
	2023		
	2022	(Increase)/decrease	
Inventories at the end of the year			
Work-in-progress	634.05	541.79	(92.26)
Finished goods	712.23	611.90	(100.33)
Inventories at the beginning of the year			
Work-in-progress	541.79	714.36	172.57
Finished goods	611.90	799.86	187.96
	(100.33)	187.96	

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

25 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Salaries, wages and bonus to employees	1,283.01	1,174.30
Contribution to provident and other funds	89.59	92.03
Share based payment to employees	29.82	15.36
Staff welfare expenses	82.05	81.10
	1,484.47	1,362.79

[See note 37 and 41]

26 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Interest expense	38.05	7.35
Interest adjustment on Government grant	1.46	1.31
	39.51	8.66

27 Depreciation and amortisation expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Depreciation on property, plant and equipment	252.40	244.63
Depreciation on investment property	1.12	1.17
Amortisation of technical know-how	30.35	21.98
Amortisation of leasehold land	1.98	1.98
	285.85	269.76

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

28 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Stores and tools consumed	154.90	132.43
Power, fuel and water	122.60	108.01
Rent	17.22	17.66
Repairs to buildings	52.09	38.42
Repairs to machinery	106.60	105.59
Other repairs	20.54	17.62
Insurance	12.36	11.03
Rates and taxes	14.03	17.50
Payment to auditor	2.03	2.17
Directors' fees and travelling expenses	1.05	0.93
Commission to non-executive directors	2.58	2.28
Travelling expenses	45.84	12.24
Miscellaneous expenses	549.29	490.63
Loss on exchange fluctuations	0.40	—
Packing material consumed	409.42	542.22
Freight and forwarding expenses	194.53	269.84
Advertisement	371.19	168.06
Vehicle service charges and other expenses	164.91	103.39
Sales promotion expenses	30.50	43.01
Contribution to electoral bonds	5.00	—
Expenditure towards Corporate Social Responsibility (CSR) activities	124.99	128.00
Bad debts and other irrecoverable debit balances written off	5.98	0.02
Loss on property, plant and equipment sold, demolished, discarded and scrapped	14.11	8.88
Provision for doubtful debts and advances (includes expected credit loss on trade receivables)	4.79	(4.44)
	2,426.95	2,215.49

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
a) Details of spends		
i) Gross amount required to be spent by the Group during the year	124.99	128.00
ii) Amount of expenditure incurred	124.99	128.00
iii) Shortfall at the end of the year	–	–
iv) Total of previous years shortfall	–	–
v) Reason for shortfall	NA	NA
vi) Nature of CSR activities		
Poverty, Health, Sanitation, Water	7.24	35.58
Education, Special Education, Vocation, Livelihoods	22.93	22.31
Environment, Soil And Water, Protection of Flora and fauna	9.88	8.58
Heritage, Art, Culture, Handicrafts, Public Libraries	0.23	0.28
Veterans, War Widows, Dependents	–	1.00
Rural Development	4.79	4.38
Gender/Women, Orphans, Homes and Hostels, Day Care	1.90	3.18
Others (including provision for unspent)	78.02	52.69
Total	124.99	128.00
No funds relating to other than identified and ongoing projects are required to be transferred to specified funds.		
b) Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	–	–
ii) On purposes other than (i) above	124.99	128.00
	124.99	128.00

29 Exceptional items

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
PSI scheme	–	(315.28)
Gain on fair valuation of investment	–	(501.23)
	–	(816.51)

PSI scheme: This is amount receivable from State Government of Maharashtra under Package Scheme of Incentive 2007 (PSI), for the period April 2015 to March 2021.

Gain on fair valuation of investment: Bajaj Auto International Holdings BV (BAIHBV), a 100% subsidiary of the parent Company, held 47.99% stake in KTM AG. BAIHBV, as on 29 September 2021, swapped 46.50% stake in KTM AG for 49.90% stake in Pierer Bajaj AG. The resultant gain in fair value of ₹ 501.23 crore is shown as an exceptional item.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

30 Tax expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
(a) Tax expense		
Current tax		
Current tax on profits for the year	1,854.89	1,667.11
Deferred tax		
Decrease/(increase) in deferred tax assets	(5.91)	(2.93)
(Decrease)/increase in deferred tax liabilities	(67.21)	(178.37)
Total deferred tax expenses/(benefit)	(73.12)	(181.30)
Tax expenses	1,781.77	1,485.81
(b) Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate		
Profit before tax	7,841.98	7,651.68
Tax at the Indian tax rate of 25.168% (Previous year – 25.168%)	1,973.69	1,925.78
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Corporate social responsibility expenditure and contribution to electoral bonds	32.72	32.22
– Rate difference in amortisation of fixed income securities	(3.78)	(4.68)
– Others	8.23	4.88
Tax effect of amounts which are deductible (non taxable) in calculating taxable income:		
– Profits of subsidiaries not taxable in India	(109.08)	(290.18)
– Dividend received on strategic investment	(11.89)	(11.45)
– Profit on investments not taxable	(40.97)	(109.48)
– Income from fair valuation of mutual funds	(67.24)	(60.51)
– Disallowance of expenditure incurred on rented property (net)	0.09	(0.77)
Tax expense	1,781.77	1,485.81

