

Bajaj Auto Holdings Limited

DIRECTORS' REPORT

The directors present their Forty-Fourth Annual Report and the Audited Financial Statements for the year ended 31 March 2022.

Financial results

Highlights

| | Rs. In Lakh | |
|---|--------------------|----------------|
| | 2021-22 | 2020-21 |
| Profit before tax | 93.00 | 119.96 |
| Provision for tax | 16.19 | 4.12 |
| Profit for the year | 76.81 | 115.83 |
| Transfer to General Reserve | Nil | Nil |
| Balance carried to Balance Sheet | 76.81 | 115.83 |

Share Capital

The paid-up Equity Share Capital as on 31 March 2022 was Rs. 24.50 Lakh. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares nor has it granted any stock options.

Registration as a Non-Deposit taking NBFC / Conversion into CIC

In response to an application made by the Company, RBI vide its Order dated 10 December 2015 cancelled the certificate of registration to carry on the business of NBFC issued to Bajaj Auto Holdings Limited (**BAHL**) & confirmed the qualification of BAHL as a Core Investment Company, not requiring registration with RBI pursuant to the provisions of Section 45-IA of the RBI Act, 1934.

During the year under review, the Company continued to comply with the requirements of being classified as a Core Investment Company not requiring registration with RBI pursuant to the provisions of Section 45-IA of the RBI Act, 1934. Under the Master Circular – Core Investment Companies (Reserve Bank) Directions, 2016, the Company is termed as an unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 13 August 2020.

Dividend

In order to conserve the reserves, the Company did not declare any dividend for the year under review.

Annual Return

A copy of the annual return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies/Ministry of Corporate Affairs within the Regulatory timelines will be available to Members upon request.

Number of meetings of the Board

During FY2022, the Board met five times, viz., 29 April 2021, 22 July 2021, 28 October 2021, 8 November 2021 and 20 January 2022.

The gap between any two meetings has been less than one hundred and twenty days.

Directors' responsibility statement

In accordance with the provisions of section 134(3)(c) of the Act, the directors state that –

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis; and
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Loans, Guarantees or Investments

Information regarding Loans, Guarantees and Investments covered under the provisions of section 186 of the Companies Act, 2013, are detailed in the Financial Statements, as applicable.

Related Party Transactions

There were no Related Party Transactions (RPTs) entered into by the Company during the year under review, which attracted the provisions of section 188 of Companies Act, 2013. Hence, there are no details required to be disclosed in Form AOC- 2 in that regard.

Corporate Social Responsibility (CSR)

During the year under review, there was no requirement to spend on CSR, pursuant to section 135 of the Companies Act, 2013. Accordingly, Annual Report on CSR is not required to form part of the Report.

State of Affairs of the Company

As stated earlier, the Company is in compliance with the terms and conditions prescribed for a Core Investment Company (CIC) and hence it has been categorised as a Core Investment Company (CIC). Bahl is essentially an investment company and the details of investments made by the Company are given in the financial statements.

Material Changes & Commitments

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

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

The Company, primarily being an investment company and not involved in any industrial or manufacturing activities, the Company has no particulars to report regarding conservation of energy & technology absorption as required under section 134 of the Companies Act, 2013 and Rules made thereunder.

During the year under review, the Company did not have any foreign exchange earnings and outgo.

Risk Management Framework

The Company has implemented a risk management framework for the Company, as applicable, including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

Directors and Key Managerial Personnel – changes

Shri Anish Amin (DIN 00070679), director of the Company retires by rotation and being eligible, offers himself for reappointment.

Pursuant to the provisions of the Act, the Company is not required to appoint key managerial personnel.

Presentation of financial results

The financial results of the Company for the year ended 31 March 2022 have been disclosed as per Schedule III to the Companies Act, 2013.

A Cash Flow Statement for the year 2021-22 is attached to the Balance Sheet.

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

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

Significant and Material Orders Passed by the Regulators or Courts

During the year in 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.

Statutory Auditor

Pursuant to the provisions of Section 139 of the Companies Act, 2013, the members at the Annual General Meeting of the Company held on 20 July 2017, appointed M/s. S R B C & Co LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) as statutory auditors of the Company from the conclusion of 39th Annual General Meeting till the conclusion of 44th Annual General Meeting (AGM), covering one term of five consecutive years ie. upto FY21-22.

M/s. S R B C & CO. LLP, vide letter dated 27 October 2021, tendered their resignation resulting in casual vacancy in the office of Statutory Auditors of the Company as per section 139(8) of the Act.

Consequently, the Board of Directors, at their meeting held on 8 November 2021, appointed M/s. Khimji Kunverji & Co. LLP, Chartered Accountants, as Statutory Auditors to conduct audit of the financial statements of the Company for FY2021-22. The members of the Company approved the appointment of M/s. Khimji Kunverji & Co. LLP at the Extra-ordinary General Meeting (EGM) held on 16 November 2021. Pursuant to the provisions of Section 139(8) of the Act, the tenure of auditors appointed in a casual vacancy caused due to resignation is valid only till the conclusion of ensuing annual general meeting.

Accordingly, in the ensuing AGM, approval of the members is being sought again for their continuation/appointment as Statutory Auditor for remaining term of four years i.e. from the conclusion of the 44th AGM till the conclusion of the 48th AGM, i.e., for the financial year ending 31 March 2023 till 31 March 2027.

The statutory audit report for the year 2021-22 does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditor.

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.

Other disclosures

Details as prescribed under section 134 of the Companies Act, 2013 and Rules made thereunder or otherwise, but not applicable to the Company, have not been specifically given in this Report.

On behalf of the Board of directors,

Sd/-

**Sanjiv Bajaj
Chairman**

Pune, 28 April 2022

Khimji Kunverji & Co LLP

Chartered Accountants

Independent Auditor's Report

To

The Members of

Bajaj Auto Holdings Limited

Report on the audit of the Financial Statements

Opinion

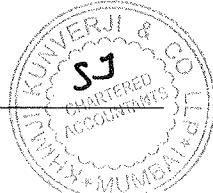
1. We have audited the accompanying Ind AS financial statements of Bajaj Auto Holdings Limited ("the Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("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 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the 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 ("ICAI") 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 opinion on the Financial Statements.

Other Information

4. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report
5. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
6. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.



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Management's responsibility for the Financial Statements

7. 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 Financial Statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows 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. 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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the Financial Statements, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Financial Statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - 11.1. Identify and assess the risks of material misstatement of the 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.
 - 11.2. 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.



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- 11.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 11.4. Conclude on the appropriateness of the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 11.5. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's 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 matters

15. The financial statements of the Company for the year ended March 31, 2021 were not audited by us. These financial statements have been audited by another auditor, whose report dated 29 April 2021 expressed an unmodified opinion on those financial statements. Our opinion on the Statement is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



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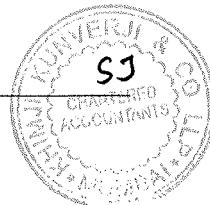
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17. As required by Section 143(3) of the Act, we report that:

- 17.1. 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.
- 17.2. 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.
- 17.3. The balance sheet, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account.
- 17.4. In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- 17.5. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- 17.6. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 17.7. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.

