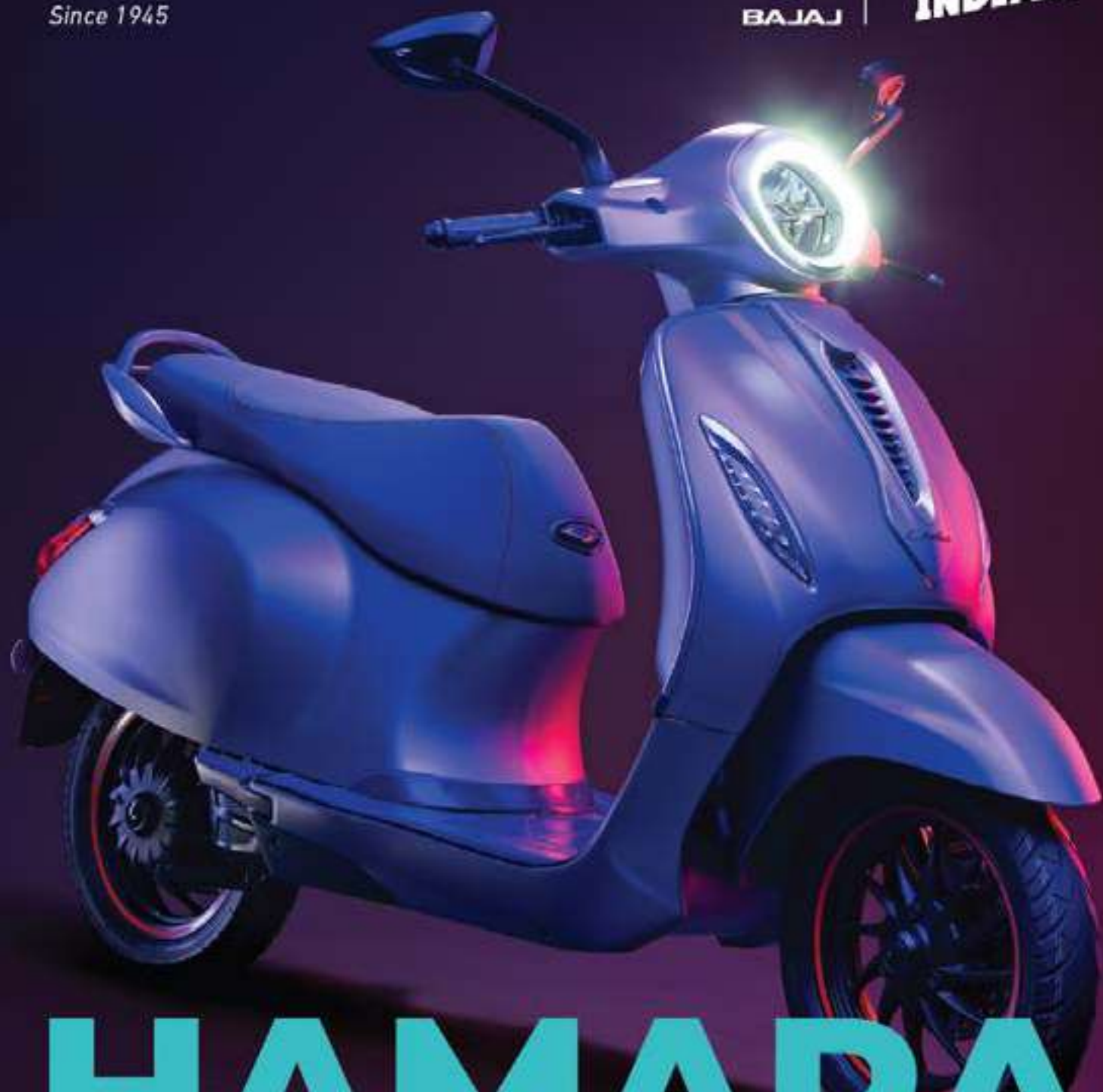


Bajaj Auto Limited

Since 1945



THE WORLD'S
FAVOURITE
INDIAN



HAMARA KAL

13th ANNUAL REPORT 2019-20





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Board of Directors

Rahul Bajaj, Chairman
Madhur Bajaj, Vice Chairman
Rajiv Bajaj, Managing Director & CEO
Sanjiv Bajaj
Shekhar Bajaj
D J Balaji Rao
Nanoo Pamnani (upto 22.02.2020)
Niraj Bajaj
Dr. Gita Piramal
Pradeep Shrivastava, Executive Director
Dr. Naushad Forbes
Dr. Omkar Goswami
Anami N. Roy
Rakesh Sharma, Executive Director
Ms. Lila Poonawalla
Pradip Shah
Abhinav Bindra (from 20.05.2020)

Audit Committee

Anami N. Roy, Chairman
D J Balaji Rao
Dr. Naushad Forbes
Dr. Gita Piramal

Stakeholders Relationship Committee

D J Balaji Rao, Chairman
Dr. Gita Piramal
Dr. Omkar Goswami

Nomination & Remuneration Committee

D J Balaji Rao, Chairman
Rahul Bajaj
Dr. Gita Piramal
Dr. Naushad Forbes

Corporate Social Responsibility Committee

Rahul Bajaj, Chairman
Rajiv Bajaj
Pradeep Shrivastava
Dr. Naushad Forbes

Risk Management Committee

Anami N. Roy, Chairman
D J Balaji Rao
Soumen Ray, CFO

Duplicate Share Certificate Issuance Committee

Rahul Bajaj, Chairman
Rajiv Bajaj
Sanjiv Bajaj

Management

Rahul Bajaj
Chairman
(Non-executive from 01.04.2020)

Rajiv Bajaj
Managing Director & CEO

Pradeep Shrivastava
Executive Director

Rakesh Sharma
Executive Director

Abraham Joseph
Chief Technology Officer

S Ravikumar
Chief Business Development Officer

Soumen Ray
Chief Financial Officer

Ravi Kyran Ramasamy
Chief Human Resources Officer

Sarang Kanade
President (Motorcycle Business)

R C Maheshwari
President (Intra-City Business)

Samardeep Subandh
Joint President (Intra-City Business)

Kevin D'sa
President (Retail Finance)

K S Grihapathy
President (Export Business)

Eric Vas
President (Urbanite Business)

Sumeet Narang
President (Probiking Business)

C P Tripathi
Advisor (CSR)

Company Secretary

Dr. J Sridhar

Auditors

S R B C & CO LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D. Limaye
Practising Company Secretary

Bankers

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

Registered under the Companies Act, 1956

Registered Office

Mumbai-Pune Road,
Akurdi, Pune 411 035.

CIN: L65993PN2007PLC130076

Works

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



Rahul Bajaj
Chairman

MANAGEMENT TEAM



Rajiv Bajaj



Pradeep Shrivastava



Rakesh Sharma



Abraham Joseph



S Ravikumar



Soumen Ray



Ravi Kyran Ramasamy



Sarang Kanade



R C Maheshwari



Samardeep Subandh



Kevin D'sa



K S Grihapathy



Eric Vas

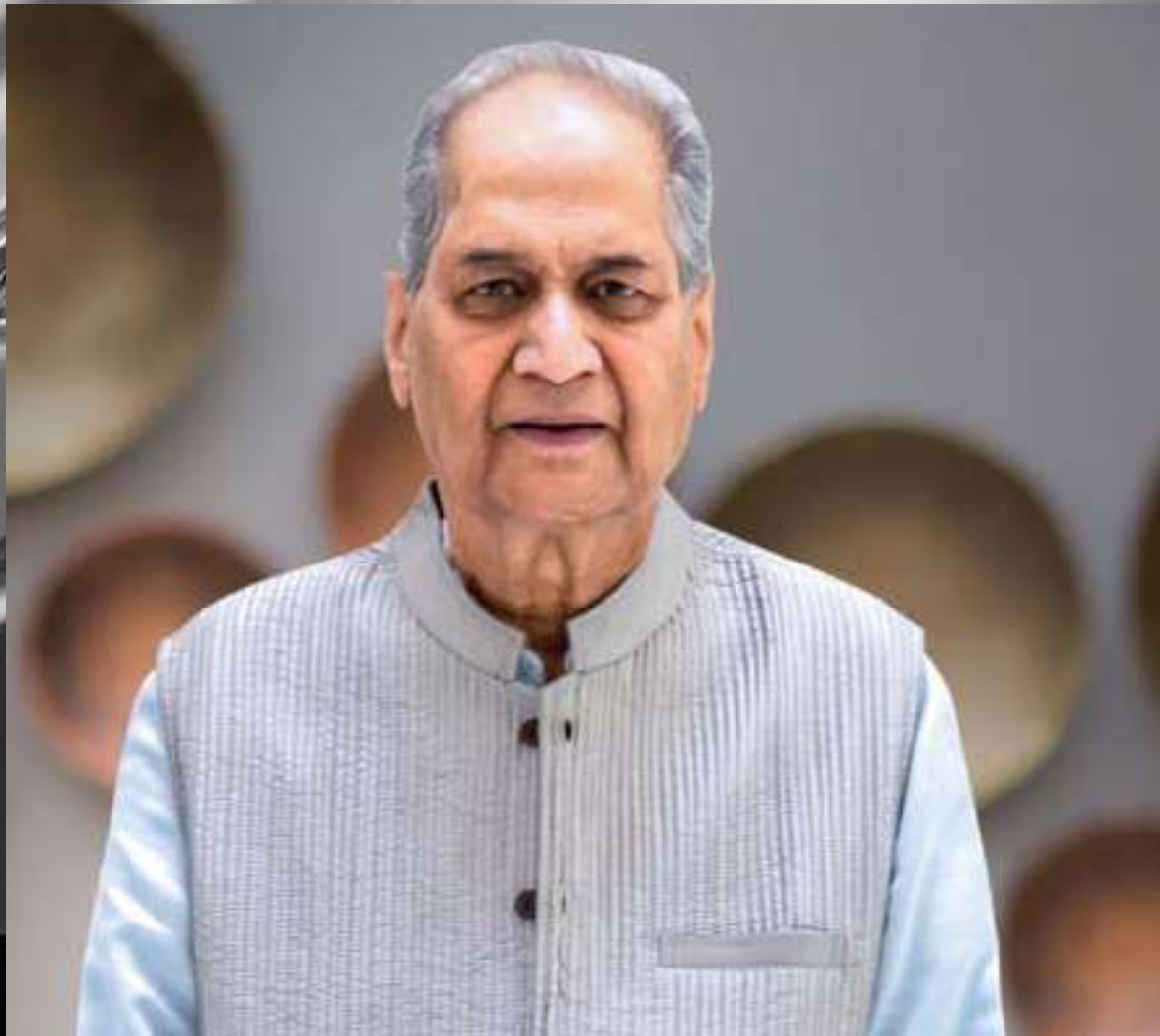


Sumeet Narang



C P Tripathi

CHAIRMAN'S LETTER





Dear Shareholder,

I want to begin by paying my tribute and those of my fellow Directors and employees to Nanoo Pamnani who suddenly passed away on 22 February 2020. Nanoo, as he was known to all, joined the Board of your Company in 2004, and served as the Chairman of the Audit and Risk Management Committees.

A 'lifer' and a legend in Citibank, Nanoo introduced many systems, processes and target-driven disciplines in your Company, and created a best-in-class structure of reporting, accountability and ownership within Bajaj Auto's Audit Committee. An outstanding professional, he was respected and admired by all. We will miss him greatly.

Let me now move on to your Company's performance in FY2020. Well before the onset of the COVID-19 pandemic, India's GDP growth had begun to slow down. And the country's automobile industry had started feeling the effects of a steady, often sharp, slump in demand.

Consider the data on real GDP growth. It was 7.2% in FY2018. It then decreased to 6.1% in FY2019. Now, it seems to have fallen to 4.2% in FY2020 — driven by a mere 3.1% growth in January-March 2020, with the COVID-19 national lockdown wiping out all economic activity in the last eight days of March 2020.

As far as motorcycles were concerned, for the industry as a whole, the average monthly number of motorcycles billed steadily declined over the four successive quarters of FY2020.

In a milieu of declining demand, your Company has performed well. Here are some key data:

- Total turnover was ₹ 31,652 crore — a marginal decline of 0.5% from that of the previous year, which was the Company's highest turnover ever.
- Operating earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 1.0% to ₹ 5,253 crore — which is your Company's second highest. Operating EBITDA margin was 17.6% of net sales and other operating income, versus 17.5% in the previous year.
- Profit before tax (PBT) before exceptional items grew by 3.4% to ₹ 6,580 crore, which was your Company's highest ever. PBT after exceptional items decreased by 1.8% to ₹ 6,580 crore, which was Bajaj Auto's second highest PBT in history.
- Profit after tax (PAT) increased by 9.1% to ₹ 5,100 crore. This was the highest ever PAT.

You will, therefore, agree with me that thanks to unceasing efforts of the Management team and employees led by your Managing Director, Rajiv Bajaj, Bajaj Auto has performed very creditably in battling with the severe demand challenge that the industry faced.

To my mind, the battle may have just begun. The national lockdown on account of COVID-19 has effectively wiped out 40 days, of which 32 have been in FY2021. With a partial easing of lockdown, our facilities at Chakan, Waluj and Pantnagar have opened, but are far from working at full pace. In any event, it would be almost foolhardy to believe that demand will not get affected for at least the first two, if not three, quarters of FY2021.

We will have to deal with this grave situation in many innovative ways.

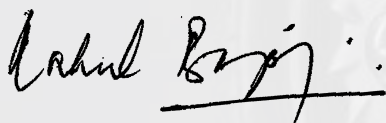
We will have to use every lesson learnt in marketing and selling to recreate markets for our bikes and three-wheelers. We will have to delight our customers with a slew of new products that are on offer. We are by far India's largest motorcycle and three-wheeler exporter; even so, we will have to drive exports even higher. We will have to increase operational efficiencies everywhere. We will have to eliminate all unnecessary costs. And we will need to do so as a united Bajaj Auto team — all striving in unison to get back to more business irrespective of the spectre of COVID-19.

Here, I agree with the sentiments echoed in this year's *Management Discussion and Analysis* where it is written "We at Bajaj Auto are confident about our products, our customers and every one of our employees. A large and profitable company like ours has the financial strength to deal with the economic impact of this pandemic. We have people who have earned us the distinction of becoming **The World's Favourite Indian** with industry-leading metrics."

If there is a manufacturing company which can convert this challenge into an opportunity, it is Bajaj Auto. I look forward to that happening in the course of FY2021, and beyond.

In the meanwhile, stay safe.