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

31 Earnings Per Share (EPS)

Particulars	For the year ended 31 March	
	2023	2022
a. Profit for the year (₹ In Crore)	6,060.21	6,165.87
Weighted average number of shares outstanding during the year (Nos)	285,418,164	289,367,020
Less: Weighted average number of shares held by ESOP Trust i.e. Treasury shares (Nos)	211,530	221,458
Net weighted average number of shares outstanding during the year (Nos)	285,206,634	289,145,562
b. Earnings per share (Basic and Diluted) ₹	212.5	213.2
Face value per share ₹	10.0	10.0

32 Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

33 Ratios

Particulars	Remarks	Numerator	Denominator	For the year ended 31 March	
				2023	2022
(a) Current ratio		Current assets	Current liabilities	1.83	2.21
(b) Debt equity ratio	Not applicable				
(c) Debt service coverage ratio	Not applicable				
(d) Return on equity ratio		Profit after tax	Avg. net worth	20.5%	21.6%
(e) Inventory turnover ratio		Material cost	Avg. inventory	18.70	17.86
(f) Trade receivables turnover ratio	Change is due to reduction in avg. trade receivables	Revenue from contracts with customers	Avg. trade receivables	21.65	15.18
(g) Trade payables turnover ratio	Change is due to increase in material cost	Purchases	Trade payables	6.90	7.23
(h) Net capital turnover ratio	Increase is due to reduction in current assets and increase in trade payables	Total income	Avg. working capital	7.49	4.84
(i) Net profit ratio		Profit after tax	Total income	16.1%	17.9%
(j) Return on capital employed		Profit before tax	Avg. capital employed	26.0%	26.2%
(k) Return on investments		Profit before tax	Avg. net worth	26.5%	26.8%

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

34 Fair value measurement

i) Financial instruments by category

(₹ In Crore)

Particulars	31 March 2023			31 March 2022		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Investments						
– Equity	–	2,275.02	–	–	1,898.08	–
– Bonds and debentures	–	–	3,552.98	–	–	3,834.66
– Government bonds and securities	–	–	845.85	–	–	857.47
– Certificate of Deposit	–	–	1,143.41	–	–	–
– Fixed maturity plans	–	–	800.02	–	–	4,658.76
– Exchange traded funds	–	–	6,900.37	–	–	5,515.81
– Fixed deposits	–	–	1,400.00	–	–	1,115.00
– Short-term funds	4,219.25	–	–	3,089.61	–	–
– Long duration bond funds	–	–	–	786.39	–	–
– Liquid mutual funds	161.98	–	–	814.55	–	–
Trade receivables	–	–	1,752.43	–	–	1,516.38
Loans	–	–	5.90	–	–	8.74
Other financial assets	–	–	507.09	–	–	577.12
Cash and cash equivalents	–	–	241.62	–	–	933.69
Other bank balances	–	–	448.86	–	–	24.37
Derivative financial assets	–	–	–	–	80.53	–
	4,381.23	2,275.02	17,598.53	4,690.55	1,978.61	19,042.00
Financial liabilities						
Sales tax deferral	–	–	124.23	–	–	122.77
Trade payables	–	–	4,121.18	–	–	3,632.15
Other financial liabilities	–	–	464.09	–	–	397.00
	–	–	4,709.50	–	–	4,151.92

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

34 Fair value measurement (Contd.)

ii) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets/liabilities measured at fair value - recurring fair value measurements At 31 March 2023

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
– Short-term funds	5	4,219.25	–	–	4,219.25
– Liquid mutual funds	5	161.98	–	–	161.98
Financial investments at FVTOCI					
– Equity investment	5	2,072.04	202.98	–	2,275.02
		6,453.27	202.98	–	6,656.25

Assets disclosed at fair value - At 31 March 2023

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	3	–	223.09	–	223.09

Financial assets/liabilities measured at fair value - recurring fair value measurements At 31 March 2022

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
– Short-term mutual funds	5	3,089.61	–	–	3,089.61
– Long duration bond funds	5	786.39	–	–	786.39
– Liquid mutual funds	5	814.55	–	–	814.55
Financial investments at FVTOCI					
– Derivatives designated as hedges					
Option contracts	7	–	80.53	–	80.53
– Equity investment	5	1,753.87	–	144.21	1,898.08
		6,444.42	80.53	144.21	6,669.16

Assets disclosed at fair value - At 31 March 2022

(₹ In Crore)

Particulars	Notes	Level 1	Level 2	Level 3	Total
Investment property	3	–	223.03	–	223.03

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

34 Fair value measurement (Contd.)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation Techniques used to determine fair value

Valuation Techniques used to determine fair value include

- Open ended mutual funds at NAV's/rates declared and/or quoted
- Derivative Instruments at values determined by counter parties/Banks using market observable data.

iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31 March 2023		31 March 2022	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Investments				
Bonds and debentures	3,552.98	3,458.40	3,834.66	3,797.62
Government bonds and securities	845.85	811.01	857.47	838.71
Fixed maturity plans	800.02	778.99	4,658.76	4,636.65
Exchange traded funds	6,900.37	6,710.97	5,515.81	5,482.98
	12,099.22	11,759.37	14,866.70	14,755.96

The carrying amounts of certificate of deposits, fixed deposits, trade receivables, trade payables, other financial assets/liabilities, loans and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