18. 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, in our opinion and to the best of our information and according to the explanations given to us:

- 18.1. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Financial Statements – Refer Note 18 to the Financial Statements;
- 18.2. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 18.3. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- 18.4. The management has represented 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 Company to or in any other person(s) or entity(ies), 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. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.



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18.5. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), 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. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

18.6. The Company has not paid and / or declared dividend during the year.

For Khimji Kunverji & Co LLP

Chartered Accountants

Firm Registration Number: 105146W/W100621



Vinit K Jain

Partner

ICAI Membership No: 145911

UDIN: 22145911AHYQDI7019



Place: Mumbai

Date: 28 April 2022

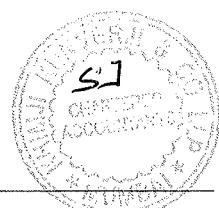
Annexure "A" to the Independent Auditor's Report on the Financial Statements of Bajaj Auto Holdings Limited for the year ended 31 March 2022

(Referred to in paragraph 16 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ("PPE").
In our opinion and according to the information and explanations given to us, the Company is not having any intangible assets.
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, all PPE were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) during the year.
- (e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

- ii. (a) The Company's business does not involve inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.
- (b) In our opinion and according to the information and explanations given to us, the Company have not been sanctioned working capital limits from banks or financial institutions which are secured on the basis of any security. Accordingly, the provision of clause 3(ii)(b) of the Order is not applicable to it.

- iii. (a) In our opinion and according to the information and explanations given to us, the Company has not made investments in the nature of loan, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, paragraph 3(iii)(a) to (f) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us the Company has not granted any loans covered, made any investments or provided any guarantees and securities under Section 185 of the Act. In our opinion and according to the information and explanations given to us, provision of section 186 of the Act in respect of investments made have been complied with by the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.



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vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.

vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of 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 any other statutory dues, whichever is applicable to the Company, have generally been regularly deposited by the Company with the appropriate authorities in all cases during the year

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues, whichever is applicable to the Company, were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) In our opinion and according to the information and explanations given to us, there are no 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 any other statutory dues, , whichever is applicable to the Company, which have not been deposited to/with the appropriate authority on account of any dispute.

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) In our opinion, the Company did not have any outstanding loans or other borrowings to financial institutions, banks, government and dues to debenture holders.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans, during the year.

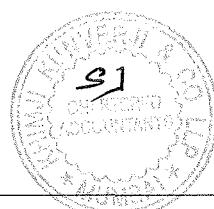
(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds were raised during the year. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

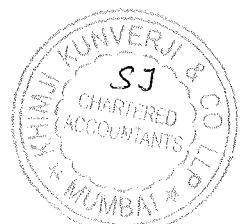
(b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.



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- xi. (a) In our opinion and according to the information and explanations given to us, there has been no fraud by the Company or any fraud on the Company that has been noticed or reported during the year.
- (b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. The provision of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- xiv. In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Act. Accordingly, the provision of clause 3(xiv)(a) and 3(xiv)(b) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company. and hence provisions of section 192 of the Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is a unregistered Core Investment Company ("CIC") as defined in the regulations made by Reserve Bank of India. The Company is not required to obtain registration with Reserve Bank of India and continues to fulfil the criteria of an unregistered CIC.
- (d) According to the information and explanation given to us, in the group (in accordance with Core Investment Companies (CIC's) (Reserve Bank) Directions, 2016) there are 16 companies forming part of the promoter/promoter group of the Company which are CICs including the Company. Further, as informed these CIC's are unregistered CICs as per Para 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 financial year and in the immediately preceding financial year.
- xviii. During the year, M/s S R B C & Co LLP, the Statutory auditors of the Company have resigned with effect from 27 October, 2021. As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and



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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) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.

xxi. Reporting under clause xxi of the Order is not applicable.

For Khimji Kunverji & Co LLP

Chartered Accountants

Firm Registration Number: 105146W/W100621

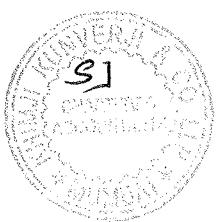


Vinit K Jain

Partner

ICAI Membership No: 145911

UDIN: 22145911AHYQDI7019



Place: Mumbai

Date: 28 April 2022

Annexure "B" to the Independent Auditors' report on the Financial Statements of Bajaj Auto Holdings Limited for the year ended 31 March 2022

(Referred to in paragraph "17.6" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

Opinion

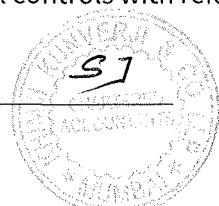
1. We have audited the internal financial controls with reference to the Financial Statements of Bajaj Auto Holdings Limited ("the Company") as at 31 March 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal controls 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 ("the Guidance Note").

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financial Statements included obtaining an understanding of internal financial controls with reference



to the 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 auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

6. 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 the Financial Statements.

Meaning of Internal Financial Controls with reference to the Financial Statements

7. A company's internal financial controls with reference to the 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 the Financial Statements include 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.

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the 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 the Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Khimji Kunverji & Co LLP**

Chartered Accountants

Firm Registration Number: 105146W/W100621

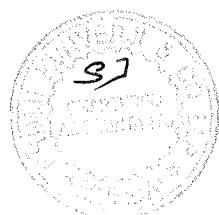


Vinit K Jain

Partner

ICAI Membership No: 145911

UDIN: 22145911AHYQDI7019



Place: Mumbai

Date: 28 April 2022

BAJAJ AUTO HOLDINGS LTD

BALANCE SHEET

AS AT

31 March 2022

AND

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED

31 March 2022

BAJAJ AUTO HOLDINGS LTD
BALANCE SHEET AS AT 31 MARCH 2022

In ₹

| Particulars | Note No. | As at 31 March 2022 | As at 31 March 2021 |
|--|----------|---------------------|---------------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 3 | 18,82,894 | 15,76,365 |
| Investment in associate | 4a | 26,15,43,323 | 26,15,43,323 |
| Other investments | 4b | 22,93,60,502 | 22,06,79,318 |
| | | 49,27,86,719 | 48,37,99,006 |
| Non-financial assets | | | |
| Current tax assets (net) | 5 | 1,79,34,824 | 1,79,33,423 |
| Property, plant and equipment | | 5,10,842 | 5,43,242 |
| | | 1,84,45,666 | 1,84,76,665 |
| Total | | 51,12,32,385 | 50,22,75,671 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Financial liabilities | | | |
| Trade payables | 6 | - | - |
| Total outstanding dues of micro enterprises and small enterprises | | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 54,000 | 54,000 |
| Other financial liabilities | | 1,97,700 | 1,96,676 |
| | | 2,51,700 | 2,50,676 |
| Non-financial liabilities | | | |
| Current tax liabilities (net) | 7 | 3,184 | 3,184 |
| Deferred tax liability (net) | 8 | 1,19,68,695 | 1,06,77,630 |
| Other non-financial liabilities | | 5,000 | 21,027 |
| | | 1,19,76,879 | 1,07,01,841 |
| EQUITY | | | |
| Equity share capital | 9 | 24,50,000 | 24,50,000 |
| Other equity | 10 | 49,65,53,806 | 48,88,73,154 |
| | | 49,90,03,806 | 49,13,23,154 |
| Total | | 51,12,32,385 | 50,22,75,671 |