With best wishes,



Rahul Bajaj
Chairman
20 May 2020

MANAGEMENT DISCUSSION AND ANALYSIS

"This is the time to speak the truth, the whole truth, frankly and boldly... This great Nation will endure as it has endured, will revive and will prosper. So, let me assert my firm belief that the only thing we have to fear is fear itself... which paralyzes efforts to convert retreat into advance."

Franklin Delano Roosevelt

32nd President of the United States of America
Inaugural Address, 4 March 1933

President Roosevelt was speaking when the Great Depression had wreaked havoc on the world economy. Between 1929 and 1932, real GDP of the USA crashed by 25%. Private investment plummeted by 84%. Exports fell by 46%. And unemployment ballooned by 607%.

It is important to put things in perspective.

Compared to the Great Depression which ravaged the USA, the United Kingdom, France, Germany, Latin America, Japan, India and most colonial possessions of the time for at least four long years — when global GDP fell by 15% between 1929 and 1932 — the worst-case economic impact of the COVID-19 pandemic pales to insignificance. Though terrible in the number of worldwide infections and deaths, the global economy is projected to contract by 3% in 2020 [International Monetary Fund, *World Economic Outlook*, April 2020].

It also needs stating that much of the world should come out of the slump by the last quarter of CY2020, and that the global economy is projected to return to growth by CY2021.

We at Bajaj Auto are confident about our products, our customers and every one of our employees. A large and profitable company like ours has the financial strength to deal with the economic impact of this pandemic. We have people who have earned us the distinction of becoming **The World's Favourite Indian** with industry-leading metrics.

Today, we are again open for business. Not fully, but in good measure. Soon enough, the effects of the lockdown will be things of the past. And then, unified in our resolve and commitment, Bajaj Auto will roar back at full throttle!

We don't fear fear. We know how to convert a challenge into opportunities. And we will.

Even before the onset of COVID-19 in India, two things had become obvious. The first was that throughout FY2020, the country's economic growth was slowing down. And the second was that the automotive sector was facing declining demand across the board.

Let us start with India's economic growth. The growth of real GDP was 5.9% in January-March 2019; then fell to 5.6% in April-June 2019; then yet again to 5.1% in July-September 2019; followed by 4.7% growth in October-December 2019. At the time of drafting this *Management Discussion and Analysis*, we do not have the official data for the fourth quarter of FY2020 (i.e. January-March 2020). However, given that the last eight days of March 2020 were under a full national lockdown, it would be hardly likely to see a bump up in the growth rate in Q4 FY2020.

Before the COVID-19 lockdown, both the Reserve Bank of India (RBI) and the Central Statistical Office (CSO) of the Government of India had revised the GDP growth rate downwards. The RBI changed its full year GDP growth estimate from 7.2% to 5.0% in February 2020. In a similar vein, the second advance estimates of national income for FY2020 released by the CSO on 28 February 2020 pegged GDP growth for FY2020 at 5.0% compared to 6.1% in FY2019; and growth in gross value added (GVA) at 4.9% in FY2020 versus 6.0% in FY2019.

The CSO officially released the data on GDP growth for FY2020 and Q4 on 29 May 2020. The numbers were worse than projected above. GDP growth for FY2020 was 4.2%, an 11-year low. And for Q4 FY2020 it was 3.1%, thanks to the COVID-19 lockdown effect.

India was not alone in this growth slowdown. The engine sputtered in China as well. Table 1 gives the data on real GDP and gross value added (GVA) growth over the last five financial years.

Table 1: Growth in real GDP and GVA, India

	FY2016	FY2017	FY2018	FY2019	FY2020
Real GDP growth	8.2%	7.1%	7.2%	6.1%	4.2%
Real GVA growth	8.1%	7.1%	6.9%	6.0%	3.9%

Source: Government of India, Central Statistical Office (CSO).

Regarding the automotive sector, as an example consider the industry's domestic sale of motorcycles. After two consecutive years of impressive growth in FY2018 and FY2019 — when the number of motorcycles sold within India increased by 13.7% followed by 7.8% — FY2020 saw a huge de-growth of 17.5%. In terms of the number of units billed by the industry, April-June 2019 was 25% of the number of motorcycles billed for FY2019, which suggested that the industry as a whole seemed to be on track. Then the slowdown began in earnest. Total billing for Q2 FY2020 was at 21% of the previous year's total. For Q3 FY2020, this share had reduced to 20%. And thanks to the lockdown that effectively eliminated the last eight days of March 2020, the share dropped even further in Q4 FY2020 to a mere 17% of the previous year's total.

Consequently, domestic sale of motorcycles in FY2020 fell to 11.2 million units, or a decline of 17.5% over the previous year. It was worst ever percentage fall since FY2011.

Industry-wide domestic sales of three-wheelers fell as well. After enjoying a growth of over 10% in FY2019, when sales increased to some 701,000 units, it fell by 9.2% to a little over 636,500 units in FY2020.

How did Bajaj Auto perform in this extremely difficult period? For this, it is best to start with the Company's financial performance for FY2020, compared to the previous year.

Charts A and B illustrate Bajaj Auto's financial performance.
Chart C shows the overall industry's sale of two-wheelers.

Chart A: EBITDA and EBITDA %

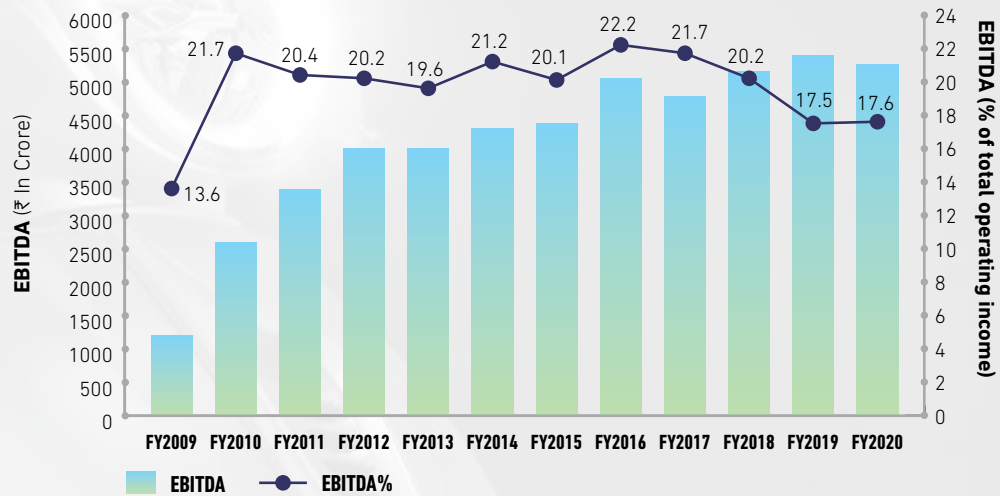


Chart B: Total Operating Income, Operating Profit and PAT

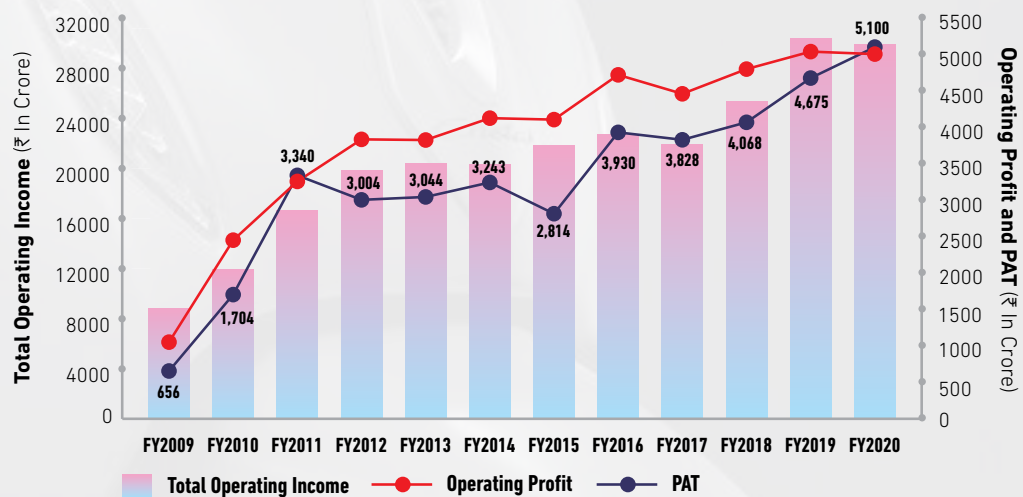
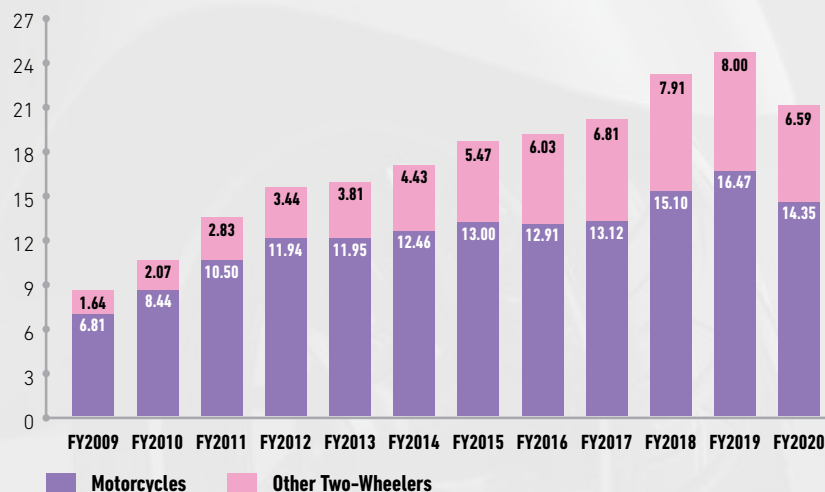
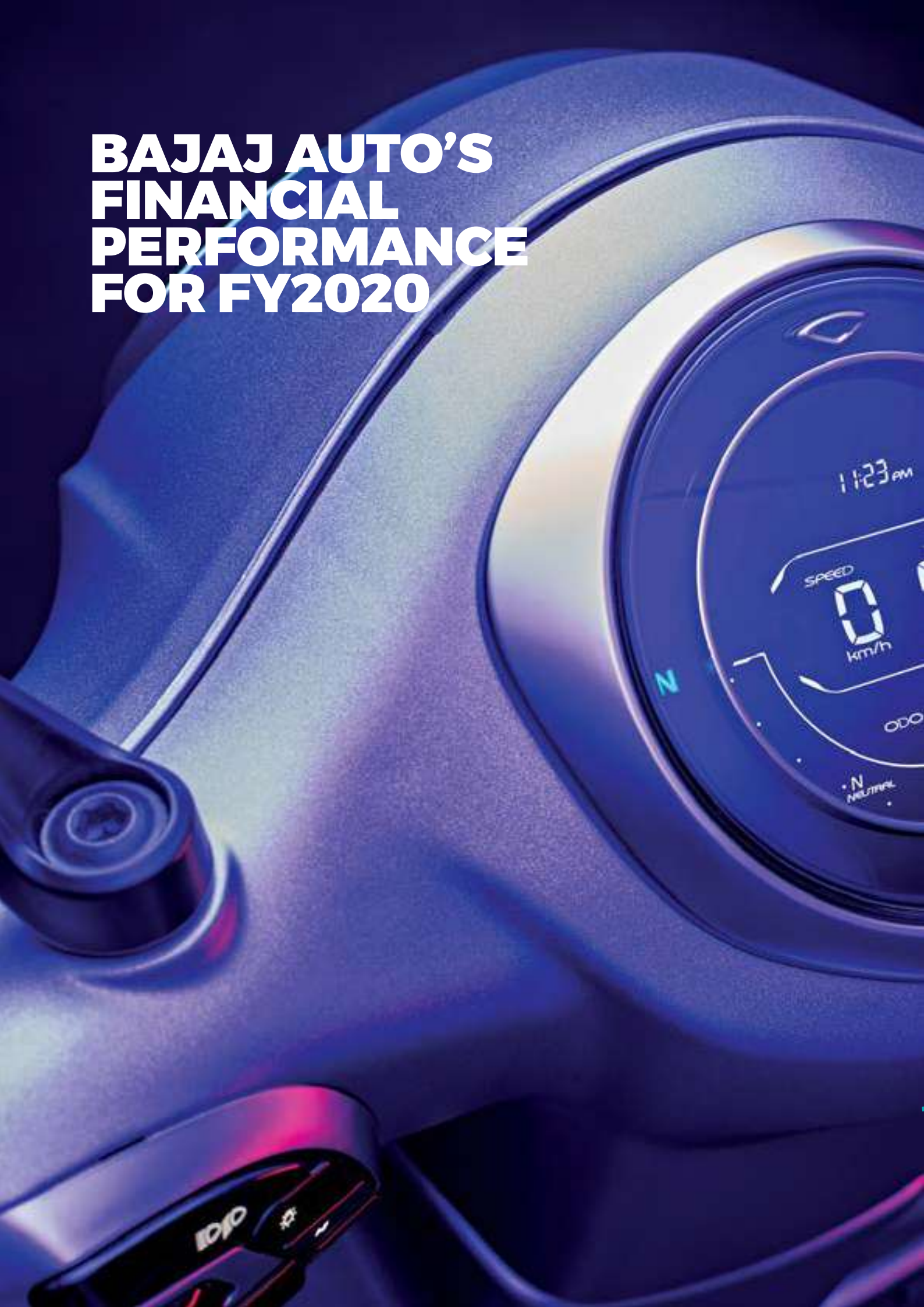
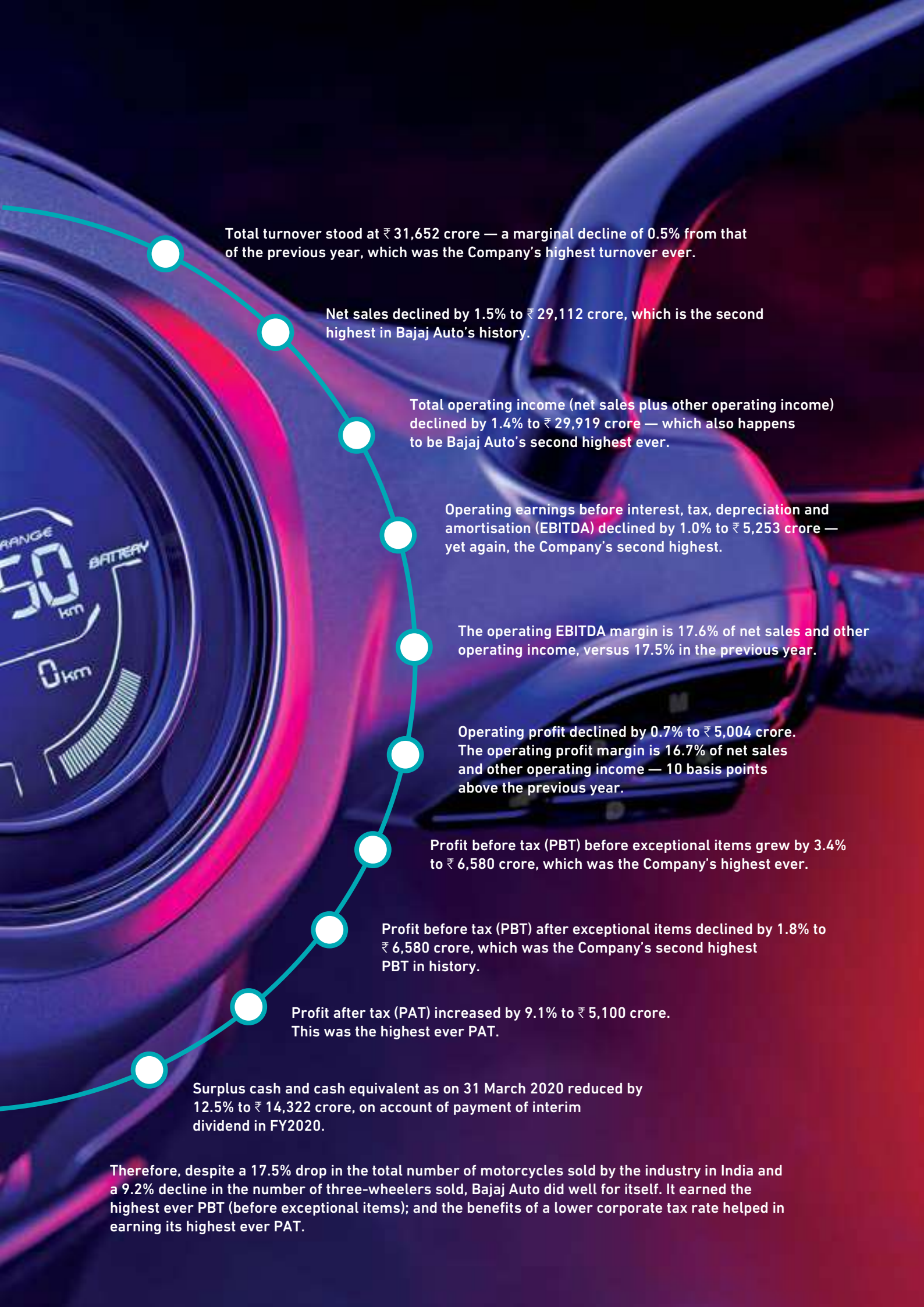