35 Financial risk management

The Group's activities expose it to credit risk, liquidity risk and market risk (including foreign exchange risk). In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments such as foreign exchange forward contracts and foreign currency option contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the Group is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at amortised cost and fair value through profit or loss	Credit ratings	Diversification of counterparties, diversification of investment limits, monitoring of counterparties basis credit rating
	Derivative financial instruments	Credit ratings	Deal with reputed banks holding high credit risk rating
	Trade receivables	Credit limit and ageing analysis	No. of overdue days, monitoring of credit limits
Liquidity Risk	Other liabilities	Maturity analysis	Maintaining sufficient cash/cash equivalents and marketable securities
Market Risk- Foreign Exchange	Highly probable forecast transactions and financial assets and liabilities not denominated in INR	Sensitivity analysis	Forward foreign exchange contracts and foreign currency options

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of available funds. The Group's risk management is carried out by a treasury department as per such policies approved by the Board of Directors. Accordingly, Group's treasury department identifies, evaluates and hedges financial risks.

A) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Group. Credit risk primarily arises from cash and cash equivalents, derivative financial instruments, financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and trade receivables. None of the financial instruments of the Group result in material concentration of credit risk.

Credit risk management

For Derivative instruments exposures are extended with multiple banks holding high credit risk ratings.

In regard to Trade receivables, which are typically unsecured, credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom credit is extended in the normal course of business. The Group follows a 'simplified approach' for recognition of impairment loss allowance on trade receivables. Accordingly, impairment loss allowance is recognised based on lifetime expected credit losses at each reporting date, right from its initial recognition. The provision rates are based on days past due; and the calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

35 Financial risk management (Contd.)

Set out below is the information about the credit risk exposure of the Group's trade receivables using provision matrix:

Particulars	(₹ In Crore)	
	As on 31 March	
	2023	2022
Estimated total gross carrying amount	1,795.63	1,556.04
ECL	43.20	39.66
Net carrying amount	1,752.43	1,516.38

Reconciliation of impairment allowance – Trade receivable

Particulars	(₹ In Crore)
Impairment allowance as on 31 March 2021	44.10
Changes in loss allowance	(4.44)
Impairment allowance as on 31 March 2022	39.66
Changes in loss allowance	3.54
Impairment allowance as on 31 March 2023	43.20

For other financial assets, the Group has an investment policy which allows the Group to invest only with counterparties having a credit rating equal to or above AA+ and A1+. The Group reviews the creditworthiness of these counterparties on an on-going basis. Counter party limits may be updated as and when required, subject to approval of Board of Directors.

B) Liquidity risk

The Group's principal source of liquidity are 'cash and cash equivalents' and cash flows that are generated from operations. The Group believes that its working capital is sufficient to meet the financial liabilities within maturity period. The Group has no outstanding term borrowings except sales tax deferral liability amounting to ₹ 124.23 crore which are interest free and are repayable after 10 years from the Balance Sheet date. Additionally, the Group has invested its surplus funds in fixed income securities or instruments of similar profile thereby ensuring safety of capital and availability of liquidity as and when required. Hence the Group carries a negligible liquidity risk.

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
The Company had		
Net working capital funds	4,379.66	5,677.11
which includes;		
i) Cash and cash equivalents	241.62	933.69
ii) Current investments	4,581.35	4,969.13

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

35 Financial risk management (Contd.)

The table below summarises the contractual maturities of financial liabilities as at 31 March 2023 and 31 March 2022:

Maturities of financial liabilities

(₹ In Crore)

Particulars	Less than and equal to 1 year	More than 1 year	Total
As on 31 March 2023			
Non-derivatives			
Sales tax deferral (discounted)	–	124.23	124.23
Trade payables	4,121.18	–	4,121.18
Other financial liabilities	464.09	–	464.09
	4,585.27	124.23	4,709.50
As on 31 March 2022			
Non-derivatives			
Sales tax deferral (discounted)	–	122.77	122.77
Trade payables	3,632.15	–	3,632.15
Other financial liabilities	397.00	–	397.00
	4,029.15	122.77	4,151.92

C) Market risk

(i) Foreign currency risk

The Group has significant exports and is therefore exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from highly probable forecast transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The risk is measured through sensitivity analysis. The primary objective for forex hedging against anticipated foreign currency risks will be to hedge the Group's highly probable foreign currency cash flows arising from such transactions (thus reducing volatility of cash flow and profit).

The Group's risk management policy permits the use of plain foreign exchange forward contracts and foreign currency option contracts including Foreign Currency - INR Option Cost Reduction Structures to hedge forecasted sales.

The Group also imports certain materials the value of which is not material as compared to value of exports. Currently, Group does not hedge this exposure. Nevertheless, Group may wish to hedge such exposures.