Summary of significant accounting policies followed by the Company

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji & Co LLP
 ICAI Firm Registration Number: 105146W/W100621
 Chartered Accountants

Vinit K Jain
 Partner
 ICAI Membership Number: 145911



Ajay Sathe
 Director

V Rajagopalan
 Director

Pune: 28 April 2022



BAJAJ AUTO HOLDINGS LTD
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

In ₹

| Particulars | Note No. | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|----------|-----------------------------|-----------------------------|
| Revenue from operations | | | |
| Interest income | 11 | - | 36,750 |
| Dividend income | | 6,27,015 | - |
| Rental income | | 1,98,000 | 1,98,000 |
| Net gain on fair value changes | 12 | 86,81,184 | 1,19,72,308 |
| Total revenue from operations | | 95,06,199 | 1,22,07,058 |
| Other income | 13 | - | - |
| Total income | | 95,06,199 | 1,22,07,058 |
| Expenses | | | |
| Depreciation, amortisation and impairment | 14 | 32,400 | 32,400 |
| Other expenses | 15 | 1,73,782 | 1,78,994 |
| Total expenses | | 2,06,182 | 2,11,394 |
| Profit before tax | | 93,00,017 | 1,19,95,664 |
| Tax expense | 16 | | |
| Current tax | | 3,28,300 | 66,600 |
| Deferred tax | | 12,91,065 | (59,82,382) |
| Provision for possible non-utilisation of MAT credit | | - | 63,27,920 |
| Total tax expense | | 16,19,365 | 4,12,138 |
| Profit for the year | | 76,80,652 | 1,15,83,526 |
| Other comprehensive income for the year (net of tax) | | - | - |
| Total comprehensive income for the year | | 76,80,652 | 1,15,83,526 |
| Basic and diluted Earnings per share (in ₹) (Nominal value per share ₹ 100) | 17 | 313 | 473 |

Summary of significant accounting policies followed by the Company

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji & Co LLP
 ICAI Firm Registration Number: 105146W/W100621
 Chartered Accountants

Vinit K Jain
 Partner
 ICAI Membership Number: 145911



Ajay Sathe
 Director

V Rajagopalan
 Director

Pune: 28 April 2022



BAJAJ AUTO HOLDINGS LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

A. Equity share capital

| Particulars | Note No. | Year ended 31 March 2022 | Year ended 31 March 2021 | In ₹ |
|---|----------|-----------------------------|-----------------------------|------|
| At the beginning of the year | | 24,50,000 | 24,50,000 | |
| Changes in equity share capital during the year | | - | - | |
| At the end of the year | 9 | 24,50,000 | 24,50,000 | |

B. Other equity

| Particulars | Note No. | Reserves and surplus | | Total other equity |
|---|----------|----------------------|-------------------|--------------------|
| | | General reserve | Retained earnings | |
| Balance as at 31 March 2020 | 10 | 42,67,86,018 | 5,05,03,610 | 47,72,89,628 |
| Profit for the year | | - | 1,15,83,526 | 1,15,83,526 |
| Other comprehensive income (net of tax) | | - | - | - |
| Total comprehensive income for the year ended 31 March 2021 | | - | 1,15,83,526 | 1,15,83,526 |
| Transactions with owners in their capacity as owners | | | | |
| Final dividend, declared and paid during the year | | - | - | - |
| Balance as at 31 March 2021 | 10 | 42,67,86,018 | 6,20,87,136 | 48,88,73,154 |
| Profit for the year | | - | 76,80,652 | 76,80,652 |
| Other comprehensive income (net of tax) | | - | - | - |
| Total comprehensive income for the year ended 31 March 2022 | | - | 76,80,652 | 76,80,652 |
| Transactions with owners in their capacity as owners | | | | |
| Final dividend, declared and paid during the year | | - | - | - |
| Balance as at 31 March 2022 | 10 | 42,67,86,018 | 6,97,67,788 | 49,65,53,806 |

Summary of significant accounting policies followed by the Company

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

For Khimji Kunverji & Co LLP
 ICAI Firm Registration Number: 105146W/W100621
 Chartered Accountants

Vinit K. Jain
 Partner
 ICAI Membership Number: 145911



Ajay Sathe
 Director

V. Rajagopalan
 Director

Pune: 28 April 2022



Bajaj Auto Holdings Limited

Statement of Cash Flows for the year ended 31 March 2022

| Particulars | Year ended | | | |
|---|---------------|-------------|---------------|---------------|
| | 31 March 2022 | | 31 March 2021 | |
| | ₹ | ₹ | ₹ | ₹ |
| I. Operating activities | | | | |
| Profit before tax | | 93,00,017 | | 1,19,95,664 |
| Adjustments to reconcile profit before tax to net cash flows: | | | | |
| Add/(Less) : | | | | |
| i) Depreciation | 32,400 | | 32,400 | |
| ii) Profit on sale of current investments, net | (86,81,184) | | (1,19,72,308) | |
| | | (86,48,784) | | (1,19,39,908) |
| Operating Profit Before Working Capital Changes | | 6,51,233 | | 55,756 |
| Changes in Assets & Liabilities | | | | |
| i) Trade Payables | | | | |
| ii) Other liabilities | (15,003) | | 17,730 | |
| iii) Other financial assets | - | (15,003) | - | 17,730 |
| Sale of investments (current investments) | - | - | 2,00,000 | 2,00,000 |
| Net cash from operating activities before income tax | | 6,36,230 | | 2,73,486 |
| Taxes Paid (net of refunds) | | (3,29,701) | | (2,00,000) |
| Net cash flow from operating activities | | 3,06,529 | | 73,486 |
| Financing Activities | | | | |
| Dividend paid | - | | - | |
| Corporate dividend tax paid | - | | - | |
| Net cash (used in) financing activities | | - | - | - |
| Net Change in cash and cash equivalents | | 3,06,529 | | 73,486 |
| Cash and cash equivalents as at the beginning of the year | | 15,76,365 | | 15,02,879 |
| Cash and cash equivalents as at the end of the year | | 18,82,894 | | 15,76,365 |