Chart C: Industry's Sale of Two-Wheelers, Domestic + Exports (million units)



BAJAJ AUTO'S FINANCIAL PERFORMANCE FOR FY2020





Total turnover stood at ₹ 31,652 crore — a marginal decline of 0.5% from that of the previous year, which was the Company's highest turnover ever.

Net sales declined by 1.5% to ₹ 29,112 crore, which is the second highest in Bajaj Auto's history.

Total operating income (net sales plus other operating income) declined by 1.4% to ₹ 29,919 crore — which also happens to be Bajaj Auto's second highest ever.

Operating earnings before interest, tax, depreciation and amortisation (EBITDA) declined by 1.0% to ₹ 5,253 crore — yet again, the Company's second highest.

The operating EBITDA margin is 17.6% of net sales and other operating income, versus 17.5% in the previous year.

Operating profit declined by 0.7% to ₹ 5,004 crore. The operating profit margin is 16.7% of net sales and other operating income — 10 basis points above the previous year.

Profit before tax (PBT) before exceptional items grew by 3.4% to ₹ 6,580 crore, which was the Company's highest ever.

Profit before tax (PBT) after exceptional items declined by 1.8% to ₹ 6,580 crore, which was the Company's second highest PBT in history.

Profit after tax (PAT) increased by 9.1% to ₹ 5,100 crore. This was the highest ever PAT.

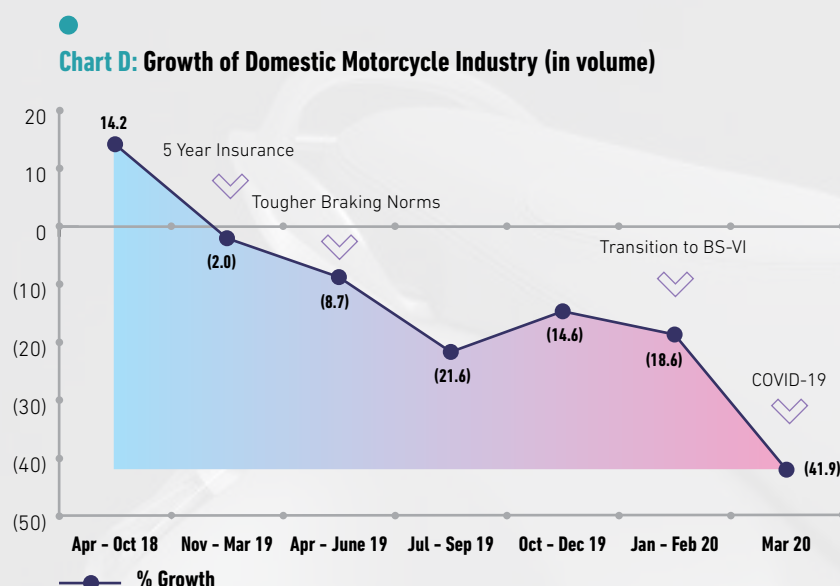
Surplus cash and cash equivalent as on 31 March 2020 reduced by 12.5% to ₹ 14,322 crore, on account of payment of interim dividend in FY2020.

Therefore, despite a 17.5% drop in the total number of motorcycles sold by the industry in India and a 9.2% decline in the number of three-wheelers sold, Bajaj Auto did well for itself. It earned the highest ever PBT (before exceptional items); and the benefits of a lower corporate tax rate helped in earning its highest ever PAT.

Motorcycles

After an outstanding growth in FY2019, Indian industry's domestic sale and exports of motorcycles declined by 12.8% in FY2020 to 14.35 million units. It was not just the relative lack of demand. The motorcycle industry was subjected to several regulations which significantly increased the cost of ownership. Notable among these were: (i) compulsory five-year third party insurance which was introduced in October 2018, (ii) more rigorous braking norms from April 2019, and (iii) the implementation of the more stringent emission norms under BS-VI from April 2020.

Chart D below depicts how these regulations impacted industry-wide growth of motorcycle demand in India.



How did Bajaj Auto perform in this milieu? Simply put, in an extremely tough year, it held its own, and earned decent profits while doing so.

Table 2 gives the data.

Table 2: Sale of Motorcycles, Domestic and Exports

Year ended 31 March	Motorcycles Domestic					Motorcycles Exports				
	Industry sales (nos.)	Industry growth	BAL's sales (nos.)	BAL's growth	BAL's market share	Industry sales (nos.)	Industry growth	BAL's sales (nos.)	BAL's growth	BAL's market share
2016	10,700,466	(0.4%)	1,898,957	7.2%	17.7%	2,208,932	(1.9%)	1,459,295	(4.1%)	66.1%
2017	11,094,543	3.7%	2,001,391	5.4%	18.0%	2,025,529	(8.3%)	1,218,541	(16.5%)	60.2%
2018	12,613,241	13.7%	1,974,577	(1.3%)	15.7%	2,483,297	22.6%	1,394,757	14.5%	56.2%
2019	13,599,678	7.8%	2,541,320	28.7%	18.7%	2,865,851	15.4%	1,695,553	21.6%	59.2%
2020	11,214,640	(17.5%)	2,078,136	(18.2%)	18.5%	3,136,519	9.4%	1,869,220	10.2%	59.6%

Let us start with domestic sales of motorcycles for FY2020:

- Domestic sales of all motorcycles across the industry slumped by 17.5% to 11.2 million units.
- Bajaj Auto's sales also decreased by 18.2% to a bit over 2 million units.
- The Company's share in the domestic motorcycles market decreased by 20 basis points to 18.5%, which was still higher than its share in FY2016, FY2017 and FY2018.

Regarding export performance for FY2020:

- Total exports of motorcycles from India increased by 9.4% to over 3.13 million units.
- Bajaj Auto's exports rose by 10.2% to 1.87 million units.
- The Company's share in total exports of motorcycles grew by 40 basis points to 59.6%.

It is necessary to delve deeper into these numbers, especially to explain what is happening to the different motorcycle segments within the domestic market.

We begin with the so-called 'mileage' or 'M' segment, where Bajaj Auto is represented by the CT, the Platina and the Pulsar125.

- In FY2019, while domestic billings of this segment for the industry as a whole grew by 6.1%, Bajaj Auto's billings increased by 28.7%. Consequently, our market share in the M segment increased by 2.6 percentage points to 14.5%.
- Plagued by a lack of demand, accentuated by a series of regulatory costs that were imposed upon the market that we touched upon earlier, billings in this segment plummeted in FY2020. For the industry, from an average of 8.66 lakh units per month in FY2019, billings dropped by 16.1% in FY2020.
- Bajaj Auto, too, was affected by a drop in sales — its billings reduced by 17.0%; and our market share in the M segment fell marginally by 20 basis points to 14.3%.
- That we, more or less, held on to our market share was driven by excellent sales performance of two new models — the Platina H and the Pulsar125. These models upgraded the product profile of this segment to create excitement in the 'mileage' market and attract a new set of customers.

After two consecutive years of rapid growth, the mileage or M segment of India's motorcycle market witnessed a sharp downturn in FY2020. Bajaj Auto also faced this downturn. However, it managed to mitigate with the introduction of new models.

That brings us to what we call the 'sports' or 'S' segment, where we have our Pulsars ranging from 150cc to 220cc and the Avenger.

- In FY2019, industry's sales in the 'sports' segment grew by 18% over the previous year and accounted for 16% of the industry's total domestic sales. Bajaj Auto's sales increased by over 33% to an average of almost 80,300 units per month, and enjoyed a segment share of over 44%.
- The overall lack of demand for motorcycles in FY2020 also showed up in the sports segment. Average monthly sales for the industry as a whole dropped from 182,264 units in FY2019 to 139,436 units in FY2020 — a fall of 23.5% in the course of a year.
- Even in the milieu of declining sales, Bajaj Auto did well and actually increased its market share in the segment from 44.1% in FY2019 to 44.7% in FY2020.

Despite an overall drop in sales, Bajaj Auto remained the clear leader in the sports segment and, in fact, increased its market share by 60 basis points to 44.7% in FY2020.

In the higher 'super-sports' segment, we offer the entire range of KTMs, the Pulsar RS200 and the Dominar.

- In FY2019, total sales in this segment accounted for an average 83,930 bikes per month, with it growing by 4.6% over the previous year. Bajaj Auto's models accounted for 7.4% of the segment.
- As it occurred across the industry and over each market segment, FY2020 saw an 18.5% decline in sales to an average of 68,400 bikes per month.
- Here, Bajaj Auto bucked the trend. In a year when segment sales for the industry declined by 18.5%, we sold an average of over 6,930 super-sports bikes per month — or a growth of 10.9% over the previous year. Consequently, our market share in this segment increased by 2.7 percentage points, from 7.4% in FY2019 to 10.1% in FY2020.

Despite the blip in FY2020, we believe that in the longer run the 'sports' and 'super-sports' segments will grow. Urban India's under-40 generation that has the wallet size will want to own bikes that have power, speed, manoeuvrability and best-in-class looks. With our upper-end Pulsars, KTMs, Dominars, Husqvarnas and the soon to be launched Triumphs, we expect to continue having a solid presence in these segments.

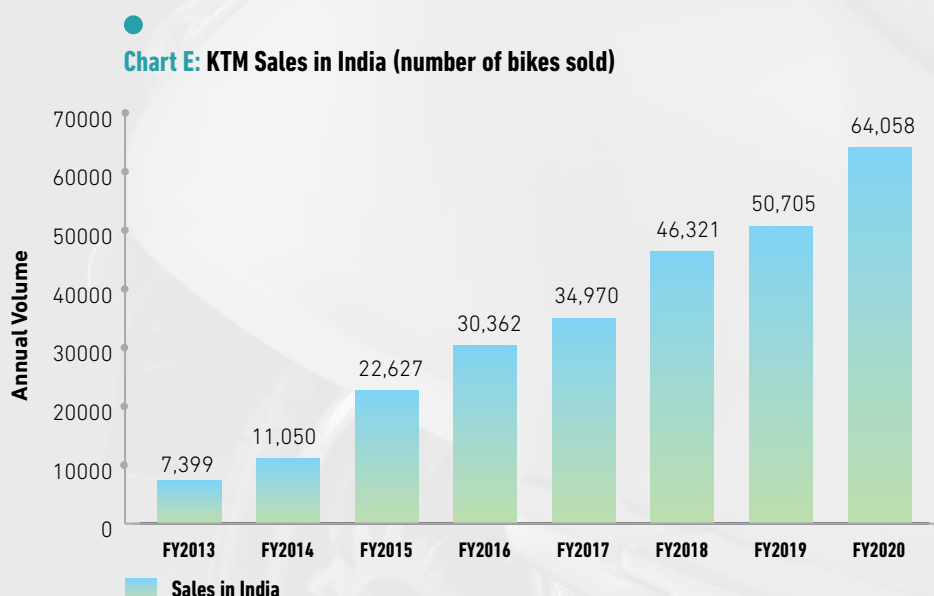
KTM: Continues to Roar

As we wrote in last year's Management Discussion and Analysis, "Who would have thought even five years ago that premium sports bikes costing over ₹ 1.5 lakh a piece would not just enjoy a growing market in India, but also succeed in selling over 200,000 units worldwide. It has." Things have got even better in FY2020.

KTM comfortably crossed the 60,000 unit mark by growing at 26% in FY2020 — the only major brand to record high double digit growth in a year that saw most OEM's and brand's decline.

- FY2020 was a year of new product launches for KTM. The brand strengthened its presence in the 125cc premium sports bikes with the launch of RC125. The 125cc pair of bikes — Duke and RC — helped drive brand's growth in smaller towns as well and bring in young customers buying their first bike.
- KTM revamped its existing models with the launch of the 2020 range. The popular Duke200 was revamped in a completely new form, as was the Duke390 with a Quickshifter+.
- It joined the big league of superbikes in India with the launch of the KTM 790 Duke, which will cater to top-end biking enthusiasts and influencers.
- At its first participation in the India Bike Week at Goa in December 2019, KTM displayed its entire international range and invited KTM international athletes who swept the audience off their feet with their biking stunts and conversations. During what is possibly the largest biking festival in Asia, virtually painted orange by KTM, the brand unveiled two much awaited product launches: Adventure 390 and Husqvarna.
- We have started producing all the new models which, we believe, will help the brand to sustain its growth position in the coming years.