The Group uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Group designates forward contracts in entirety and intrinsic value of foreign currency option contracts as the hedging instrument. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised through other comprehensive income in the 'Cash flow hedging reserve' within equity. The change in time value that relate to the hedged item (aligned time value) is recognised through other comprehensive income in 'Costs of hedging reserve' within equity. Amount recognised in equity is reclassified to consolidated Statement of Profit and Loss when the hedged item (i.e. forecasted export sales) affects consolidated Statement of Profit and Loss. The ineffective portion of change in fair value of the hedging instrument and any residual time value (the non-aligned portion), if any, is recognised in the consolidated Statement of Profit and Loss immediately.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

35 Financial risk management (Contd.)

The fair values (Marked-to-market / MTM) of foreign currency derivative contracts outstanding as on 31 March 2023 and 31 March 2022 are as follows:

(₹ In Crore)

	As at 31 March 2023		As at 31 March 2022	
	Notional In USD Mn (Sell)	MTM Gain/ (Loss)	Notional In USD Mn (Sell)	MTM Gain/ (Loss)
For export transactions:				
Foreign currency derivative designated as hedging instruments – options contracts	–	–	1,326.00	80.53
	–	–	1,326.00	80.53

For import transactions: NIL

Open exposure

The Group's exposure to foreign currency risk at the end of the reporting period are as follows

(USD Million)

	As at 31 March	
	2023	2022
Receivables	70.26	94.68
Payables	7.23	8.05
Others (EEFC balances)	3.98	64.50

Sensitivity analysis

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on other components of equity arises from the changes in fair value of the foreign exchange option contracts designated as cash flow hedges.

(₹ In Crore)

	As at 31 March	
	2023	2022
Impact on other components of equity		
USD Sensitivity		
INR/USD Increase by 5% (Previous year 5%)	–	(185.07)
INR/USD Decrease by 5% (Previous year 5%)	–	329.99

Maturity of outstanding contracts

The details in respect of the maturity of outstanding foreign exchange option contracts are given below

(₹ In Crore)

	As at 31 March 2023		As at 31 March 2022	
	Notional In USD Mn (Sell)	MTM Gain/ (Loss)	Notional In USD Mn (Sell)	MTM Gain/ (Loss)
On export transactions:				
Not later than three months	–	–	331.50	23.05
Later than three months and not later than six months	–	–	331.50	24.94
Later than six months and not later than one year	–	–	663.00	32.54
	–	–	1,326.00	80.53
On import transactions: NIL				

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

35 Financial risk management (Contd.)

Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position:

Cash flow hedge foreign exchange risk 31 March 2023

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign currency options	–	–	N.A.	(72.60)	72.60
	–	–		(72.60)	72.60

Cash flow hedge foreign exchange risk 31 March 2022

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign currency options	10,050.09	72.60	1:1	(126.38)	126.38
	10,050.09	72.60		(126.38)	126.38

* The foreign exchange option contracts are denominated in the same currency as the highly probable future sales, therefore the hedge ratio is 1:1.

(b) Disclosure of effects of hedge accounting on financial performance

Cash flow hedge 31 March 2023

(₹ In Crore)

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the Statement of Profit and Loss because of the reclassification
Foreign exchange risk – Options contracts	(72.60)	–	(25.63)	Revenue
	(72.60)	–	(25.63)	

Cash flow hedge foreign exchange risk 31 March 2022

(₹ In Crore)

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the Statement of Profit and Loss because of the reclassification
Foreign exchange risk – Options contracts	(126.38)	–	83.97	Revenue
	(126.38)	–	83.97	

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

35 Financial risk management (Contd.)

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, so a qualitative assessment of effectiveness is performed. During the years ended 31 March 2023 and 31 March 2022, the Group did not have any hedging instruments with terms which were not aligned with those of the hedged items.

Therefore, no ineffectiveness is recognised in the consolidated Statement of Profit and Loss during the years ended 31 March 2023 and 31 March 2022.

Movements in cash flow hedging reserve and costs of hedging reserve

		(₹ In Crore)
Derivative Instrument	Foreign Currency Risk Foreign exchange options	
(i) Cash flow hedging reserve		
Balance – As at 31 March 2021		148.90
Add: Change in intrinsic value of foreign currency options		(42.41)
Less: Amount reclassified to profit or loss		(83.97)
Deferred tax relating to the above (net)		31.81
Balance – As at 31 March 2022		54.33
Add: Change in intrinsic value of foreign currency options		(98.23)
Less: Amount reclassified to profit or loss		25.63
Deferred tax relating to the above (net)		18.27
Balance – As at 31 March 2023		–
(ii) Costs of hedging reserve		
Balance – As at 31 March 2021		(58.06)
Less: Change in time value of foreign currency options		86.61
Less: Amount reclassified to profit or loss		(1.09)
Deferred tax relating to the above (net)		(21.53)
Balance – As at 31 March 2022		5.93
Add: Change in time value of foreign currency options		(21.48)
Less: Amount reclassified to profit or loss		13.56
Deferred tax relating to the above (net)		1.99
Balance – As at 31 March 2023		–

(ii) Other risks

The Group has deployed its surplus funds into various financial instruments including units of mutual funds, bonds, fixed maturity plans etc. The Group is exposed to price risk on such investments, which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

The Group has invested its surplus funds primarily in debt based mutual funds and fixed maturity plans. The value of investment in these mutual fund schemes is reflected through Net Asset Value (NAV) declared by the Asset Management Company on daily basis. The Group has not performed a sensitivity analysis on these mutual funds based on estimated fluctuations in their NAV as in management's opinion, such analysis would not display a correct picture.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

36 Capital management

Objectives, policies and processes of capital management

The Group is cash surplus and has no capital other than Equity. The Group is not exposed to any regulatory imposed capital requirements.