Summary of significant accounting policies followed by the Company

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

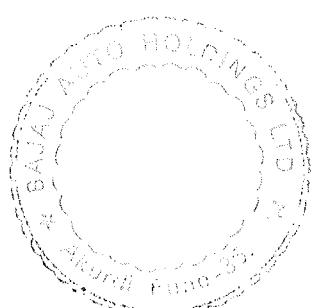
On behalf of the Board of Directors

For Khimji Kunverji & Co LLP
ICAI Firm Registration Number: 105146W/W100621
Chartered Accountants

Vinit K Jain
Partner
ICAI Membership Number: 145911
Pune: 28 April 2022



Ajay Sathe
Director
V. Rajagopalan
Director



Bajaj Auto Holdings Limited

Notes to standalone financial statements for the year ended 31 March 2022

- 1 Bajaj Auto Holdings Limited (the 'Company') operates as an Investment Company. Under Master Circular-Core Investment Companies (Reserve Bank) Directions, 2016, the company is termed as an unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 13 August 2020. As an unregistered CIC, the company must invest at least 90% of its net assets in group companies, of which at least 60% must be through equity investments.
- 2 **Summary of significant accounting policies followed by the Company**

2A. 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, other relevant provisions of the Act and the RBI guidelines / regulations to the extent applicable on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value.

The financial statements are presented in INR (₹), which is also the Company's functional currency.

2B. Summary of significant accounting policies followed by the Company

1) Use of estimates

Estimates and assumptions used in the preparation of the financial statements and disclosures 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.

2) Revenue recognition

a) Income

The Company recognizes income (including rent, etc.) on an accrual basis to the extent it is probable that the economic benefits will flow to the Company that the revenue can be reliably measured. However, where the ultimate collection of revenue lacks reasonable certainty, revenue recognition is postponed.

(1) Interest income

Interest income from debt instruments is recognized using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the instrument. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).



Bajaj Auto Holdings Limited

Notes to standalone financial statements for the year ended 31 March 2022

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Balance Sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of Profit and Loss.

(2) **Dividends**

Dividends are recognized 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.

(3) **Other income**

The Company recognizes 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.

3) **Property, plant and equipment and depreciation/ amortisation**

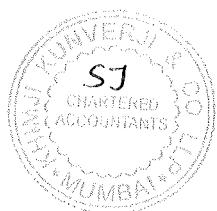
A. **Property, plant and equipment**

- i) Property, plant and equipment, capital work in progress except land are carried at cost of acquisition or construction as the case may be, less accumulated depreciation and amortisation. Land is carried at cost of acquisition. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by the Management. The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. When significant parts of property, 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 recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.
- ii) Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful life for buildings is – 30 years
- iii) An item of property, plant and equipment and any significant part initially recognized is derecognized 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 derecognized.

B. **Depreciation and amortisation**

On other tangible assets

- i. a. Depreciation is provided on the straight-line method over the useful lives of the assets.
b. Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, the component is depreciated over such shorter life.



Bajaj Auto Holdings Limited

Notes to standalone financial statements for the year ended 31 March 2022

- c. Useful life of assets are determined by the Management based on internal technical assessments.
- ii. Depreciation on additions is being provided on pro rata basis from the month of such additions.
- iii. 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.
- iv. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

C. Impairment of assets

An assessment is done at each Balance Sheet date as to whether there are any indications that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset / Cash Generating Unit (CGU) is made. Where the carrying value of the asset / CGU exceeds the recoverable amount, the carrying value is written down to the recoverable amount.

4) Investments and financial assets

A. Investment in associate

Interest in associate is recognized at cost and not adjusted to fair value at the end of each reporting period. 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 in the following measurement categories:

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

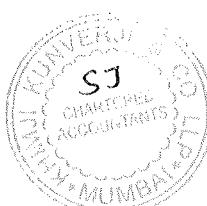
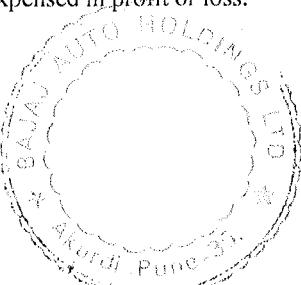
The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as "measured at fair value" (FVTPL), gains and losses will either be recorded in profit or loss or other comprehensive income (FVTOCI), 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 initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. 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 profit or loss.



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 two measurement categories into which the Company classifies its financial instruments:

Subsequently measured at amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. Debentures, Bonds etc. A gain or loss on a financial asset that is subsequently measured at amortised cost is recognized in the Statement of Profit and Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

Subsequently measured at FVTPL: Financial assets that do not meet the criteria for amortised cost, are measured at FVTPL e.g. investments in mutual funds. A gain or loss on a financial asset that is subsequently measured at FVTPL is recognized 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.

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 as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Bank balances and financial assets at amortised cost

The Company measures bank balances and financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

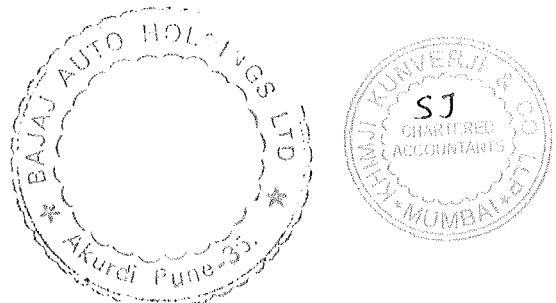
Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.



Bajaj Auto Holdings Limited

Notes to standalone financial statements for the year ended 31 March 2022

The SPPI test (Solely Payments of Principal and Interest)

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(iii) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. 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.

ECL impairment loss allowance (or reversal) recognized during the period is recognized 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: 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 on the basis of 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.

(iv) Reclassification of financial assets and liabilities

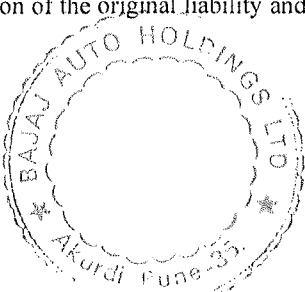
The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2020-21 and 2019-20.

(v) Derecognition of financial assets

A financial asset is derecognized only when Company has transferred the rights to receive cash flows from the financial asset. 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 derecognized.

5) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a



Bajaj Auto Holdings Limited

Notes to standalone financial statements for the year ended 31 March 2022

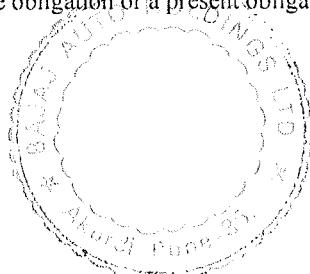
new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

6) Taxation

- a) 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. 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.
- b) Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- c) Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Company will pay normal income tax and thereby utilizing MAT credit during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and utilized. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.
- d) 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 realized or the deferred tax liability is settled.
- e) Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences.
- f) The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- g) Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- h) 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.

7) Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past events, 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



Bajaj Auto Holdings Limited

Notes to standalone financial statements for the year ended 31 March 2022

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 recognized as a finance cost.

8) Operating leases

As a lessor

The Company has leased out certain assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term in a manner which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

9) Cash and cash equivalents

For the purpose of 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.

10) 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. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

11) Dividends on equity shares

The Company recognizes a liability to make cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

12) Fair value measurement

The Company measures financial instruments, such as, investment in mutual funds 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.



Bajaj Auto Holdings Limited

Notes to standalone financial statements for the year ended 31 March 2022

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 economic best 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

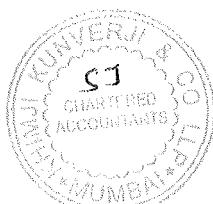
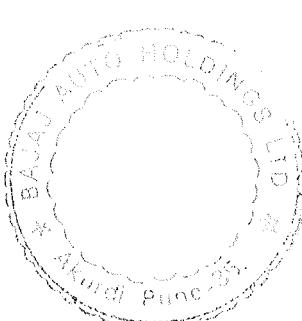
For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes 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 24)
- Financial instruments (including those carried at amortised cost) (note 24)

2C. Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.



Bajaj Auto Holdings Limited

Notes to standalone financial statements for the year ended 31 March 2022

3 Cash and cash equivalents

| | As at | |
|---------------------|------------------|------------------|
| | 31 March 2022 | 31 March 2021 |
| Balances with banks | 18,82,894 | 15,76,365 |
| | 18,82,894 | 15,76,365 |

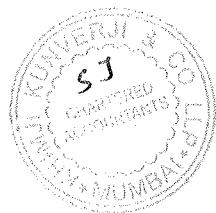
4a Investment in associate

| Particulars | At cost |
|---------------------------------|---------------------|
| As at 31 March 2022 | |
| Equity instruments | |
| - associate-Bajaj Finserv Ltd. | 26,15,43,323 |
| Total | 26,15,43,323 |
| As at 31 March 2021 | |
| Equity instruments | |
| - associate -Bajaj Finserv Ltd. | 26,15,43,323 |
| Total | 26,15,43,323 |

4b Other investments

| Particulars | At fair value | |
|----------------------------|--|---------------------|
| | designated at fair value through profit and loss account | Total |
| As at 31 March 2022 | | |
| Mutual funds | 22,93,60,502 | 22,93,60,502 |
| Total | 22,93,60,502 | 22,93,60,502 |
| As at 31 March 2021 | | |
| Mutual funds | 22,06,79,318 | 22,06,79,318 |
| Total | 22,06,79,318 | 22,06,79,318 |

All investments in 4a and 4b above are within India



Bajaj Auto Holdings Limited
 Notes to standalone financial statement for the year ended 31 March 2022

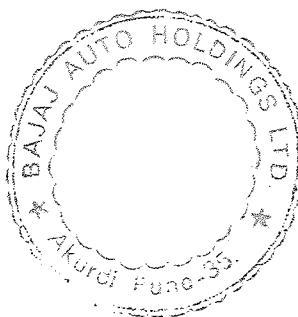
5. Property, plant and equipment:

Current Year

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|------------------------|-----------------------|----------------|---------------------------------------|------------------------|-----------------------|---------------------------------------|-----------------|------------------------|------------------------|
| | As at 1 April 2021 | Additions ₹ | Deductions and Adjustments ₹ | As at 31 March 2022 | As at 1 April 2021 | Deductions and Adjustments ₹ | For the Year | As at 31 March 2022 | As at 31 March 2022 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| TANGIBLE ASSETS | | | | | | | | | |
| Land Freehold | 4,22,435 | - | - | 4,22,435 | - | - | - | - | 4,22,435 |
| Buildings | 9,74,568 | - | - | 9,74,568 | 8,53,761 | - | 32,400 | 8,86,161 | 88,407 |
| Total | 13,97,003 | - | - | 13,97,003 | 8,53,761 | - | 32,400 | 8,86,161 | 5,10,842 |

Previous Year

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|------------------------|-----------------------|----------------|---------------------------------------|------------------------|-----------------------|---------------------------------------|-----------------|------------------------|------------------------|
| | As at 1 April 2020 | Additions ₹ | Deductions and Adjustments ₹ | As at 31 March 2021 | As at 1 April 2020 | Deductions and Adjustments ₹ | For the Year | As at 31 March 2021 | As at 31 March 2021 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| TANGIBLE ASSETS | | | | | | | | | |
| Land Freehold | 4,22,435 | - | - | 4,22,435 | - | - | - | - | 4,22,435 |
| Buildings | 9,74,568 | - | - | 9,74,568 | 8,21,361 | - | 32,400 | 8,53,761 | 1,20,807 |
| Total | 13,97,003 | - | - | 13,97,003 | 8,21,361 | - | 32,400 | 8,53,761 | 5,43,242 |



6 Other financial liabilities

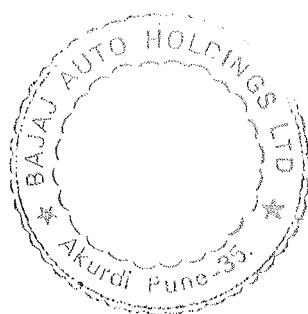
| | As at 31 March 2022 ₹ | 31 March 2021 ₹ |
|-------------------|-----------------------------|--------------------|
| Other Payables | 98,700 | 97,676 |
| Security deposits | 99,000 | 99,000 |
| | <u>1,97,700</u> | <u>1,96,676</u> |

7 Deferred tax liability (net)

| | As at 31 March 2022 ₹ | 31 March 2021 ₹ |
|--|------------------------------|--|
| Deferred tax liabilities | | |
| Movement in fair value of financial assets designated at FVTPL | 1,19,68,695 | 1,06,77,630 |
| Gross deferred tax liabilities | <u>1,19,68,695</u> | <u>1,06,77,630</u> |
| Movement in deferred tax Liability | | ₹ |
| Particulars | Financial instruments | MAT credit entitlement and others |
| At 31 March 2020 | 1,66,60,012 | (63,27,920) |
| (Charged)/credited | | |
| - to profit and loss | (59,82,382) | 63,27,920 |
| - to other comprehensive income | | |
| At 31 March 2021 | 1,06,77,630 | 0 |
| (Charged)/credited | | |
| - to profit and loss | 12,91,065 | - |
| - to other comprehensive income | | |
| At 31 March 2022 | 1,19,68,695 | 0 |
| | | 1,19,68,695 |

8 Other non-financial liabilities

| | As at 31 March 2022 ₹ | 31 March 2021 ₹ |
|--------------------------|-----------------------------|--------------------|
| Taxes and duties payable | 5,000 | 5,000 |
| Other payables | - | 16,027 |
| | <u>5,000</u> | <u>21,027</u> |