Chart E plots the growth of KTM sales in India.



Scooters: The Legendary Chetak Rides Again

It was time to resurrect a historical legend into a modern avatar. For decades, Bajaj Auto was synonymous with its Chetak. We decided to re-introduce the Chetak as a best-in-class electric scooter with an iconic design — creating a thing of beauty that transcends time.

Simple lines and smooth surfaces are seamlessly woven together softly to create a classic style. In the new Chetak, this timelessness has been updated with exquisite detailing, the use of premium materials and finishes, and a choice of four eye-catching colours in the Premium variant and a choice of two vibrant colours in the Urbane variant to achieve exceptional visual delight and touch and feel quality.

The new Chetak features a hypnotic horseshoe shaped LED headlight with daytime running lamps, feather touch activated electronic switches and sequential scrolling rear LED blinkers. A large digital console intuitively displays vehicle information with crisp clarity. The Chetak's fine craftsmanship is visible in the smallest of details — from handlebar grips, levers and mirrors, to the soft opening of the glove box and the damped seat closure mechanism.

At the heart of the new Chetak is a IP67 rated high-tech Lithium Ion battery with NCA cells. The battery is easily charged using a standard household five ampere electrical outlet. The on-Board Intelligent Battery Management System (IBMS) controls charge and discharge seamlessly.

With its design housing the latest technology, the rider is assured of an unforgettable ride on the Chetak. The 3 KWH battery provides for power-peak of 4.08 KW and 3.8 KW continuous for an effortless ride. It offers two drive modes —Eco and Sport — and a reverse assist mode to ensure that all the demands of a rider are satisfied. Regenerative braking via an intelligent braking system helps maximise its range to above 95 kilometers.

Moreover, the Chetak offers a fully-connected riding experience by virtue of being embedded with mobility solutions like data communication, security and user authentication that enable customers to have a seamless ownership and riding experience. The Chetak mobile app gives the rider a comprehensive overview of all aspects of his/her vehicle and its ride history.

It is not only its looks, feel, features and driving experience. It is also the process of its creation. The new Chetak is made at a state-of-the-art dust-free, temperature controlled facility at Chakan, Pune to exacting standards using the best materials and cutting edge robotic technology.

Three-Wheelers and Qute

Bajaj Auto is the world's largest manufacturer and seller of three-wheelers. Our performance in this segment is given in Table 3.

Table 3: Three-Wheeler Sale, Industry and Bajaj Auto (in numbers)

Particulars	Total sales			Domestic sales			Exports		
	FY2020	FY2019	FY2018	FY2020	FY2019	FY2018	FY2020	FY2019	FY2018
Passenger sales									
Industry sales	1,020,865	1,133,908	894,234	525,015	572,392	517,423	495,850	561,516	376,811
Bajaj Auto sales	629,326	745,254	612,590	334,714	368,208	346,846	294,612	377,046	265,744
Bajaj Auto market share	61.6%	65.7%	68.5%	63.8%	64.3%	67.0%	59.4%	67.1%	70.5%
Goods carriers									
Industry sales	117,873	134,792	122,466	111,554	128,619	118,275	6,319	6,173	4,191
Bajaj Auto sales	32,191	32,349	23,262	30,103	30,618	22,791	2,088	1,731	471
Bajaj Auto market share	27.3%	24.0%	19.0%	27.0%	23.8%	19.3%	33.0%	28.0%	11.2%
Total three-wheelers									
Industry sales	1,138,738	1,268,700	1,016,700	636,569	701,011	635,698	502,169	567,689	381,002
Bajaj Auto sales	661,517	777,603	635,852	364,817	398,826	369,637	296,700	378,777	266,215
Bajaj Auto market share	58.1%	61.3%	62.5%	57.3%	56.9%	58.1%	59.1%	66.7%	69.9%

- In FY2020, our overall three-wheeler sales declined by 14.9% from the all-time high in FY2019 to 661,517 units.
- Our domestic sale of three-wheelers reduced by 8.5% to 364,817 units. Despite this, we remained by far the market leader, accounting for 57.3% of all three-wheeler sales, and 63.8% of passenger vehicle sales.
- In the goods carriers segment, we now account for 27.0% of the domestic market — up from 23.8% a year earlier.
- Our export of three-wheelers decreased by 21.6% to 296,700 units. This occurred entirely on account of severe permit restrictions, and the consequent lack of sales, in Egypt. Again, we were dominant exporter among Indian sellers, and accounted for a market share of 59.1% in FY2020.
- We continue to dominate the petrol and alternate fuel market — with sales of 240,467 vehicles in FY2020 and a domestic market share of 88%.
- In the overall diesel category, Bajaj Auto achieved leadership with a market share of 40%. In the small diesel category, our market share now stands at 89% — up by 9 percentage points. And in the larger diesel segment, our market share has grown from 26% to 29%.
- Last year, our quadricycle, Qute, was successfully launched in four states: Kerala, Gujarat, Odisha and Rajasthan. In FY2020, we sold 942 units of Qute within India. A partnership with Uber helped in selling 270 Qutes in the Bangalore market, with over 150 such vehicles now running on the Uber platform.

International Business

It is our international business that gives greater meaning to being **The World's Favourite Indian**.

While FY2018 was the year of recovery for Bajaj Auto, FY2019 saw us gaining significant momentum and further strengthening our position as the leading Indian exporter of motorcycles and three-wheelers.

In FY2020

- We exported over 2.17 million vehicles — 4.4% over the previous year, and our highest ever exports. This occurred despite the lockdown that started on 24 March 2020 and permit problems for three-wheelers in Egypt.
- In a difficult global market scenario, we succeeded in growing our motorcycle exports by 10.2%, and sold almost 1.87. million vehicles to other countries of the world.
- We consolidated our presence in 79 countries. Of these, we are either ranked No.1 or No. 2 in 22.

Table 4 gives the export data.

Table 4: Exports, in Units and Revenue for, Bajaj Auto

Particulars	FY2020	FY2019	Growth
Units			
Motorcycles	1,869,220	1,695,553	10.2%
Commercial Vehicles	301,885	383,177	(21.2%)
Total numbers	2,171,105	2,078,730	4.4%
Exports in ₹ (crore)	12,216	11,845	3.1%
Exports in USD (million)	1,642	1,642	—

Our motorcycle exports in FY2020 grew on the back of:

- Growth in Africa, especially in Nigeria, Ethiopia and Uganda where we continued to grow by over 20%. We improved upon our dominant position in Africa and launched a second brand, CT, in Kenya and Guinea Conakry to fulfil the need for greater mileage for some customers.
- Growth in the Middle East, where we capitalised on recovery in Egypt and increasing penetration in newer markets like Iraq.
- A strong presence in the ASEAN region, aided by market share improvement in the Philippines.
- Stable volumes in Latin America, where a drop in our volumes in Argentina owing to economic turmoil was compensated by growth in Mexico and Central America.

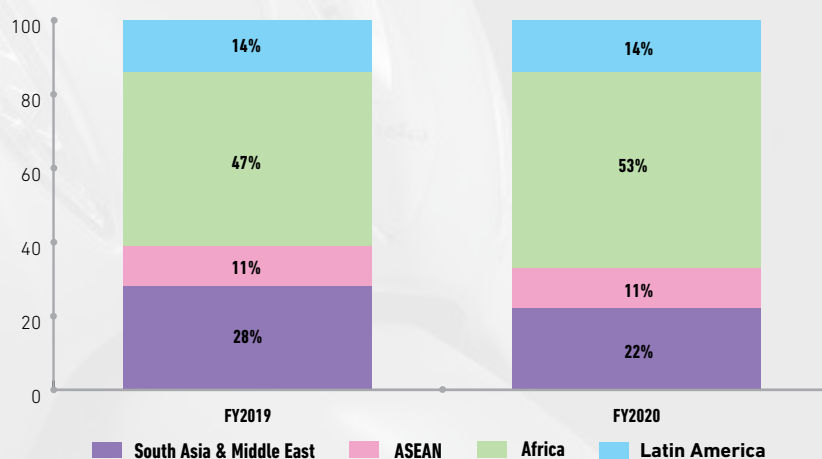
It needs to be stated, however, that our export business in South Asia faced head winds — with regulatory issues in Bangladesh, and with Sri Lanka having another year of declining appetite.

Commercial vehicle exports suffered a drop owing to regulatory issues in Egypt. Even so, there were areas of strong improvement in fundamentals of the business.

- New markets — where we entered in the last five years — continue to grow handsomely. Philippines, Iraq and Cambodia are among our top 10 markets now, each growing at over 20%.
- New products launched in the last two years — Maxima, Cargo and Qute — more than doubled their volumes in FY2020.

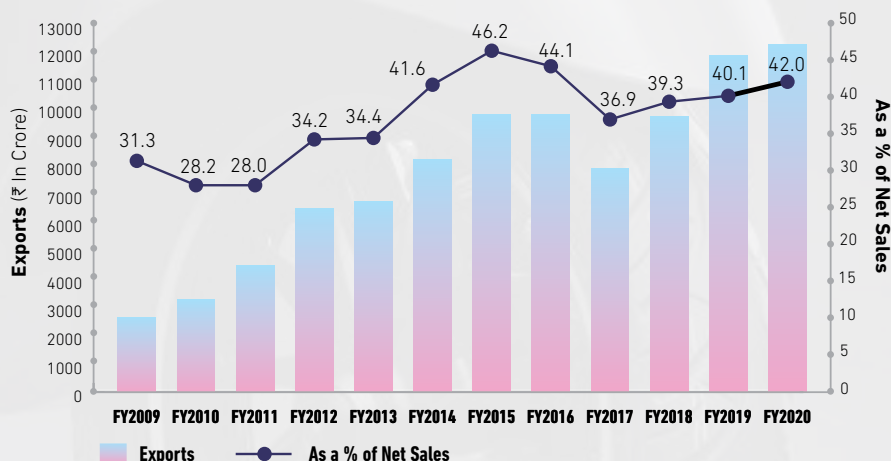
Chart F shows the distribution of Bajaj Auto's exports across broad regions. Chart G plots our export performance over the years, both in value and as a share of the Company's total net sales.

Chart F: Share of Bajaj Auto's Exports (in numbers) by Major Regions



As Chart G shows, we have not only increased the value of our exports in FY2020, but have also increased its share as a percentage of net sales.

Chart G: Bajaj Auto's Export Performance



R&D

FY2020 was an extremely busy one for Bajaj Auto's R&D, as it launched strategically important products to strengthen the Company's market position in addition to carrying out the transition from BS-IV to the new BS-VI norms across its entire product portfolio.

Product Interventions

R&D introduced 18 new products/upgrades in FY2020. The notable launches of these 18 are highlighted below.





● **CHETAK ELECTRIC SCOOTER**

R&D created the next generation Chetak in an electric avatar — bringing the historic brand back to life. This premium electric scooter is designed to look exquisite and ride like a dream. It is packed with technological features ranging from connected interface, LED head lamps, scrolling LED indicators, twin LED tail lamp clusters, reverse parking gear, soft touch contactless switches, highly absorptive single sided suspension both at front and the rear and, above all, a silent ride, all aimed to redefine the two-wheeler riding experience. The scooter attains a maximum speed of 60 kph and has a range of 95 km on a single charge.



● **PLATINA H**

The Platina had already become very popular in the market with its Comfortec technology, which delivered the greatest comfort to its customers compared to all other motorcycles in the commuting segment. To further enhance this comfort, the Platina H gear version was launched. It uses the H or the 'Highway Gear' — along with a smart gear shift guide displayed on a new LCD speedometer — to maximise fuel efficiency. The Platina H is India's most fuel-efficient bike. It comes with a new high comfort quilted seat; and provides the option of a front disc brake with a combined braking system.



● **CT 110**

The CT 110 transforms the CT portfolio with a much tougher look and feel. It also introduces the DTS-i technology to the CT platform. Large diameter crash guards, tank pads and all-terrain semi-knobby tyres give it a tough look. The 110 cc engine powers the bike strongly in sync with the promised character of toughness. The CT 110 uplifts the CT brand.



● **PULSAR 125**

To get a discernible increase in our market share in the sports segment, it was important to expand the range of displacement offered on the Pulsar platform. The 150cc was the lowest displacement in the Pulsar range. We decided to create a new 125cc engine preserving the core essence of the Pulsar to widen the appeal. Thus, the Pulsar 125 was manufactured — with the strongest performance in the 125cc segment. The counter-balancer and a five-speed gear box gives the bike a stress-free smooth drive, even when the engine is pushed beyond the red line. The Pulsar 125 deliberately provides a full bike size and feel despite being a 125cc. In fact, the vehicle performance is so strong that one could easily mistake it for a more powerful bike.



● **KTM ADVENTURE 390**

The off-road specialist image of KTM was incomplete in India without an adventure offering. The Adventure 390 is the best entry level adventure bike in India and abroad. It is steeped with technology and offers high end features — like an electronic quick shifter, motorcycle stability control, electronic throttle, adjustable visor and a massive rotomolded fuel tank. The suspension is adjustable for preload and rebound damping. The bike looks a full-size Adventure bike. It has been called the most complete Adventure bike; and it comes with a comprehensive power part offering to further customise the bike.





RC 125

The KTM range was expanded to provide a high performance 125cc water cooled engine to its RC platform. It gave the KTM a lower cost entry point into the Racetrack inspired KTM variant.



● **HUSQVARNA SVARTPILEN AND VITPILEN 390/250**

KTM and Bajaj Auto have launched the pioneering Scandinavian motorcycle brand Husqvarna. The Svartpilen and Vitpilen mean the black arrow and the white arrow, in memory of the legendary Husqvarna brands of the past. The two bikes offer a cool and differentiated style which is unlike anything else in the world markets. Each bike is detailed in an immaculate manner - one as a scrambler and the other as a sports bike. These bikes are bound to become icons just like the KTM Duke and RC. The addition of Husqvarna brand to the KTM stores is expected to significantly expand the volume of the super-sport segment.

● **DOMINAR 250**

While being a great bike, the Dominar 400 was priced higher due to its big displacement engine and top end features. Moreover, the high performance engine was considered too powerful for less experienced riders. To broaden the appeal, a new 250 DTS-i engine was created to power the Dominar 250. This, along with tweaking of several other features, has allowed the Dominar 250 to be great performing bike that is competitively priced.