The cash surpluses are currently invested in income generating debt instruments (including through mutual funds) and money market instruments depending on economic conditions in line with the guidelines set out by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Group does not have any borrowings and does not borrow funds unless circumstances require.

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Equity	29,361.55	29,859.66
Less: Tangible and other assets	3,380.33	2,517.56
Working capital (excluding investment)	(201.69)	707.98
Investments in subsidiaries/associate	4,884.03	4,063.79
Investments in debt and similar investments	21,298.88	22,570.33

No changes were made in the objectives, policies and processes of capital management during the year.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

37 Employee benefits

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

Funded schemes

Gratuity

The Group provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Group is greater of the provisions of the Payment of Gratuity Act, 1972 and the Group's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Group makes contributions to approved gratuity fund.

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation (DBO)	472.92	477.07
Fair value of plan assets	(505.15)	(521.52)
Net funded obligation	(32.23)	(44.45)
Amount not recognised due to asset ceiling	31.57	31.53
Net defined benefit liability/(asset) recognised in balance sheet	(0.66)	(12.92)
Expense recognised in the Statement of Profit and Loss		
Current service cost	26.79	28.73
Interest on net defined benefit liability/(asset)	(2.74)	(2.81)
Total expense charged to statement of profit and loss	24.05	25.92
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	54.34	71.95
Remeasurements during the period due to		
Changes in financial assumptions	(6.30)	(14.50)
Changes in demographic assumptions	–	(15.75)
Experience adjustments	(1.51)	10.72
Actual return on plan assets less interest on plan assets	12.20	3.76
Adjustment to recognise the effect of asset ceiling	(2.25)	(1.84)
Closing amount recognised in OCI outside Statement of Profit and Loss	56.48	54.34

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	(12.92)	(16.34)
Expense charged to Statement of Profit and Loss	24.05	25.92
Amount recognised outside Statement of Profit and Loss	2.14	(17.61)
Employer contributions	(13.93)	(4.89)
Closing net defined benefit liability/(asset)	(0.66)	(12.92)

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

37 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Movement in benefit obligation		
Opening of defined benefit obligation	477.07	490.00
Current service cost	26.79	28.73
Interest on defined benefit obligation	30.57	30.25
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(6.30)	(14.50)
Actuarial loss/(gain) arising from change in demographic assumptions	–	(15.75)
Actuarial loss/(gain) arising on account of experience changes	(1.51)	10.72
Benefits paid	(53.70)	(52.38)
Closing of defined benefit obligation	472.92	477.07

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Movement in plan assets		
Opening fair value of plan assets	521.52	537.58
Employer contributions	13.93	4.89
Interest on plan assets	35.60	35.18
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(12.20)	(3.75)
Benefits paid	(53.70)	(52.38)
Closing fair value of plan assets	505.15	521.52

Particulars	(₹ In Crore)	
	As at 31 March	
	2023	2022
Disaggregation of assets		
Category of assets		
Insurer managed funds	505.15	521.52
Others	–	–
	505.15	521.52

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

37 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Senior staff				
Impact of increase in 50 bps on DBO	(3.09%)	3.18%	(3.25%)	(3.34%)
Impact of decrease in 50 bps on DBO	3.28%	(3.03%)	(3.44%)	(3.18%)
Junior staff				
Impact of increase in 50 bps on DBO	(3.21%)	3.40%	(3.10%)	(3.26%)
Impact of decrease in 50 bps on DBO	3.50%	(3.16%)	(3.36%)	(3.04%)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Funding arrangement and policy

The money contributed by the Group to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Group to fully pre fund the liability of the Plan. The Group's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 50.02 crore

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

37 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan:

(₹ In Crore)

Particulars	Less than a year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
31 March 2023					
Senior staff	34.64	8.40	75.13	205.87	324.04
Junior staff	88.13	43.43	86.99	401.93	620.48
31 March 2022					
Senior staff	27.19	12.75	62.91	196.87	299.72
Junior staff	83.76	47.65	108.62	382.06	622.09

	As at 31 March	
Weighted average duration of defined benefit obligation (in years)	2023	2022
Senior Staff	6.36	6.68
Junior Staff	6.70	6.45

	As at 31 March	
Principal Actuarial Assumptions (Expressed as Weighted Averages)	2023	2022
Discount rate (p.a.)	7.45%	7.25%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

37 Employee benefits (Contd.)

Funded schemes (Contd.)

Provident Fund:

Particulars	As at 31 March	
	2023	2022
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	1,452.17	1,385.12
Fair Value of plan assets	(1,476.49)	(1,451.09)
Net funded obligation	(24.32)	(65.97)
Amount not recognised due to asset ceiling	24.32	65.97
Net defined benefit liability/(asset) recognised in Balance Sheet	—	—
Expense recognised in the Statement of Profit and Loss		
Current service cost	42.81	39.75
Total expenses charged to Statement of Profit and Loss	42.81	39.75
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	—	—
Remeasurements during the period due to		
Experience adjustments	21.67	(100.29)
Actual return on plan assets less interest on plan assets	24.76	34.32
Adjustment to recognise the effect of asset ceiling	(46.43)	65.97
Closing amount recognised in OCI outside Statement of Profit and Loss	—	—
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	—	—
Expense charged to Statement of Profit and Loss	42.81	39.75
Employer contributions	(42.81)	(39.75)
Closing net defined benefit liability/(asset)	—	—
Movement in benefit obligation		
Opening of defined benefit obligation	1,385.12	1,444.48
Current service cost	42.81	39.75
Interest on defined benefit obligation	98.50	96.34
Remeasurements due to:		
Actuarial loss/(gain) arising on account of experience adjustments	21.67	(100.29)
Employee contributions	80.26	76.06
Benefits paid	(173.18)	(173.35)
Liabilities assumed/(settled)	(3.01)	2.13
Closing defined benefit obligation	1,452.17	1,385.12

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

37 Employee benefits (Contd.)

Funded schemes (Contd.)