9 Equity Share capital

| | As at 31 March 2022 ₹ | As at 31 March 2021 ₹ |
|---|-----------------------------|-----------------------------|
| Authorised 50,000 (Previous Year - 50,000) equity shares of ₹ 100/- each | 50,00,000 | 50,00,000 |
| Issued, subscribed and fully paid-up shares 24,500 (Previous Year - 24,500) equity shares of ₹ 100/- each | 24,50,000 | 24,50,000 |
| | <u>24,50,000</u> | <u>24,50,000</u> |

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

| | As at 31 March 2022 Nos. ₹ | As at 31 March 2021 Nos. ₹ |
|---|----------------------------------|----------------------------------|
| Equity shares | | |
| At the beginning of the year | 24,500 24,50,000 | 24,500 24,50,000 |
| Equity shares issued during the year | - | - |
| Outstanding at the end of the year | <u>24,500</u> <u>24,50,000</u> | <u>24,500</u> <u>24,50,000</u> |

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 100 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

| | As at 31 March 2022 Nos. % Holding | As at 31 March 2021 Nos. % Holding |
|---|--|--|
| Equity shares of ₹ 100 each fully paid | | |
| Bajaj Holdings & Investment Limited | 24,500 100.00% | 24,500 100.00% |

d. Details of promoter shareholding

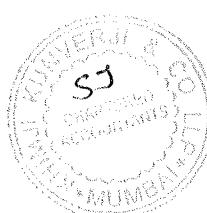
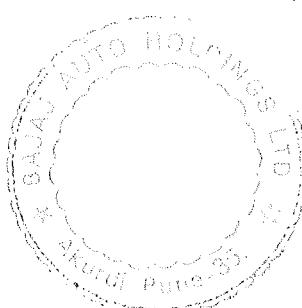
| | As at 31 March 2022 Nos. % Holding | As at 31 March 2021 Nos. % Holding |
|--|--|--|
| Shares held by promoters at the end of the period | | |
| Promoter name | | |
| Bajaj Holdings & Investment Limited | 24,500 100.00% | 24,500 100.00% |

10 Other equity

| | As at 31 March 2022 ₹ | As at 31 March 2021 ₹ |
|---|-----------------------------|-----------------------------|
| a Reserves and surplus : | | |
| General reserve | | |
| Balance as at the beginning of the year | 42,67,86,018 | 42,67,86,018 |
| Add: Transferred from surplus in statement of profit and loss | - | - |
| Balance as at the beginning and end of the year | <u>42,67,86,018</u> | <u>42,67,86,018</u> |
| Surplus in the statement of profit and loss | | |
| Balance as at the beginning of the year | 6,20,87,136 | 5,05,03,610 |
| Profit for the year | 76,80,652 | 1,15,83,526 |
| Total appropriations | - | - |
| Balance as at the end of the year | <u>6,97,67,788</u> | <u>6,20,87,136</u> |
| | <u>49,65,53,806</u> | <u>48,88,73,154</u> |

b 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.



11 Interest income

| | For the year ended | |
|--------------------|--------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| | ₹ | ₹ |
| Interest income on | | |
| Others | 36,750 | 36,750 |

12 Net gain on fair value changes

| | For the year ended | |
|---|--------------------|--------------------|
| | 31 March 2022 | 31 March 2021 |
| | ₹ | ₹ |
| Net gain/(loss) on financial instruments at fair value through profit or loss | | |
| On financial instruments designated at fair value through profit or loss | 86,81,184 | 1,19,72,308 |
| Fair value changes: | | |
| Realised | 60,460 | |
| Unrealised | 86,81,184 | 1,19,11,848 |
| | <u>86,81,184</u> | <u>1,19,72,308</u> |

13 Other income

| | For the year ended | |
|-----------------------|--------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| | ₹ | ₹ |
| Miscellaneous receipt | - | - |

14 Depreciation, amortisation and impairment

| | For the year ended | |
|---|--------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| | ₹ | ₹ |
| Depreciation on property, plant and equipment | 32,400 | 32,400 |

15 Other expenses

| | For the year ended | |
|--------------------------------|--------------------|-----------------|
| | 31 March 2022 | 31 March 2021 |
| | ₹ | ₹ |
| Repairs to buildings | 53,098 | 41,317 |
| Rates and taxes | 20,122 | 20,149 |
| Insurance | 2,974 | 7,328 |
| Payment to auditor | 59,000 | 59,000 |
| Legal and professional charges | 23,600 | 38,232 |
| Miscellaneous expenses | 14,988 | 12,968 |
| | <u>1,73,782</u> | <u>1,78,994</u> |

Payment to auditor

| | For the year ended | |
|---------------------------|--------------------|---------------|
| | 31 March 2022 | 31 March 2021 |
| | ₹ | ₹ |
| As auditor | | |
| Audit fee | 50,000 | 50,000 |
| GST/Service tax, on above | 9,000 | 9,000 |
| | <u>59,000</u> | <u>59,000</u> |



16 Tax expense

| | For the year ended | |
|--|--------------------|--------------------|
| | 31 March 2022 ₹ | 31 March 2021 ₹ |
| (a) Tax expense | | |
| Current tax | | |
| Current tax on profits for the year | 3,28,300 | 66,600 |
| Adjustments for current tax of prior periods | - | - |
| Less: MAT credit entitlement | - | - |
| Total current tax expense | 3,28,300 | 66,600 |
| Deferred tax | | |
| Decrease/(increase) in deferred tax assets | 12,91,065 | (59,82,382) |
| (Decrease)/increase in deferred tax liabilities | 12,91,065 | (59,82,382) |
| Total deferred tax expenses/(benefit) | - | - |
| Provision for possible non-utilisation of MAT credit | - | 63,27,920 |
| Tax expenses | 16,19,365 | 4,12,138 |
| (b) Reconciliation of tax expenses and the accounting profit multiplied by Statutory tax rate | | |
| Profit before tax | 93,00,017 | 1,19,95,664 |
| Tax at the Indian tax rate of 25.17% | 23,40,628 | 30,19,069 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| - Others | (7,21,263) | (22,61,393) |
| Tax effect of amounts which are deductible (non taxable) in calculating taxable income: | | |
| - Change in tax rate | - | 59,82,382 |
| Provision for possible non-utilisation of MAT credit | - | (63,27,920) |
| Tax expense | 16,19,365 | 4,12,138 |

17 Earnings per share (EPS)

| | For the year ended | |
|---|--------------------|--------------------|
| | 31 March 2022 ₹ | 31 March 2021 ₹ |
| Profit for the year (₹) | 76,80,652 | 1,15,83,526 |
| Weighted average number of shares outstanding during the year (Nos) | 24,500 | 24,500 |
| Earnings per share (Basic and Diluted) ₹ | 313 | 473 |
| Face value per share ₹ | 100 | 100 |

18 Contingent liabilities

There are no Contingent Liabilities as on 31 March 2022 and 31 March 2021.