BS-VI Transition

The thrust on new products and upgrades was done without affecting the massive transition plan of the entire product portfolio to meet India's stringent BS-VI emission norms. The entire range of motorcycles and commercial vehicles had to be redesigned to employ sophisticated electronic controls including fuel injection to meet these emission norms. The production plants and dealer network also needed to be upgraded to achieve this transition.

It is worth noting that R&D upgraded 23 motorcycle variants and 12 commercial vehicle variants in a seamless manner to BS-VI during the last two quarters of FY2020. All products went into production according to tightly controlled schedules. The market response on the BS-VI range has been very positive.

We currently have the widest portfolio and the highest number of variants that have been upgraded to BS-VI compared to any other automobile companies in India. This is a clear demonstration of Bajaj Auto R&D's strong technical capability.

New Facilities

R&D has invested in creating a state-of-the-art electric vehicle (EV) test facility in FY2020. This new laboratory will be pivotal in our thrust into the EV space. Every component and aggregate in the EV system can be tested for performance and durability at the new facility.

Operations, Productivity and Quality

TPM

Bajaj Auto's 'back end' consists of its manufacturing, engineering, development and materials functions. These functions are guided by the principles and philosophy of TPM. It is our endeavour to make TPM as The Prime Mover towards excellence in our work culture. 'The TPM way' has been successfully extended externally to include Bajaj Auto's vendors, dealers and distributors with an aim to create a work culture of achieving across-the-board excellence.

Bajaj Auto's TPM at Manufacturing Plants

Bajaj Auto is 'first-in-the-industry' in having all its manufacturing plants certified for 'Special Award for TPM Achievement' by Japan Institute for Plant Maintenance (JIPM). We continued our TPM journey and have adopted 'TPM Next' — Deepening, Widening and Evolving.

- Through 'Deepening', we focus on increasing the strength in standard TPM pillar activity and creation of new pillars based on business needs.
- With 'Widening', we have expanded the scope of TPM pillar activity across the supply chain including vendors, dealers and distributors.
- With 'Evolving', we are attempting to adapt the TPM way to be future ready to face the challenges ahead. Under Evolving TPM, we have taken up various management themes for focused improvement.

Our Chakan plant underwent a detailed two-stage assessment for the 'Advanced Special Award' by JIPM auditors. Appreciative of our TPM methodology and the results achieved at the plant, the auditors conferred upon it the 'Advanced Special Award for TPM Achievement' in FY2020.

Further, to sustain all improvements and excel, we are working to develop and practice something called the Bajaj Production System (BPS) aimed at 'Better Flow with Better Quality'.

Vendor TPM Activities

BAL believes that a company alone cannot be sustainable, unless it takes along its supply chain. We support our vendors to become globally competitive in terms of safety, quality, production, delivery, cost and human development. The TPM concept is pervasive at vendors' end with the help of BAVA (Bajaj Auto Vendors Association). At present:

- 174 Tier 1 vendor groups from our supply chain are practicing TPM.
- Of these, 128 have been conferred with the 'BAL TPM Award' and 71 have secured 'BAL TPM Excellence Award'.
- Going further, 23 of the 71 'BAL TPM Excellence' awardees have successfully challenged next level of award, i.e. the 'JIPM award for Excellence in TPM'.
- In addition, BAL's TPM practicing Tier I vendors have extended TPM practices down the supply chain to their vendors. Thus, the TPM way is now being practiced by 295 Tier II vendors. Of these, 167 have been certified as TPM awardees by their respective Tier I vendors.

Under the Safety, Health and Environment pillar of BAL's TPM and in alignment with 'Green Purchase Policy', 75% of our vendors have been certified for ISO 14001 and OHSAS 18001 as on 31 March 2020. Many vendors have installed solar rooftop system recently, with a total capacity of approximately 30MW.

TPM in After-Sales Service

An industry first initiative of implementing TPM at dealership service workshops was piloted in 52 dealers in FY2018. Encouraged with the results achieved, this TPM was cumulatively expanded to 240 dealerships by the end of FY2019. This initiative was further expanded in FY2020, cumulatively taking the total of TPM practicing dealerships to 480. We now have, for all three business units, at least five dealerships in each hub that are practicing TPM. These TPM practicing dealerships cover more than 50% of our geographical presence across India. We have also started evaluating our TPM practicing dealerships based on structured scorecard; and intend to reward and recognise dealerships with high score by giving them the 'Bajaj TPM Award'.

Another industry first initiative is of the 'Kaizen Movement' at our dealerships which started in middle of FY2019. This has now matured and more than 90% dealerships are doing kaizens and uploading these on a kaizen sharing platform called www.bajajkaizen.com. In the last 18 months, this platform has 11,550 kaizens — of which over 70% are contributed by our dealers' employees. The best Kaizens among these are evaluated and rewarded by the Company.

TPM at Overseas Distributor Plants

During FY2019, we piloted manufacturing TPM at our overseas distributor plants. This was mainly initiated to help these entities develop basic understanding of TPM methodologies and practices. Encouraged by the results achieved in the span of a year, we decided in FY2020 to initiate Manufacturing TPM for all our major distributor partners across globe.

A detailed TPM facilitator course was designed for this. More than 70 participants from 11 countries and 13 distributor plants were trained to guide TPM implementation. Of the 13 plants, 11 have completed first seven to eight steps of the TPM methodology after the kick off; and achieved good results in their Key Performance Indicators (KPIs) like improvement in utilisation of their production capacities, increase in manpower productivity, right first time quality and reduction in conversion costs ranging between 8% to 18%.

Women Employment

Half a decade earlier, we had very few women in our plants and in the engineering workforce. Around FY2014, we decided that it was time for a change. Our women employee strength has grown almost four times since then — from 148 in FY2014 to 595 in FY2020. Of them, 535 women are working in manufacturing plants and in engineering. We have women workforce dominated assembly lines where they make high-end motorcycles like Dominar and KTMs as well as the Chetak electric scooter. Our female employees are now doing jobs which were earlier thought of as 'men only' activities like dynamic testing of bikes on dynamometers. We have chosen a path and begun. More needs to be done.

Capacity and Productivity Improvements

Table 5 gives plant-wise capacities across Bajaj Auto's facilities.

Table 5: Plant-wise Capacities (in units per annum)

Plant	As on 31 March 2020	Product Range
Waluj	Motorcycles	2,400,000
	Commercial Vehicles	930,000
	3,330,000	Boxer, CT, Platina, Discover, Pulsar
		Passenger Carrier, Good Carrier, Quadricycle
Chakan	Motorcycles	1,200,000
Pantnagar	Motorcycles	1,800,000
	6,330,000	Pulsar, Avenger, KTM, Dominar, Husqvarna, Chetak
		CT, Platina and Pulsar

As on 31 March 2020, BAL's employee strength stood at 10,718.



RC390

Financials

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

Table 6: Summarised Standalone Profit and Loss Statement.

(₹ In Crore)

Particulars	FY2020	FY2019
Operations		
Sales	29,112	29,567
Other operating income	807	791
Total operating income	29,919	30,358
Cost of materials consumed, net of expenditures capitalised	20,978	21,768
	70.1%	71.7%
Stores and tools	130	141
	0.4%	0.5%
Employee cost	1,386	1,253
	4.6%	4.1%
Factory, administrative and other expenses	866	680
	2.9%	2.2%
Sales and after sales expenses	1,306	1,208
	4.4%	4.0%
Total expenditure	24,666	25,050
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,253	5,308
EBITDA %	17.6%	17.5%
Interest	3	4
Depreciation and amortisation	246	266
Operating profit	5,004	5,038
	16.7%	16.6%
CSR spends and donations	154	112
Operating profit less CSR spends and donations	4,850	4,926
Non-operating income	1,733	1,438
Less : Non-operating expense	3	3
Non-operating income, net	1,730	1,435
Profit before tax (PBT) and exceptional item	6,580	6,361
Exceptional item (Income)/Expense	–	(342)
Profit before tax (PBT)	6,580	6,703
Tax expense	1,480	2,028
Profit after tax (PAT)	5,100	4,675
Surplus cash and cash equivalents as on 31 March	14,322	16,368
Profit Margin before exceptional items	20.8%	20.0%
Profit Margin	20.8%	21.1%
Net Profit Margin	16.1%	14.7%

- Bajaj Auto's return on operating capital employed in FY2020 stood at 336%, versus 198% in FY2019.
- Surplus cash and cash equivalents as at 31 March 2020 was ₹ 14,322 crore compared to ₹ 16,368 crore as at 31 March 2019 — a decrease of 12.5% over the previous date. This was on account of the payment of interim dividend in FY2020.
- Our surplus funds are invested in (i) fixed income securities rated P1+ and equivalent for short-term investments, (ii) AA+ and above rated securities for long-term investments, and (iii) fixed deposits with banks and finance companies.

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

Table 7: BAL's Key Financial Ratios, Standalone

Particulars	FY2020	FY2019	Remarks
Debtors Turnover Ratio	16.88	11.55	Driven by significant reduction in domestic debtors due to reduction of channel inventory.
Inventory Turnover Ratio	19.75	22.67	
Current Ratio	1.55	1.45	
Operating Profit Margin	16.7%	16.6%	
Net Profit Margin	16.1%	14.7%	
Return on Net Worth	25.6%	21.5%	

Subsidiaries

Bajaj Auto International Holdings BV (BAIH BV)

Bajaj Auto International Holdings BV (BAIH BV) is a 100% Netherlands based subsidiary of Bajaj Auto Ltd. Over the years, through this subsidiary, Bajaj Auto has invested a total of €198.1 million (₹ 1,219 crore), and holds approximately 48% stake in KTM AG of Austria (KTM), the fastest growing motorcycle brand in the world.

Calendar year 2019 has been another record year for KTM, with highest sales in units and highest turnover in the history of the company.

- It sold 213,949 motorcycles as against 211,931 motorcycles in the previous year.
- It achieved a turnover of €1.51 billion compared to €1.45 billion in the previous year.
- Profit after tax was at €84.6 million (₹ 670 crore) versus €89.8 million (₹ 729 crore).
- The proportionate profit to Bajaj Auto Ltd. was €40.6 million (₹ 322 crore) as against €43.1 million (₹ 350 crore) in the previous year, which shows up in the consolidated results.

In its annual general meeting for the calendar year 2019, KTM AG declared a dividend of €2.50 per share. On this account, BAIH BV has received €13.0 million (₹ 109 crore) as its share of dividend for calendar year 2019.

During the year, Bajaj Auto manufactured 110,870 units of KTM and Husqvarna at its Chakan plant. Of these, 64,058 units were sold through the Pro-Biking network, and 46,166 were exported.

Bajaj Auto (Thailand) Ltd.

During the year, Bajaj Auto (Thailand) Ltd. was incorporated as a wholly owned subsidiary in Thailand with an issued and subscribed capital of Thai Baht (THB) 45 million (₹ 11 crore). We have also obtained the necessary approvals from local authorities to set up an International Business Centre (IBC) and a R&D Centre under this subsidiary.

The IBC will be leveraged to identify suitable business partners, gather key market insights and manage as well as oversee Bajaj Auto's business operations across the ASEAN region. The R&D centre will be the first Bajaj R&D design office outside India.

Thailand is an advanced motorcycle market and it defines as well as leads the trends in South East Asian markets. Many international designers have already joined the Bajaj R&D team for working from this new facility. The new design centre marks the beginning of Bajaj R&D expanding its design centres to trend-defining markets around the globe.

Consolidation of accounts and segment reporting

Table 8: Segment Revenue and Segment Results

	(₹ In Crore)	
Segment Revenue	FY2020	FY2019
Automotive	29,968	30,437
Investment and others	1,475	1,265
Total	31,443	31,702
Segment Results		
Profit/(Loss) from each segment before tax		
Automotive	5,223	5,697
Investment and others	1,472	1,263
Total	6,695	6,960
Less : Interest	3	4
Profit before tax	6,692	6,956
Profit after tax	5,212	4,928

Outlook

On balance, FY2020 was a satisfactory year for Bajaj Auto. To be sure, it was not as spectacular as FY2019. But given the huge headwinds faced by all sections of the automobile industry in India throughout FY2020, Bajaj Auto did well.

FY2021, which was supposed to be the year of BS-VI, has been rocked by COVID-19 and what it might do to demand.

Yes, there is a very distinct possibility that domestic demand will remain constrained, especially at the 100cc-110cc entry level segment for the first two quarters of FY2021. So too, perhaps, in the sports segment for the first and second quarter. Equally, there are a reasonably large number of relatively well-off people who will want to savour the joy of riding a great, zippy bike. And it is likely that the super-sports segment may see a growth in demand if it is offered great products like those that we propose to put forth in FY2021.

In any event, the story of motorcycle demand in the COVID-19 and immediate post-Covid world will be about marketing — of how the story of desire is communicated to the segmented markets and how manufacturers can buttress this story with exciting products, prices and financial offers. It will also be a story of leveraging every opportunity of cost optimisation and productivity gains — often from hitherto unrecognised operational areas.

We cannot say how Bajaj Auto will fare in this unknown world. But we do know that Bajaj Auto has serious financial muscle to fashion its paths to growth. Enabled by our financial power, if the growth path becomes a reality, it is quite possible that demand effects of COVID-19 may be less overwhelming than what these appear today.

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NS200

We also know that our Company has best-in-class talent — right from the shop floor level to the senior managers. We know that the commitment of this talent to Bajaj Auto is second to none. We also commit to backing our people all the way through this crisis — employees, dealers and suppliers — and thus giving them the renewed confidence to realise that we will win this challenge together.

Not much more can be said at this stage. Except to pray that all our employees, dealers and suppliers stay safe; and that they keep their powder dry for the great battle ahead.

Cautionary Statement

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

CORPORATE GOVERNANCE

Corporate Governance is about promoting fairness, transparency, accountability, commitment to values, ethical business conduct and considering all stakeholders' interest while conducting business. In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto (hereinafter referred to as 'SEBI Listing Regulations'), given below are the corporate governance policies and practices of Bajaj Auto Ltd. ('the Company' or 'BAL') for the year 2019-20.

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

Philosophy

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

Board of Directors

In keeping with the commitment of the Management to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management.

Composition

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

In view of the sad demise of Nanoo Pamnani, an independent director of the Company, on 22 February 2020, the Board in his place has appointed one more independent director at its meeting held on 20 May 2020.

As on 31 March 2020, the Board of the Company consisted of fifteen directors, of whom four were executive (including one Managing Director), seven were non-executive independent (including two women independent directors) and four were non-executive and non-independent, The Board has no institutional nominee director. As on 31 March 2020, the Company had an Executive Chairman.

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

Number of meetings of the Board

During the year 2019-20, the Board met eight times, viz. 17 May 2019, 26 July 2019, 18 September 2019, 19 September 2019, 23 October 2019, 30 January 2020, 21 February 2020 and 17 March 2020. The gap between any two meetings has been less than one hundred and twenty days.

Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for 2019-20

Name of director	Category	Relationship with other directors	No. of Board Meetings attended	Whether attended last AGM
Rahul Bajaj*	Chairman, executive	Father of Rajiv Bajaj and Sanjiv Bajaj	7/8	Yes
Madhur Bajaj	Vice Chairman, non-executive	Brother of Shekhar Bajaj and Niraj Bajaj	5/8	Yes
Rajiv Bajaj	Managing Director and CEO, executive	Son of Rahul Bajaj, brother of Sanjiv Bajaj	7/8	Yes
Sanjiv Bajaj	Non-executive	Son of Rahul Bajaj, brother of Rajiv Bajaj	8/8	Yes
Shekhar Bajaj	Non-executive	Brother of Madhur Bajaj and Niraj Bajaj	7/8	Yes
D J Balaji Rao	Non-executive, independent	–	7/8	Yes
Nanoo Pamnani**	Non-executive, independent	–	6/7	Yes
Niraj Bajaj	Non-executive	Brother of Madhur Bajaj and Shekhar Bajaj	7/8	Yes
Dr. Gita Piramal	Non-executive, independent	–	8/8	Yes
Pradeep Shrivastava	Executive Director	–	8/8	Yes
Dr. Naushad Forbes	Non-executive, independent	–	6/8	Yes
Dr. Omkar Goswami	Non-executive, independent	–	7/8	Yes
Anami N. Roy	Non-executive, independent	–	7/8	Yes
Rakesh Sharma	Executive Director	–	7/8	Yes
Ms. Lila Poonawalla***	Non-executive, independent	–	7/8	Yes
Pradip Shah***	Non-executive, independent	–	7/8	Yes

* Became Non-executive Chairman w.e.f. 1 April 2020.

**Ceased to be an independent director consequent upon his sad demise on 22 February 2020. In his place Abhinav Bindra was appointed as an independent director w.e.f. 20 May 2020.

***Appointed as an independent director w.e.f. 1 April 2019.

Opinion of the Board

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

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CRUISE

Non-executive directors' compensation

The shareholders of the Company vide special resolution passed at the annual general meeting of the Company held on 27 July 2016 have, by way of an enabling provision, approved the payment of commission up to a sum not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of section 197 and 198 of the Companies Act, 2013, to the non-executive directors, in the manner as may be decided by the Board of Directors from time to time during the five year term up to 31 March 2021.

In terms of the said approvals, non-executive directors of the Company are being paid, in addition to the sitting fee of ₹ 100,000 per meeting for every meeting of the Board and its Committees, commission at the rate of ₹ 250,000 per meeting of the Board and its Committees attended by them as member, subject to the overall ceiling of one percent of the net profits.

In consideration of the extra services rendered by Nanoo Pamnani, at the request of the Management during the year, Nanoo Pamnani became entitled for payment of ₹ 30 Lakh (same as in the previous year) as additional commission for the year 2019-20, pursuant to the aforesaid approvals.

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

Information supplied to the Board

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

In terms of quality and importance, the information supplied by the Management to the Board of the Company is far ahead of the list mandated under regulation 17(7) read with Part A of Schedule II to the SEBI Listing Regulations. As stated elsewhere, the independent directors of the Company at their meeting held on 20 May 2020 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

With a view to leveraging technology and moving towards paperless systems for the preservation of environment, the Company has adopted a web-based application for transmitting Board/Committee papers. The Directors of the Company receive the agenda in electronic form through this secure application. The application meets the high standards of security and integrity required for storage and transmission of Board/Committee agenda in electronic form.

Orderly succession to Board and Senior Management

The Board of the Company satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.

Directorships and memberships of Board Committees

Details of directorships and memberships in the various committees as held by the directors of the Company are given in Table 2.

Table 2: Number of directorships/committee positions of directors as on 31 March 2020

Name of director	Directorships			Committee positions in listed and unlisted public limited companies	
	In equity listed companies	In unlisted public limited companies	In private limited companies	As Member (including as Chairman)	As Chairman
Rahul Bajaj	2	2	7	–	–
Madhur Bajaj	5	–	4	–	–
Rajiv Bajaj	5	–	3	–	–
Sanjiv Bajaj	5	5	9	7	–
Shekhar Bajaj	3	4	5	2	1
D J Balaji Rao	5	–	–	4	2
Niraj Bajaj	4	4	10	1	1
Dr. Gita Piramal	4	–	2	7	2
Pradeep Shrivastava	1	–	–	–	–
Dr. Naushad Forbes	5	–	8	5	1
Dr. Omkar Goswami	4	–	1	4	1
Anami N. Roy	6	2	3	5	2
Rakesh Sharma	1	–	–	–	–
Ms. Lila Poonawalla	2	8	–	6	3
Pradip Shah	7	2	6	7	2

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

As per declarations received, none of the directors serves as an independent director in more than seven equity listed companies. Further, the Managing Director in the Company does not serve as an independent director in more than three equity listed companies and in fact not even in a single entity.

None of the directors was a member in more than ten committees, nor a chairman in more than five committees across all companies in which he/she was a director.

For the purpose of considering the limit of the committees in which a director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 have been excluded. Only Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.

Directorships held by directors in equity listed companies

The names of equity listed entities where the directors of the Company held directorships including the category of directorships are given in Table 3.

Table 3: Name of equity listed entities where directors of the Company held directorships as on 31 March 2020

Name of director	Name of listed entities	Category
Rahul Bajaj	a) Bajaj Auto Ltd.	Chairman, executive
	b) Bajaj Finance Ltd.	Chairman, non-executive
Madhur Bajaj	a) Bajaj Auto Ltd.	Vice Chairman, non-executive
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Finance Ltd.	Non-executive
	d) Bajaj Holdings & Investment Ltd.	Non-executive
	e) Bajaj Electricals Ltd.	Non-executive
Rajiv Bajaj	a) Bajaj Auto Ltd.	Managing Director and CEO, executive
	b) Bajaj Finserv Ltd.	Non-executive
	c) Bajaj Finance Ltd.	Non-executive
	d) Bajaj Holdings & Investment Ltd.	Non-executive
	e) Bajaj Electricals Ltd.	Non-executive
Sanjiv Bajaj	a) Bajaj Auto Ltd.	Non-executive
	b) Bajaj Finance Ltd.	Vice Chairman, non-executive
	c) Bajaj Finserv Ltd.	Chairman and Managing Director, executive
	d) Bajaj Holdings & Investment Ltd.	Managing Director and CEO, executive
	e) Maharashtra Scooters Ltd.	Chairman, non-executive
Shekhar Bajaj	a) Bajaj Auto Ltd.	Non-executive
	b) Bajaj Electricals Ltd.	Chairman and Managing Director, executive
	c) Hercules Hoists Ltd.	Chairman, non-executive
D J Balaji Rao	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	Non-executive, independent
	c) Bajaj Finance Ltd.	Non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, independent
	e) CMI FPE Ltd.	Non-executive, independent
Niraj Bajaj	a) Bajaj Auto Ltd.	Non-executive
	b) Mukand Ltd.	Chairman and Managing Director, executive
	c) Mukand Engineers Ltd.	Non-executive
	d) Bajaj Holdings & Investment Ltd.	Chairman, non-executive

Table 3: Name of equity listed entities where directors of the Company held directorships as on 31 March 2020 (Contd.)

Name of director	Name of listed entities	Category
Dr. Gita Piramal	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	Non-executive, independent
	c) Bajaj Finance Ltd.	Non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, independent
Pradeep Shrivastava	a) Bajaj Auto Ltd.	Whole-time Director, executive
Dr. Naushad Forbes	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	Non-executive, independent
	c) Bajaj Holdings & Investment Ltd.	Non-executive, independent
	d) Zodiac Clothing Company Ltd.	Non-executive, independent
	e) Bajaj Finance Ltd.	Non-executive, independent
Dr. Omkar Goswami	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finance Ltd.	Non-executive, independent
	c) Ambuja Cements Ltd.	Non-executive, independent
	d) Godrej Consumer Products Ltd.	Non-executive, independent
Anami N. Roy	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Bajaj Finserv Ltd.	Non-executive, independent
	c) Glaxosmithkline Pharmaceuticals Ltd.	Non-executive, independent
	d) Bajaj Holdings & Investment Ltd.	Non-executive, independent
	e) Bajaj Finance Ltd.	Non-executive, independent
	f) Finolex Industries Ltd.	Non-executive, independent
Rakesh Sharma	a) Bajaj Auto Ltd.	Whole-time Director, executive
Ms. Lila Poonawalla	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Maharashtra Scooters Ltd.	Non-executive, independent
Pradip Shah	a) Bajaj Auto Ltd.	Non-executive, independent
	b) Kansai Nerolac Paints Ltd.	Chairman, non-executive, independent
	c) Pfizer Ltd.	Non-executive, independent
	d) KSB Ltd.	Non-executive, independent
	e) BASF India Ltd.	Non-executive, independent
	f) Sonata Software Ltd.	Chairman, non-executive, independent
	g) Bajaj Holdings & Investment Ltd.	Non-executive, independent

Certificate from Practising Company Secretary

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

Review of legal compliance reports

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

Code of conduct

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

The Board at its meeting held on 15 September 2014 adopted a revised Code of Conduct for all Directors and Senior Management of the Company and the same has been placed on the Company's website www.bajajauto.com/investors/codes-policies

All Directors and Senior Management Personnel have affirmed compliance with the Code for 2019-20. A declaration to this effect signed by the Managing Director and CEO is given in this Annual Report.

Maximum tenure of independent directors

The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and regulation 25(2) of the SEBI Listing Regulations.

Formal letter of appointment to independent directors

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

Performance evaluation

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

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

- The Nomination and Remuneration Committee at its meeting held on 15 March 2017, had approved the revised criteria for evaluation of the Board, its Committees, Chairman and individual directors, which is available on the website of the Company at www.bajajauto.com
- With a view to evaluating the performance of Board, its various Committees, individual directors and Chairman for the year 2019-20, the Company vide its e-mail dated 12 February 2020, informed the directors regarding the newly introduced automated process to carry out annual performance evaluation through an IT platform – 'HR Craft'.
- From the individual ratings received from the directors, a report on summary of ratings in respect of performance evaluation of the Board, Committees, Chairman and Directors for the financial year 2019-20 and a consolidated report thereof were arrived at by HR Craft.
- The report of performance evaluation so arrived at, was then noted and discussed by the Board at its meeting held on 20 May 2020.

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- The Nomination and Remuneration Committee reviewed the implementation and compliance of the performance evaluation at its meeting held on 20 May 2020.
- Under law, the Board shall determine, inter alia, whether to continue the term of appointment of the independent director, based on the report of performance evaluation.
- The term of appointment of Dr. Gita Piramal as an independent director ended on 31 March 2020. Based on the report of the performance evaluation and as recommended by the Nomination and Remuneration Committee, her re-appointment for a second term of five years was considered and approved by the Board, subject to approval of shareholders at the ensuing general meeting.
- Details on the evaluation of Board, non-independent directors and Chairman of the Company as carried out by the independent directors at their meeting held on 20 May 2020 have been furnished in a separate para elsewhere in this Report.

Remuneration Policy

The Board on the recommendation of the Nomination and Remuneration Committee has framed a Remuneration Policy. The policy, inter-alia, provides (a) the criteria for determining qualifications, positive attributes and independence of directors (b) a policy on remuneration for directors, key managerial personnel and other employees and (c) Employee Stock Option. The Policy is directed towards a compensation philosophy and structure that will reward and retain talent and provides for a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The detailed Remuneration Policy is placed on the Company's website
www.bajajauto.com/investors/codes-policies

Board Diversity Policy

In compliance with the provisions of the SEBI Listing Regulations, the Board through its Nomination and Remuneration Committee has devised a policy on Board Diversity. The objective of the policy is to ensure that the Board comprises an adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The Board composition as at present broadly meets with the above objective.

Familiarisation Programme

With a view to familiarising the independent directors with the Company's operations, as required under regulation 25(7) of the SEBI Listing Regulations, the Company has held various familiarisation programmes for the independent directors throughout the year on an ongoing and continuous basis.

The details of familiarisation programmes are placed on www.bajajauto.com/investors/codes-policies

Whistle Blower Policy/Vigil mechanism

Pursuant to section 177(9) of the Act, regulation 22 of the SEBI Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the Board at its meeting held on 13 March 2019 amended the existing Whistle Blower Policy.

The Whistle Blower Policy/Vigil mechanism provides a mechanism for the director/employee to report without fear of victimisation, any unethical behaviour, suspected or actual fraud, violation of the Code of Conduct and instances of leak of Unpublished Price Sensitive Information, which are detrimental to the organisation's interest. The mechanism protects whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice. The Company affirms that no employee has been denied access to the Audit Committee.

The directors in all cases and employees in appropriate or exceptional cases will have direct access to the Chairman of the Audit Committee. The said Policy is placed on the Company's website
www.bajajauto.com/investors/codes-policies

Dividend Distribution Policy

The Company has adopted Dividend Distribution Policy. More particulars about the same are given in the Directors' Report.

Subsidiary companies

The Company has three overseas subsidiaries, viz. PT Bajaj Auto Indonesia, Bajaj Auto International Holdings BV, Netherlands and Bajaj Auto (Thailand) Ltd., Thailand, which however, are not 'material subsidiaries' as defined under regulation 16(1)(c) of the SEBI Listing Regulations.

The revised policy on 'material subsidiaries' in terms of regulation 16(1)(c) of the SEBI Listing Regulations as approved by the Board at its meeting held on 13 March 2019 is placed on <https://www.bajajauto.com/investors/codtes-policies>

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

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

Related party transactions

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

All RPTs during the year 2019-20 were entered into with the approval of the Audit Committee pursuant to provisions of Act and the SEBI Listing Regulations. The details of such transactions were placed before the Audit Committee for noting/review, on a quarterly basis.

A statement showing the disclosure of transactions with related parties as required under Indian Accounting Standard 24 (Ind AS 24) is set out separately in this Annual Report.

There were no material transactions entered into with related parties, during the year under review, which may have had any potential conflict with the interests of the Company.

The revised policy on materiality of RPTs stipulating the threshold limits and also on dealing with RPTs which was approved by the Board at its meeting held on 13 March 2019, pursuant to SEBI Listing Regulations has been placed on the Company's website <https://www.bajajauto.com/investors/codes-policies>

Disclosures

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

Core Skill/Expertise/Competencies

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

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

Audit Committee

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

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

Pursuant to the provisions of the SEBI Listing Regulations, as amended, the terms of reference of the Committee were revised by the Board at its meeting held on 13 March 2019. The revised terms of reference are in accordance with the Act and the SEBI Listing Regulations. The detailed terms of reference of Audit Committee have been placed on the Company's website <https://www.bajajauto.com/investors/codes-policies>.