Provident Fund: (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March 2023	2022
Movement in plan assets		
Opening fair value of plan assets	1,451.09	1,444.48
Interest on plan assets	103.28	96.34
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(24.76)	(34.32)
Employer contributions during the period	42.81	39.75
Employee contributions during the period	80.26	76.06
Benefits paid	(173.18)	(173.35)
Assets acquired/(settled)	(3.01)	2.13
Closing fair value of plan assets	1,476.49	1,451.09

Disaggregation of assets	(₹ In Crore)	
	As at 31 March 2023	
Quoted		
Government debt instruments	944.31	
Other debt instruments	435.53	
Others	28.88	
Unquoted		
Other debt instruments	66.01	
Others	1.76	
	1,476.49	

Key actuarial assumptions	As at 31 March	
	2023	2022
Discount rate (p.a.)	7.45%	7.25%
Future derived return on assets (p.a.)	9.43%	10.02%
Discount rate for the remaining term to maturity of the investment (p.a.)	7.30%	6.55%
Average historic yield on the investment (p.a.)	9.28%	9.32%
Guaranteed rate of return (p.a.)	8.15%	8.10%

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

37 Employee benefits (Contd.)

Unfunded schemes

(₹ In Crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Compensated Absences	Welfare Scheme	Compensated Absences	Welfare Scheme
Present value of unfunded obligations	135.00	1.36	127.56	1.86
Expense recognised in the Statement of Profit and Loss	18.80	0.15	12.81	0.21
Amount recorded as Other Comprehensive Income		(0.03)		(0.33)
Discount rate (p.a.)	7.45%	7.45%	7.25%	7.25%
Salary escalation rate (p.a.) - senior staff	10.00%	N.A.	10.00%	N.A.
Salary escalation rate (p.a.) - junior staff	10.00%	N.A.	10.00%	N.A.

Compensated absences

The compensated absences cover the Group's liability for casual and earned leave.

Entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Compensated absences expected to be settled after twelve months	105.60	101.09

(₹ In Crore)

Particulars	As at 31 March	
	2023	2022
Amount recognised in the Statement of Profit and Loss		
Defined contribution plans:		
Superannuation paid to trust	8.38	8.25
Pension fund paid to Government authorities	12.59	13.09
Provident fund paid to Government authorities	0.46	-
Others	0.83	4.72
Defined benefit plans:		
Gratuity	24.05	25.92
Provident fund paid to trust	42.81	39.75
Others	0.47	0.30
	89.59	92.03

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

38 Capital commitments

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
Capital commitments, net of capital advances	194.83	601.83

39 Expenditure incurred on Research and Development

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2023	2022
a. Revenue expenditure - charged to Statement of Profit and Loss	500.05	446.73
b. Revenue expenditure - capitalised	—	—
c. Capital expenditure - excluding building	37.56	42.06
d. Capital expenditure - building	—	—
	537.61	488.79

40 Other disclosures

Other notes and disclosures to be inserted in the consolidated financial statements are similar to those of standalone financial statements of Bajaj Auto Ltd.; and hence have not been repeated here.

The relevant note references in the standalone financial statements are given below:

Particulars	Note Reference of standalone financial statements
Dividends distributed and proposed	Note 34 (b)
Contingent liabilities	Note 35
Lease	Note 40
Share based payments (Employee stock option plans)	Note 43
Dues to micro, small and medium enterprises	Note 44
There are no changes arising out of inclusion of the subsidiaries/associate amounts in the above disclosures.	

41 Consolidated related party transactions are same as related party transactions of standalone Bajaj Auto Ltd.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

42 Investment in an associate

The Group held 47.99% interest in KTM AG, Austria which was swapped for 49.90% stake in Pierer Bajaj AG on 29 September 2021.

Pierer Bajaj AG (formerly: PTW Holding AG) acts exclusively as the holding company of Pierer Mobility AG. The Pierer Mobility Group is Europe's leading 'Powered Two-Wheeler' (PTW) manufacturer with a focus on highly innovative sports motorcycles and electric mobility. With its KTM, HUSQVARNA Motorcycles, and GASGAS motorcycle brands, it is one of the technology and market leaders in Europe, especially when it comes to premium motorcycles

Pierer Bajaj AG is a private entity that is not listed on any public exchange. The Group's interest is in Pierer Bajaj AG.