19 Segment information

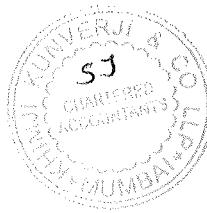
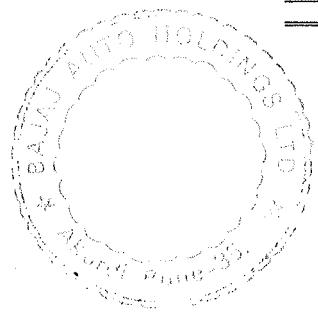
The Company's business activity, including its associate, falls within a single business segment i.e. investment and therefore, segment reporting in terms of Ind AS 108 on Segment Reporting is not applicable.

20 Lease

As a lessor

The Company has given premises on operating leases. These lease arrangements range for a period between one to three 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.

| | As at | |
|---|--------------------|--------------------|
| | 31 March 2022 ₹ | 31 March 2021 ₹ |
| Receivable | | |
| Within one year | 1,98,000 | 16,500 |
| After one year but not more than five years | 2,14,500 | - |
| More than five years | - | - |
| | 4,12,500 | 16,500 |



21 Financial risk management

The Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through a risk management framework, including ongoing identification, measurement and monitoring subject to risk limits and other controls. The Company's activities expose it to credit risk, liquidity risk and market risk.

This note explains the sources of risk which the Company is exposed to and how the entity manages the risk.

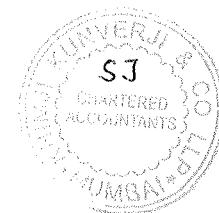
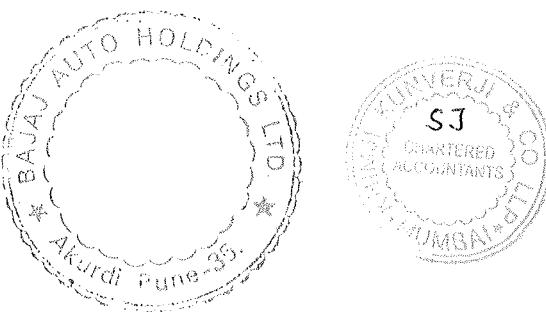
| Risk | Exposure Arising from | Measurement | Management |
|----------------|--|-------------------------------|--|
| Credit risk | Cash and cash equivalents, financial assets measured at amortised cost and fair value through profit or loss | Credit ratings | Setting limits on the amount of acceptable risk, diversification of investment limits, dealing with creditworthy counterparties only |
| | Trade receivables | Credit Limit & Aging analysis | No. of overdue days, monitoring of credit limits |
| Liquidity Risk | Other liabilities | Maturity analysis | Maintaining sufficient cash/cash equivalents and marketable securities |

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk, and investment of available funds.

Other risk (Market Risk)

The Company has deployed its surplus funds in debt instruments (including through mutual funds) and money market instruments. 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 instruments mutual funds with AAA & STABLE A1+ rating and thus the Company does not have significant risk exposure here.

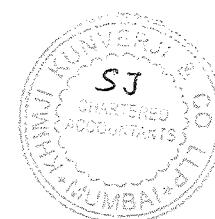


22 Disclosure of Transactions with Related Parties as required by the Ind AS 24

| | Name of related party and nature of relationship | Nature of transaction | 2021-22 | | 2020-21 | |
|----------------------------|---|--|------------------------|--|------------------------|--|
| | | | Transaction Value ₹ | Outstanding amount carried in the balance sheet ₹ | Transaction Value ₹ | Outstanding amount carried in the balance sheet ₹ |
| [a] Holding Company | | | | | | |
| | Bajaj Holdings & Investment Ltd | Contribution to equity 24,500 shares of Rs 100 each Revenue expenses reimbursement paid | - - | 24,50,000 - | - 16,027 | 24,50,000 - |
| [b] Other entities | | | | | | |
| | Bajaj Finserv Ltd, (associate of holding company) | Contribution to equity 209,005 shares of Rs 5 each Dividend received | - 6,27,015 | 26,15,43,323 - | - - | 26,15,43,323 - |
| | Bajaj Allianz General Insurance Co. Ltd. | Insurance premium paid | 2,974 | - | 7,328 | - |

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 para 9 of Ind AS 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.



23 Capital management**a) Objectives, policies and processes of capital management**

The Company is cash surplus and has only equity capital. The Company has been recognised as a Core Investment Company (CIC) by the Reserve Bank of India (RBI) in terms of the regulations governing Non-Banking Financial Companies and is not exposed to any regulatory imposed capital requirements.

The cash surpluses are currently invested in income generating debt instruments (through mutual funds) in line with the CIC guidelines set out by the RBI and investment policy set 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.

¹The Company does not have any borrowings.

| | 31 March 2022 ₹ | 31 March 2021 ₹ |
|---|---------------------|---------------------|
| Equity | 49,90,03,806 | 49,13,23,154 |
| Add: Deferred tax liabilities | 1,19,68,695 | 1,06,77,630 |
| Less: Tangible and other assets | 5,10,842 | 5,43,242 |
| Working capital | 1,95,57,834 | 1,92,34,901 |
| Investments in associate | 26,15,43,323 | 26,15,43,323 |
| Investment in equity, debt and similar investments | 22,93,60,502 | 22,06,79,318 |

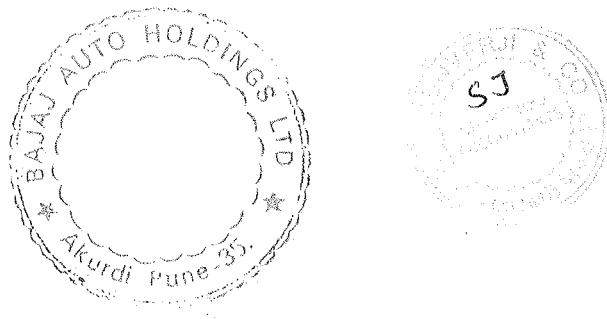
No changes were made in the objectives, policies and processes of capital management during the year.

b) Dividends distributed and proposed

| | 31 March 2022 ₹ | 31 March 2021 ₹ |
|--|--------------------|--------------------|
|--|--------------------|--------------------|

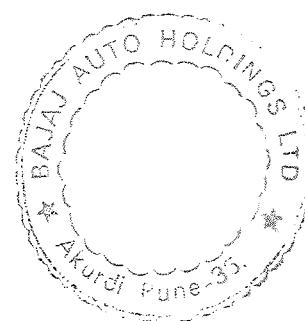
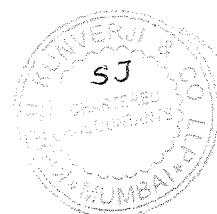
Dividends recognised in the financial statements

Final dividend for the year ended 31 March 2021 and 31 March 2020 is ₹ Nil per equity share.