Meetings and attendance

During 2019-20, the Audit Committee met four times viz. on 17 May 2019, 26 July 2019, 23 October 2019 and 30 January 2020. The meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between any two meetings.

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

The Company Secretary acted as the secretary to the Audit Committee.

Table 4: Composition of Audit Committee and attendance record of members for 2019-20

Name of director	Category	No. of meetings attended
Nanoo Pamnani*	Chairman, non-executive, independent	4/4
D J Balaji Rao	Non-executive, independent	4/4
Dr. Gita Piramal	Non-executive, independent	4/4
Dr. Naushad Forbes	Non-executive, independent	4/4
Anami N. Roy**	Chairman, non-executive, independent	0/0

*Ceased to be a Member and Chairman of the Committee consequent upon his sad demise on 22 February 2020

**Appointed as a Member and Chairman of the Committee w.e.f. 17 March 2020

Pursuant to the terms of reference, the Audit Committee, inter alia, discussed and deliberated on the financial results, appointment/re-appointment of Statutory Auditors, review of internal audit functions, review and approval of related party transactions including granting of omnibus approval for the proposed transactions, review of investment related reports of the Company, utilisation of loans and/or advances from/investment by holding Company in the subsidiary etc.

Nanoo Pamnani, the then Chairman of the Audit Committee, was present at the annual general meeting of the Company held on 26 July 2019, to answer shareholders' queries.

Nomination and Remuneration Committee

Pursuant to the Act and the SEBI Listing Regulations, the Company has constituted a Nomination and Remuneration Committee.

Pursuant to the provisions of the SEBI Listing Regulations, the terms of reference of the Committee were revised by the Board at its meeting held on 13 March 2019. The Committee also acts as a

Compensation Committee for implementation of the Bajaj Auto Employee Stock Option Scheme 2019 (BAL-ESOS 2019).

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

During the year under review, the Committee met three times, i.e. on 17 May 2019, 26 July 2019 and 30 January 2020.

Table 5: Composition of Nomination and Remuneration Committee and attendance record of members for 2019-20

Name of director	Category	No. of meetings attended
D J Balaji Rao	Chairman, non-executive, independent	3/3
Rahul Bajaj	Chairman, executive	2/3
Dr. Naushad Forbes	Non-executive, independent	3/3
Dr. Gita Piramal	Non-executive, independent	3/3

The Company Secretary acted as the secretary to the Nomination and Remuneration Committee.

As provided under the terms of reference of the Nomination and Remuneration Committee, the members, inter alia, deliberated on the following:

- i) Noting of provisions regarding number of meetings and quorum.
- ii) Noting of updated terms of reference of the Nomination and Remuneration Committee
- iii) Recommendation of remuneration payable to senior management
- iv) Approval of revision in the remuneration payable to Executive Directors effective from 1 April 2019
- v) Noting of delegation of administrative power to Bajaj Auto ESOP Trust
- vi) Approval for grant of stock options under Bajaj Auto Employee Stock Option Scheme 2019 (BAL-ESOS 2019)
- vii) Approval of revision in the remuneration payable to Managing Director and CEO effective from 1 April 2019
- viii) Noting of option of Chairman waiving increase in his remuneration
- ix) Appointment and continuation of Shri Rahul Bajaj as Non-executive Director, liable to retire by rotation w.e.f. 1 April 2020, with designation continuing as Chairman and approving the term thereof
- x) Re-appointment of Shri Rajiv Bajaj as the Managing Director and CEO and fixing of remuneration
- xi) Re-appointment of Dr. Gita Piramal as an independent director for a second term of five consecutive years

D J Balaji Rao, Chairman of the Nomination and Remuneration Committee, was present at the annual general meeting of the Company held on 26 July 2019, to answer shareholders' queries.

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

The BAL-ESOS 2019 has been formulated by the Nomination and Remuneration Committee of the Board with an aim to provide competitive remuneration opportunities to employees of the Company, including through annual incentive plans and long-term incentive plans. This was approved by the Board at its meeting held on 30 January 2019, and by the members of the Company vide Special Resolution through Postal Ballot on 13 March 2019, in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended ('SEBI SBEB Regulations').

Risk Management Committee

Pursuant to the SEBI Listing Regulations, the Company has constituted a Risk Management Committee consisting of composition as specified therein. Pursuant to the provisions of the SEBI Listing Regulations, the terms of reference of the Committee were revised by the Board at its meeting held on 13 March 2019. The terms of reference of the Committee, inter alia, include, to manage the integrated risk, to lay down procedures to inform the Board about risk assessment and minimisation procedures in the Company, to frame, implement and monitor the risk management plan for the Company and perform such other functions as the Board may deem necessary including cyber security etc.

The Company has a Board-approved Risk Management framework. The Committee and the Board periodically review the Company's risk assessment and minimisation procedures to ensure that the Management identifies and controls risk through a properly defined framework.

During the year under review, the Company did not trade in nor did it have any exposure in commodities market.

Table 6: Composition of Risk Management Committee and attendance record of members for 2019-2020

Name of director	Category	No meeting held during the year
Nanoo Pamnani***	Chairman, non-executive, independent	–
D J Balaji Rao	Non-executive, independent	–
Kevin D'sa*	Chief Financial Officer	–
Soumen Ray**	Chief Financial Officer	–
Anami N. Roy****	Chairman, non-executive, independent	–

* Ceased to be CFO and Member of the Committee w.e.f. 18 May 2019

** Appointed as a Member of the Committee w.e.f. 18 May 2019

*** Ceased to be a Member and Chairman of the Committee consequent upon his sad demise on 22 February 2020

**** Appointed as a Member and Chairman of the Committee w.e.f. 17 March 2020

Note: The meeting of the Risk Management Committee, which was originally scheduled on 19 March 2020, had to be cancelled due to the pandemic corona virus. However, subsequently it was held on 20 May 2020 for the year 2019-20.

Stakeholders' Relationship Committee

Pursuant to the Companies Act, 2013 and the SEBI Listing Regulations, the Company has constituted a Stakeholders' Relationship Committee. This Committee was constituted to specifically look into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends etc.

In addition, the Committee also looked into matters that can facilitate better investor services and relations. The Board was kept apprised of all the major developments on investors' issues through various reports and statements furnished to the Board from time to time throughout the year.

Pursuant to the provisions of the SEBI Listing Regulations, the terms of reference of the Committee were revised by the Board at its meeting held on 13 March 2019.

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

During the year under review, the Committee met on 30 January 2020 to, inter alia, review the status of investors' services rendered. At the meeting, the Committee also discussed in detail about the changes in the management and organisational set up of KFin Technologies Pvt. Ltd. which was earlier known as Karvy Fintech Pvt. Ltd. and the implications thereof on the RTA operations relating to the Company.

Table 7: Composition of Stakeholders' Relationship Committee and attendance record of members for 2019-20

Name of director	Category	Attendance at the meeting held on 30 January 2020
D J Balaji Rao	Chairman, non-executive, independent	Yes
Dr. Gita Piramal	Non-executive, independent	Yes
Dr. Omkar Goswami	Non-executive, independent	Yes

The Company Secretary of the Company acts as the Compliance Officer.

The Secretarial Auditor was also present.

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

D J Balaji Rao, Chairman of the Stakeholders' Relationship Committee, was present at the annual general meeting of the Company held on 26 July 2019, to answer shareholders' queries.

Table 8: Investors' complaints attended and resolved during 2019-20

Investors' complaints	Attended/resolved during 2019-20
Pending at the beginning of the year	2
Received during the year	4
Disposed of during the year	5
Remaining unresolved at the end of the year	1*

* As on 31 March 2020, there was 1 pending issue to be addressed or resolved. This complaint has since been resolved.

Pursuant to regulation 39(4) of the SEBI Listing Regulations for dealing with physical unclaimed shares, the Company has a demat account with HDFC Bank, titled 'Bajaj Auto Ltd.-Unclaimed Suspense Account', to which all the unclaimed shares stand transferred in terms of the said circular.

More details on this subject and on shareholders' related matters have been furnished in the chapter on General Shareholder Information.

Duplicate Share Certificate Issuance Committee

The Board at its meeting held on 4 February 2016, to meet the requirement of section 46 of the Act, read with rule 6 of the Companies (Share Capital and Debentures) Rules, 2014 and regulation 39 of the SEBI Listing Regulations constituted a Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate lost or misplaced.

During the year under review, the Committee met once on 30 January 2020.

Table 9: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of members for 2019-20

Name of director	Category	Attendance at the meeting held on 30 January 2020
Rahul Bajaj	Chairman, executive	No
Rajiv Bajaj	Managing Director and CEO, executive	Yes
Sanjiv Bajaj	Non-executive	Yes

Independent Directors' Meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, the independent directors held their separate meeting on 20 May 2020, without the attendance of non-independent directors and members of the management, to inter alia discuss the following:

- Noting of the report of Performance Evaluation for 2019-20 from Chairman of the Board;
- Review the performance of non-independent directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties;
- Noting and review of Informal meeting with senior management personnel.

All independent directors were present at the meeting.

The independent directors present elected Dr. Omkar Goswami as Chairman for the meeting, deliberated on the above and expressed their satisfaction on each of the matters. The independent directors meeting which was originally scheduled on 19 March 2020, had to be cancelled due to the pandemic corona virus.

Remuneration of directors

Pecuniary relationship/transaction with non-executive directors

During the year under review, there was no pecuniary relationship/transaction with any non-executive director of the Company.

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

Criteria of making payments to non-executive directors

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgment. They also oversee the corporate governance framework of the Company.

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

Non-executive directors

Non-executive directors are paid sitting fees and commission as earlier stated in this Report.

Executive directors

During the year under review, the Company paid remuneration to Rahul Bajaj, Executive Chairman, Rajiv Bajaj, Managing Director and CEO and Pradeep Shrivastava and Rakesh Sharma, Executive Directors of the Company as provided in detail in an annexure to the Directors' Report in section VI(A) of Form MGT-9, i.e. extract of the Annual Return.

The Executive Directors are entitled to superannuation benefits payable in the form of an annuity from an approved Life Insurance Company, which form part of the perquisites allowed to them. No pension is paid by the Company.

Details of Remuneration to directors

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

During the year under review, none of the directors was paid any performance-linked incentive, apart from Pradeep Shrivastava and Rakesh Sharma, Executive Directors.

In 2019-20, the Company did not advance any loans to any of the non-executive directors and/or Managing Director. Details of remuneration paid/payable to directors for the year 2019-20 are provided in an annexure to the Directors' Report in section VI(B) of Form MGT-9, i.e. extract of the Annual Return.

Shareholding of directors

Information on shares held by directors in the Company as on 31 March 2020 is provided in an annexure to the Directors' Report in section IV(v) of Form MGT-9, i.e. extract of the Annual Return.

Management

Management discussion and analysis

This is given as separate chapter in the Annual Report.

Disclosure of material transactions

Pursuant to regulation 26(5) of the SEBI Listing Regulations, the Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. The same was Nil, except in the case of one member of the Senior Management, in whose case the disclosure was discussed, reviewed and found in order by the Board.

Compliances regarding insider trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company had a Board-approved Code of Conduct to regulate, monitor and report trading by insiders ('Code of Conduct') and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Code of Fair Disclosure').

SEBI has amended SEBI (Prohibition of Insider Trading Regulations) 2015. In view of the amendment to the said Regulations, the Board of Directors, at its meeting held on 13 March 2019, approved the following, with effect from 1 April 2019:

- a. Revised Code of Conduct to Regulate, Monitor and Report trading by Designated Persons – which was further revised by the Board at its meeting held on 23 October 2019, pursuant to the amendments vide notification dated 25 July 2019 and 17 September 2019
- b. Revised Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information
- c. Revised Whistle blower policy
- d. Institutional mechanism for prevention of Insider Trading
- e. Amendment to the terms of reference of the Audit Committee
- f. List of designated persons for the Code of Conduct mentioned above

The code of conduct and code of fair disclosure framed by the Company have helped in ensuring compliance with the requirements.

Means of Communication

Quarterly, half-yearly and annual financial results and other public notices issued for the shareholders are published in numerous leading dailies, such as Financial Express, Business Standard, Kesari, Mint and Hindu Business Line. An official press release is also issued. The Company also sends the half-yearly financial results, along with a detailed write-up, to each household of shareholders.

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

Section 20 and 136 of the Act, read with Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically on the registered members'/shareholders' email addresses. The Company, during the year under review, sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report, credit of dividend intimation letters, etc. in electronic form at the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get the same in physical form, upon request, during the year under review.

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

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

During the previous three years, the Annual General Meetings (AGM) of the Company were held at the registered office of the Company at Mumbai-Pune Road, Akurdi, Pune 411 035 on the following dates and time and special resolutions were passed there-at as under:

Details of AGM	Date and time of AGM	Details of special resolution(s) passed at the AGM, if any
10th AGM	20 July 2017 at 12.15 p.m.	Nil
11th AGM	20 July 2018 at 12.15 p.m.	Nil
12th AGM	26 July 2019 at 12.15 p.m.	<ol style="list-style-type: none"> 1. Approval of appointment of Rakesh Sharma as a Whole-time Director, with the designation as Executive Director 2. Appointment of Ms. Lila Firoz Poonawalla as an independent director of the Company for a term of five consecutive years with effect from 1 April 2019 3. Re-appointment of Nanoo Gobindram Pamnani as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2019 4. Re-appointment of Balaji Rao Jagannathrao Doveton as an independent director of the Company for a second term of five consecutive years with effect from 1 April 2019 5. Maintaining the number of maximum directors of the Company

Special resolutions passed through Postal Ballot during 2019-20

The Company conducted following businesses through Postal Ballot during the year 2019-20:

1. Appointment and continuation of Shri Rahulkumar Kamalnayan Bajaj as Non-executive Director, liable to retire by rotation and with designation continuing as Chairman with effect from 1 April 2020.
2. Approval for payment of remuneration to Shri Rahulkumar Kamalnayan Bajaj, Non-executive Director and Chairman.
3. Approval for adoption of new set of Articles of Association of the Company.
4. Approval to fix the Foreign Portfolio Investors' investment limit.