The following table illustrates the summarised financial information of the Group's investment in Pierer Bajaj AG (in Euro, which is its functional currency) :

Particulars	(Euro in Million)	
	31 Dec 2022 Pierer Bajaj AG	31 Dec 2021 Pierer Bajaj AG
Current assets	1,368.92	1,040.91
Non-current assets	1,195.85	992.81
Current liabilities	1,010.71	618.80
Non-current liabilities	625.61	649.46
Equity	928.45	765.46
Revenue	2,437.20	2,041.73
Cost of sales	(1,745.88)	(1,469.43)
Gross profit	691.32	572.30
Selling and racing expenses	(242.80)	(208.90)
Research and development expenses	(55.35)	(33.33)
Infrastructure and administration expenses	(165.19)	(137.20)
Other operating expenses	(0.40)	(1.99)
Other operating income	2.38	0.74
Share of profit of associates	5.00	1.67
Result from operating activities	234.96	193.29
Interest income	4.04	1.86
Interest expenses	(19.34)	(12.86)
Other financial result	(4.06)	9.10
Profit before tax	215.60	191.39
Tax expense	(45.28)	(48.72)
Profit for the year (continuing operations)	170.32	142.67
Total comprehensive income for the year (continuing operations)	187.72	150.42

The associate had no contingent liabilities or capital commitments.

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

43 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2023

The Company's Core Management Committee (CMC), examines the Group's performance both from a product and geographical perspective and has identified two reportable operative business segments. The Group's significant source of risk and rewards are derived from Automotive business and Investments, the performance of which is reviewed by the committee on a periodic basis and hence considered as individual operative segments.

(₹ In Crore)

(a) Business segment

Particulars	Automotive	Investments	Consolidated
Revenue			
External sales and other income*	36,665.03	977.87	37,642.90
Inter segment sales and other income	–	–	–
Total revenue	36,665.03	977.87	37,642.90
* includes Revenue from contracts with customers : ₹ 35,391.52 crore			
Segment result	6,905.24	976.25	7,881.49
Finance costs	39.51	–	39.51
Tax expense	–	–	1,781.77
Non-controlling interest	–	–	–
Profit for the year	6,865.73	976.25	6,060.21
Segment assets	7,552.14	21,887.86	29,440.00
Investments in associate of subsidiary	4,884.03	–	4,884.03
Unallocated corporate assets	–	–	812.42
Total assets	12,436.17	21,887.86	35,136.45
Segment liabilities	5,245.78	–	5,245.78
Unallocated corporate liabilities	–	–	23.74
Total liabilities	5,245.78	–	5,269.52
Capital employed	7,190.39	21,887.86	29,866.93
Reconciliation of segment liabilities			
Total segment liabilities as above			5,269.52
Add: Considered as part of capital employed			
Sales tax deferral			124.23
Deferred tax liabilities			345.15
Government grant (current and non-current)			36.00
Total liabilities as per balance sheet			5,774.90
Capital expenditure	1,295.75	–	1,295.75
Depreciation and write downs	285.85	–	285.85
Non cash expenses other than depreciation	4.79	–	4.79

(b) Geographic segment

Particulars	India	Rest of the world	Consolidated
Segment revenue: External sales and other income	23,235.61	14,407.29	37,642.90
Segment assets	29,180.66	5,955.79	35,136.45
Capital expenditure	1,294.76	0.99	1,295.75

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

43 Segment information (Contd.)

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2022

(₹ In Crore)

(a) Business segment

Particulars	Automotive	Investments	Consolidated
Revenue			
External sales and other income*	33,271.47	1,157.38	34,428.85
Inter segment sales and other income	–	–	–
Total revenue	33,271.47	1,157.38	34,428.85
* includes Revenue from contracts with customers : ₹ 32,135.98 crore			
Segment result	6,505.57	1,154.77	7,660.34
Finance costs	8.66	–	8.66
Tax expense	–	–	1,485.81
Profit for the year	6,496.91	1,154.77	6,165.87
Segment assets	7,512.66	22,785.52	30,298.18
Investments in associate of subsidiary	4,063.79	–	4,063.79
Unallocated corporate assets	–	–	749.24
Total assets	11,576.45	22,785.52	35,111.21
Segment liabilities	4,663.30	–	4,663.30
Unallocated corporate liabilities	–	–	24.15
Total liabilities	4,663.30	–	4,687.45
Capital employed	6,913.15	22,785.52	30,423.76
Reconciliation of segment liabilities			
Total segment liabilities as above			4,687.45
Add: Considered as part of capital employed			
Sales tax deferral			122.77
Deferred tax liabilities			402.68
Government grant (current and non-current)			38.65
Total liabilities as per Balance Sheet			5,251.55
Capital expenditure	458.62	–	458.62
Depreciation and write downs	269.76	–	269.76
Non cash expenses other than depreciation	(4.44)	–	(4.44)

(b) Geographic segment

Particulars	India	Rest of the world	Consolidated
Segment revenue: External sales and other income	17,419.86	17,008.99	34,428.85
Segment assets	29,913.52	5,197.69	35,111.21
Capital expenditure	458.60	0.02	458.62