24 Maturity analysis of assets and liabilities

| Particulars | As at | | | | | |
|----------------------------------|------------------|---------------------|---------------------|------------------|---------------------|---------------------|
| | 31 March 2022 | | Total | 31 March 2021 | | Total |
| | Within 12 months | After 12 months | | Within 12 months | After 12 months | |
| Assets | | | | | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 18,82,894 | - | 18,82,894 | 15,76,365 | - | 15,76,355 |
| Investment in associates | - | 26,15,43,323 | 26,15,43,323 | - | 26,15,43,323 | 26,15,43,323 |
| Other investments | - | 22,93,60,502 | 22,93,60,502 | - | 22,06,79,318 | 22,06,79,318 |
| Other financial assets | - | - | - | - | - | - |
| Non-financial Assets | | | | | | |
| Current tax assets (net) | - | 1,79,34,824 | 1,79,34,824 | - | 1,79,33,423 | 1,79,33,423 |
| Property, plant and equipment | - | 5,10,842 | 5,10,842 | - | 5,43,242 | 5,43,242 |
| Total | 18,82,894 | 50,93,49,491 | 51,12,32,385 | 15,76,365 | 50,06,99,306 | 50,22,75,671 |
| Liabilities | | | | | | |
| Financial Liabilities | | | | | | |
| Trade payables | 54,000 | - | 54,000 | 54,000 | - | 54,000 |
| Other financial liabilities | - | 1,97,700 | 1,97,700 | - | 1,96,676 | 1,96,676 |
| Non-financial Liabilities | | | | | | |
| Current tax liabilities (net) | - | 3,184 | 3,184 | - | 3,184 | 3,184 |
| Deferred tax Liability (net) | - | 1,19,68,695 | 1,19,68,695 | - | 1,06,77,630 | 1,06,77,630 |
| Other non-financial liabilities | 5,000 | - | 5,000 | 21,027 | - | 21,027 |
| Total | 59,000 | 1,21,69,579 | 1,22,28,579 | 75,027 | 1,08,77,490 | 1,09,52,517 |
| Net | 18,23,894 | 49,71,79,912 | 49,90,03,806 | 15,01,338 | 48,98,21,816 | 49,13,23,154 |



25. Fair value measurement**i) Financial instruments by category**

| | 31 March 2022 | | | 31 March 2021 | | | ₹ | |
|------------------------------------|---------------------|----------|---------------------|---------------------|----------|---------------------|----------|--|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | | |
| Financial assets | | | | | | | | |
| Investments | | | | | | | | |
| - Liquid mutual funds | 22,93,60,502 | - | - | 22,06,79,318 | - | - | - | |
| - Equity shares | - | - | 26,15,43,323 | - | - | 26,15,43,323 | - | |
| Other financial assets | - | - | - | - | - | - | - | |
| Cash and cash equivalents | - | - | 18,82,894 | - | - | 15,76,365 | - | |
| Total financial assets | 22,93,60,502 | - | 26,34,26,217 | 22,06,79,318 | - | 26,31,19,688 | - | |
| Financial liabilities | | | | | | | | |
| Trade payables | - | - | 54,000 | - | - | 54,000 | - | |
| Other financial liabilities | - | - | 1,97,700 | - | - | 1,96,676 | - | |
| Total financial liabilities | - | - | 2,51,700 | - | - | 2,50,676 | - | |

ii) Fair value hierarchy

This section explains the basis of 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, which are explained herein below.

| Financial assets measured at fair value - recurring fair value measurements At 31 March 2022 | | | | | |
|--|-------|--------------|---------|---------|--------------|
| Particulars | Notes | Level 1 | Level 2 | Level 3 | Total |
| Financial investments at FVTPL | | | | | |
| - Liquid mutual funds | 4b | 22,93,60,502 | - | - | 22,93,60,502 |
| Financial assets measured at fair value - recurring fair value measurements At 31 March 2021 | | | | | |
| Particulars | Notes | Level 1 | Level 2 | Level 3 | Total |
| Financial investments at FVTPL | | | | | |
| - Liquid mutual funds | 4b | 22,06,79,318 | - | - | 22,06,79,318 |

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained

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

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.

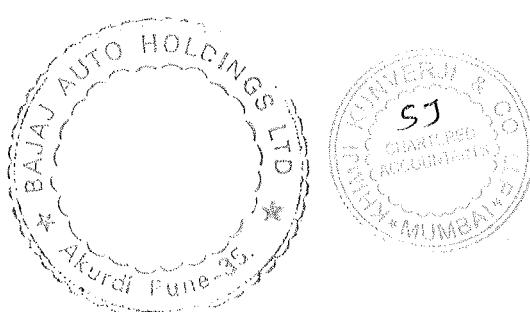
Valuation Techniques used to determine fair value

Valuation Techniques used to determine fair value include

- Open ended mutual funds and certain bonds and debentures at NAV's/rates declared and/or quoted
- Close ended mutual funds at NAV's declared by AMFI
- For other bonds and debentures values with references to prevailing yields to maturity matching tenures, quoted on sites of credible organisation such as ICRA (Investment Information and credit rating agency)
- Commercial papers and certificate of deposits, being short term maturity papers, amortised cost is assumed to be the fair value

iii) Fair value of financial assets and liabilities measured at amortised cost

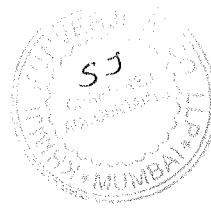
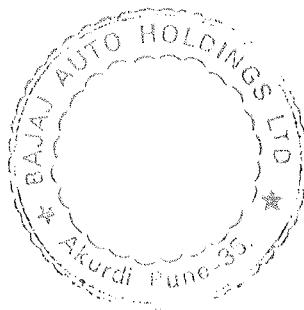
The carrying amounts of trade payables, other financial assets/liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.



26 On the basis of information requested from vendors with regards to their registration (filing of Memorandum) under 'The Micro, Small and Medium Enterprises Development Act, 2006. (27 of 2006)' and in view of the terms of payments not exceeding 45 days, which has been promptly paid, no liability exists as at 31 March 2022 and 31 March 2021 and hence no disclosures have been made in this regard.

27 Other notes

- a. The Company has performed an assessment to identify transactions with struck off companies as at 31 March 2022 and no such company was identified.
- b. No funds (which are material either individually or in the aggregate) 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(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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.
- c. No funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.
- d. The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- e. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.



28 Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements

As per our report of even date

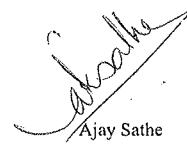
For Khimji Kunverji & Co LLP
ICAI Firm Registration Number: 105146W/W100621
Chartered Accountants


Vinit K Jain
Partner
ICAI Membership Number: 145911

Pune: 28 April 2022



On behalf of the Board of Directors


Ajay Sathe
Director


V Rajagopalan
Director