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

44 Disclosure in terms of Schedule III of the Companies Act, 2013

Particulars	Net Assets (i.e. total assets minus total liabilities)		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ In Crore)	As a % of consolidated profit or loss	Amount (₹ In Crore)	As a % of consolidated other comprehensive income	Amount (₹ In Crore)	As a % of consolidated total comprehensive income	Amount (₹ In Crore)
1. Parent:								
Bajaj Auto Ltd.	86.60%	25,425.86	92.87%	5,627.60	43.21%	238.88	88.72%	5,866.48
2. Subsidiaries (Indian):								
Chetak Technology Ltd.	1.32%	387.55	(1.26%)	(76.61)	–	–	(1.16%)	(76.61)
Bajaj Auto Consumer Finance Ltd.	0.07%	20.06	(0.14%)	(7.99)	–	–	(0.12%)	(7.99)
3. Subsidiaries (Foreign):								
PT Bajaj Auto Indonesia	–	0.99	–	–	(0.04%)	(0.20)	–	(0.20)
Bajaj Auto International Holdings BV	17.93%	5,264.59	8.74%	529.82	37.91%	209.60	11.18%	739.42
Bajaj Auto (Thailand) Ltd.	0.03%	8.70	0.01%	0.68	(0.05%)	(0.28)	0.01%	0.40
Bajaj Auto Spain S.L.U.	0.02%	5.60	0.01%	0.47	–	–	0.01%	0.47
Bajaj Do Brasil Comercio De Motocicletas Ltda	0.14%	42.23	(0.10%)	(6.16)	(0.02%)	(0.13)	(0.10%)	(6.29)
Add/(Less) : Non-controlling interest in all subsidiaries	–	(0.01)	–	–	–	–	–	–
Add/(Less) : Inter-company eliminations	(6.11%)	(1,794.03)	(0.13%)	(7.60)	18.99%	105.04	1.46%	97.44
Total	100.00%	29,361.54	100.00%	6,060.21	100.00%	552.91	100.00%	6,613.12

Notes to consolidated financial statements for the year ended 31 March 2023 (Contd.)

45 Miscellaneous

- a. There have been no events after the reporting date that require disclosure in these financial statements.
- b. Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.
- c. The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- d. The Company has performed the assessment to identify transactions with struck off companies as at 31 March 2023 and identified no company with any transactions.
- e. The Group has not traded or invested in crypto currency or virtual currency during the financial year.
- f. The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.
- g. No funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Group to or in any other person or entity, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- h. No funds have been received by the Group from any person or entity, including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- i. The Group has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.
- j. The Group has not been sanctioned working capital limits from banks or financial institutions during any point of time of the year on the basis of security of current assets.
- k. The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- l. The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- m. Figures for previous year / period have been regrouped wherever necessary.

On behalf of the Board of Directors

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Niraj Bajaj
Chairman
(DIN: 00028261)

Dinesh Thapar
Chief Financial Officer

Rajiv Bajaj
Managing Director
(DIN: 00018262)

per Arvind Sethi
Partner
Membership Number: 089802
Pune: 25 April 2023

Dr. J Sridhar
Company Secretary

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Salient features of the financial statements of subsidiaries for the year ended 31 March 2023

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries is given below:

Particulars	PT. Bajaj Auto Indonesia	Bajaj Auto International Holdings BV. (Consolidated)	Bajaj Auto (Thailand) Ltd.	Chetak Technology Ltd.	Bajaj Auto Consumer Finance Ltd.	Bajaj Do Brasil Comercio De Motocicletas Ltda	Bajaj Auto Spain S.L.U.
a The date since when subsidiary was acquired	20 February 2008 (being the effective date of demerger of erstwhile BAL)	20 February 2008 (being the effective date of demerger of erstwhile BAL)	20 December 2019	04 October 2021	06 December 2021	31 March 2022	05 August 2021
b Reporting period for the subsidiary	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 January 2022 to 31 December 2022	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023	1 January 2022 to 31 December 2022	1 January 2022 to 31 December 2022
c Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries	IDR (Indonesian Rupiah)	Euro	THB (Thai Baht)	INR	INR	Reais (Brazilian Real)	Euro
d Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	1 USD = IDR 15062 1 USD = ₹ 82.17	1 Euro = ₹ 89.4425	1 USD = THB 33.8866 1 USD = ₹ 82.17	NA	NA	1 USD = BRL 5.0801 1 USD = ₹ 82.17	1 Euro = ₹ 89.4425
e Share capital	6.35	1,770.96	10.91	470.00	30.00	48.52	5.37
f Reserves and surplus	(5.36)	3,493.63	(2.21)	(82.45)	(9.94)	(6.29)	0.23
g Total assets	1.04	5,264.63	9.44	450.42	22.33	45.29	8.40
h Total liabilities	1.04	5,264.63	9.44	450.42	22.33	45.29	8.40
i Investments	-	4,884.03	-	117.15	21.12	23.71	-
j Turnover	0.06	2.55	10.47	84.54	0.12	5.09	8.22
k Profit before tax	-	529.82	0.68	(76.61)	(7.33)	(6.16)	0.54
l Provision for tax	-	-	-	-	0.66	-	0.07
m Profit after tax	-	529.82	0.68	(76.61)	(7.99)	(6.16)	0.47
n Proposed dividend	-	-	-	-	-	-	-
o % of shareholding	99.25%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

On behalf of the Board of Directors

Niraj Bajaj
Chairman
(DIN: 00028261)

Dinesh Thapar
Chief Financial Officer

Rajiv Bajaj
Managing Director
(DIN: 00018262)

Dr. J Sridhar
Company Secretary

Anami N. Roy
Chairman - Audit Committee
(DIN: 01361110)

Pune: 25 April 2023

NOTES

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