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

The Result of the Postal Ballot was announced on 16 March 2020 and details of voting results on the resolutions are as follows:

Sr. No.	Description	Votes (No. of shares and %)	
		In favour	Against
1.	Appointment and continuation of Shri Rahulkumar Kamalnayan Bajaj as Non-executive Director, liable to retire by rotation and with designation continuing as Chairman with effect from 1 April 2020	206,886,261 (96.82%)	6,787,881 (3.18%)
2.	Approval for payment of remuneration to Shri Rahulkumar Kamalnayan Bajaj, Non-executive Director and Chairman	211,129,244 (98.81%)	2,544,641 (1.19%)
3.	Approval for adoption of new set of Articles of Association of the Company	207,228,981 (96.98%)	6,452,562 (3.02%)
4.	Approval to fix the Foreign Portfolio Investors' investment limit	201,476,016 (87.64%)	28,414,198 (12.36%)

Procedure for postal ballot

The Company had sent the postal ballot notice dated 30 January 2020 and postal ballot form along with postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs. The Company had also published notice in the newspapers for the information of the members. Voting rights were reckoned on the equity shares held by the members as on the cut-off date. The voting period for postal ballot and e-voting was from 14 February 2020 to 14 March 2020.

The postal ballot results were intimated to the Stock Exchanges pursuant to regulation 44(3) of the SEBI Listing Regulations, as well as displayed on the Company's website <https://www.bajajauto.com/investors/e-voting-information>. The Company has also complied with the procedure for Postal Ballot in terms of the provisions of section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

There is no immediate proposal for passing any resolution through postal ballot. None of the businesses proposed to be transacted in the ensuing annual general meeting requires passing of a special resolution through postal ballot.

Details of capital market non-compliance, if any

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

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

The disclosure as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given in the Directors' Report of the Company.

Compliance Certificate

The MD and CEO and the CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) read with Part B of Schedule II to the SEBI Listing Regulations.

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Report on corporate governance

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on Corporate Governance during 2019-20. The Company has been regularly forwarding the quarterly compliance report to the Stock exchanges as required under regulation 27(2) of the SEBI Listing Regulations.

Statutory Auditors

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

(₹ In Crore)

Sr. No.	Particulars	Statutory Audit Fee	Other Services
1	Bajaj Auto Ltd.	1.80	1.98
2	PT. Bajaj Auto Indonesia	–	–
3	Bajaj Auto International Holdings BV	–	–
4	Bajaj Auto (Thailand) Ltd.	–	–

Auditors' certificate on corporate governance

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

Compliance of mandatory and discretionary requirements

Mandatory

The Company has complied with the mandatory requirements of the SEBI Listing Regulations.

Discretionary

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

1. The Board

Since the Company has an executive Chairman, the requirement regarding non-executive Chairman is not applicable.

2. Shareholder rights

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

3. Modified opinion(s) in audit report

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

4. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION

13th Annual General Meeting ('AGM')

Date	22 July 2020
Time	12.15 p.m.
Venue/Mode	The Company is conducting meeting through video conferencing ('VC')/ other audio visual means ('OAVM') pursuant to the MCA circulars. For details please refer to the Notice of AGM.

The Ministry of Corporate Affairs vide its circular dated 8 April 2020, 13 April 2020 and 5 May 2020 has provided an option to Companies to conduct Annual General Meeting during the Calendar Year 2020 through "VC or OAVM" and send financial statements (including board's report, auditors report and other documents to be attached therewith) through email only.

Accordingly, the Annual report of the Company for the year 2019-20 along with Notice of AGM are being sent only by email to the members, and all other persons/entities entitled to receive the same and that the 13th Annual General Meeting will be convened through VC or OAVM.

Financial calendar

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

Share transfer agent

The Company has appointed Karvy Computershare Pvt. Ltd. as its share transfer agent and accordingly, processing of share transfer/dematerialisation/rematerialisation and allied activities was outsourced to Karvy Computershare Pvt. Ltd., Hyderabad with effect from 10 July 2008.

All operations of Karvy Computershare Pvt. Ltd. were transferred to Karvy Fintech Pvt. Ltd. with effect from 17 November 2018. Further, during the year under review, the name of Karvy Fintech Pvt. Ltd. was changed to KFin Technologies Pvt. Ltd. (hereinafter referred to as 'KFin') with effect from 5 December 2019. All the share registry services are now handled in the name of KFin.

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

Dividend

The Board of Directors of the Company at its meeting held on 21 February 2020, declared an interim dividend of ₹ 120 per equity share (1200%) of face value of ₹ 10 each for the year 2019-20, payable to shareholders holding shares as on 4 March 2020. The same was credited/dispatched to the shareholders on 9 March 2020.

The Board of Directors of the Company has proposed the above-referred interim dividend as final dividend for the year ended 31 March 2020. Dividend paid in the previous year was ₹ 60 per equity share (600%) of face value of ₹ 10 each.

Payment of dividend

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the SEBI Listing Regulations, 2015') read with SEBI circular dated 20 April 2018, require companies to use any electronic mode of payment approved by the Reserve Bank of India for making payment to the shareholders. Accordingly, the interim dividend, which was declared on 21 February 2020 was paid through electronic mode, where the bank account details of the shareholders were available. Where dividend was paid through electronic mode, intimation regarding such remittance has been sent separately to the shareholders. In case where the dividend could not be paid through electronic mode, payment has been made through physical instrument such as banker's cheque or demand draft incorporating bank account details of such shareholders.

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

For enabling payment of dividend in future through electronic mode, members holding shares in physical form are requested to furnish updated particulars of their bank account, to KFin along with a photocopy of a 'cancelled' cheque and self-attested copy of PAN card.

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

Unclaimed dividends

As per section 124(5) of Companies Act, 2013 (hereinafter referred to as 'the Act'), any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called the Investor Education and Protection Fund (Fund) set up by the Central Government. Accordingly, the unpaid/unclaimed dividends for the financial years 2007-08 to 2011-12 have already been transferred by the Company to the said Fund from September 2015 onwards.

Unpaid/unclaimed dividend for the financial year 2012-13 shall become due for transfer to the said Fund in August 2020. Members are requested to verify their records and send their claim, if any, for the financial year 2012-13, before such amount becomes due for transfer to the Fund. Communication is being sent to the members, who have not yet claimed dividend for the financial year 2012-13, requesting them to claim the same as well as unpaid dividend, if any, for the subsequent years.

The Company has uploaded the details of unclaimed dividend on the Company's website at www.bajajauto.com and also on website specified by the Ministry of Corporate Affairs www.iepf.gov.in/IEPF/service

Transfer of shares to IEPF

Pursuant to section 124(6) of the Act, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company, within a period of thirty days of such shares becoming due to be transferred to IEPF.

Accordingly, in due compliance of the provisions of rule 6(3) of IEPF rules, 2016, the Company will send individual letters through ordinary/speed post/e-mail to such shareholders, whose dividend from the year 2012-13 has remained unclaimed, requesting them to claim the amount of unpaid dividend on or before the Company proceeds with transfer of related shares to the demat account of IEPF. The Company also publishes, on an annual basis, a notice in the newspapers intimating the members regarding the said transfer and these details will also be made available on the Company's website www.bajajauto.com

During the year under review, the Company transferred 109,499 (P.Y. 23,791) equity shares of the face value of ₹10 each in respect of 68 (P.Y. 55) shareholders to the demat account of the IEPF Authority held with NSDL/CDSL. Details of such shareholders, whose shares are transferred to IEPF and their unpaid dividends for the subsequent years are available to the concerned shareholders on the website of the Company at www.bajajauto.com

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

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

Share transfer system

SEBI amended regulation 40 of SEBI Listing Regulations, 2015, prohibiting transfer of securities (except transmission or transposition of shares) in physical form from 1 April 2019. Accordingly, the Company has sent letters to members holding shares in physical form advising them to dematerialise their holdings. During FY2020, no shares were transferred in the physical form except for those for whom the transfer deed was lodged prior to 1 April 2019 and were returned due to deficiency in the document and were thus re-lodged post 1 April 2019.

Share transfers received by the share transfer agent/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. The total number of shares transferred in the physical category during 2019-20 was 73,029 shares versus 126,567 shares during 2018-19. The details thereof were placed before the Board on a quarterly basis.

Relaxation granted by SEBI in wake of the COVID-19 pandemic

SEBI, considering the nation-wide lockdown, in the wake of the COVID-19 pandemic, granted relaxation by extending the timelines for processing various investor requests in case of physical securities including rematerialisation of shares, transmission of shares, resolution of grievances, issue of duplicate share certificates etc.

Dematerialisation/Rematerialisation of shares

During 2019-20, 385,827 shares were dematerialised, compared to 812,913 shares during 2018-19. Total 75 shares were rematerialised during 2019-20 as compared to Nil during 2018-19.

Shares held in physical and electronic mode as on 31 March 2020 are as given in Table 1.

Table 1: Shares held in physical and electronic mode

Particulars	Position as on 31 March 2020		Position as on 31 March 2019		Net change during 2019-20	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	17,069,413	5.90	17,563,252	6.07	(493,839)	(0.17)
Demat						
NSDL	265,787,712	91.85	265,641,510	91.80	146,202	0.05
CDSL	6,509,895	2.25	6,162,258	2.13	347,637	0.12
Sub-total	272,297,607	94.10	271,803,768	93.93	493,839	0.17
Total	289,367,020	100.00	289,367,020	100.00	-	-

Stock code

1. BSE Ltd.	532977
2. National Stock Exchange of India Ltd.	BAJAJ-AUTO
3. ISIN for depositories (NSDL and CDSL)	INE917I01010
4. Bloomberg	BJAUT.IN
5. Reuters	BAJA.BO

Listing on stock exchanges

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

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

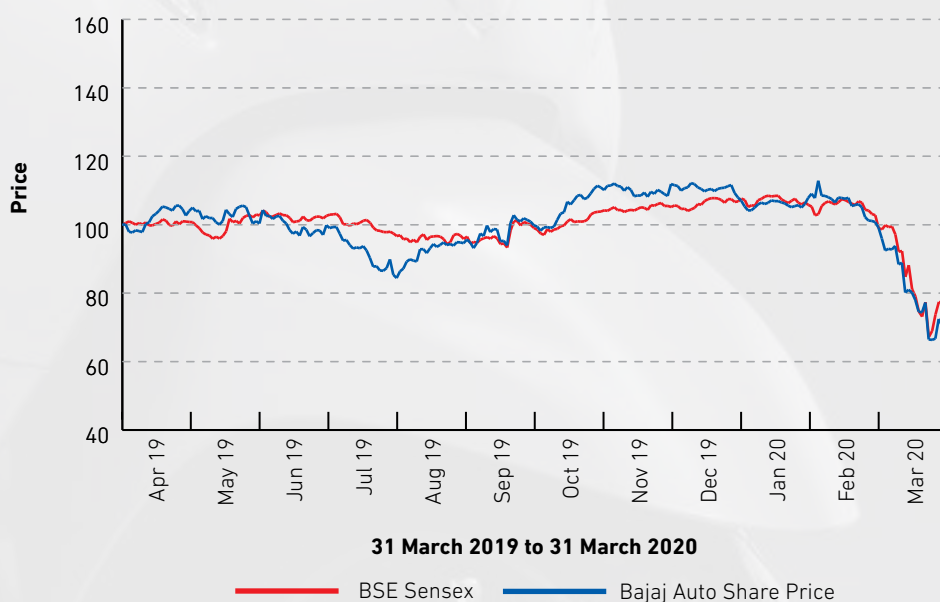
Pursuant to the SEBI Listing Regulations, 2015, the Company has entered into uniform Listing Agreement with BSE and NSE. For the year 2019-20, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of Company's shares during 2019-20
(₹ vis-à-vis BSE Sensex)

Month	BSE		NSE		Closing BSE Sensex
	High	Low	High	Low	
Apr-19	3,100.00	2,836.00	3,110.00	2,831.00	39,031.55
May-19	3,145.55	2,903.00	3,149.95	2,901.00	39,714.20
Jun-19	3,078.55	2,716.90	3,077.95	2,786.00	39,394.64
Jul-19	2,925.00	2,400.00	2,927.95	2,442.20	37,481.12
Aug-19	2,814.45	2,475.95	2,813.95	2,473.60	37,332.79
Sep-19	3,026.30	2,690.15	3,027.15	2,721.45	38,667.33
Oct-19	3,255.00	2,852.80	3,255.00	2,854.95	40,129.05
Nov-19	3,289.50	3,119.25	3,289.00	3,105.20	40,793.81
Dec-19	3,286.00	3,145.05	3,286.40	3,142.05	41,253.74
Jan-20	3,239.00	3,005.00	3,239.95	3,000.00	40,723.49
Feb-20	3,315.00	2,851.00	3,315.15	2,850.45	38,297.29
Mar-20	2,944.00	1,793.10	2,944.50	1,788.65	29,468.49

**Bajaj Auto Ltd. stock performance vs BSE Sensex, during 2019-20,
indexed to 100 on 31 March 2019**



Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2020, while Table 4 gives the data according to size classes.

Table 3: Distribution of shareholding across categories

Categories	31 March 2020		31 March 2019	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	155,263,104	53.66	148,105,032	51.18
Friends and associates of promoters	22,607,209	7.81	29,822,882	10.31
FPIs/FILs	40,323,573	13.94	45,254,414	15.64
Public Financial Institutions	16,259,825	5.62	14,649,522	5.06
Mutual Funds	8,817,622	3.05	6,282,566	2.17
Nationalised and other banks	287,213	0.10	263,269	0.09
NRIs and OCBs	1,455,020	0.50	1,410,604	0.49
Others	44,353,454	15.32	43,578,731	15.06
Total	289,367,020	100.00	289,367,020	100.00

Table 4: Distribution of shareholding according to size class as on 31 March 2020

Category	No. of shareholders		Shares held in each class	
	Number	%	Number	%
1 to 500	122,949	94.53	4,913,005	1.70
501 to 1000	2,508	1.93	1,843,677	0.64
1001 to 2000	1,539	1.18	2,259,206	0.78
2001 to 3000	697	0.54	1,745,214	0.60
3001 to 4000	376	0.29	1,321,220	0.46
4001 to 5000	302	0.23	1,374,906	0.48
5001 to 10000	650	0.50	4,699,820	1.62
10001 and above	1,040	0.80	271,209,972	93.72
Total	130,061	100.00	289,367,020	100.00

Shareholders' and investors' grievances

The Board of Directors of the Company has a Stakeholders' Relationship Committee to specifically look into and resolve grievances of security-holders on various matters.

Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review were relating to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares, non-receipt of procedure for issuing Duplicate share certificate as well as transmission of share certificates and change of address and/or bank particulars. As on 31 March 2020, there was one pending issue to be addressed or resolved. This complaint has since been resolved.

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning four complaints filed by the shareholders on various matters.

In respect of each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/Investors in the prescribed format, as the case may be and action on one complaint remained to be taken at the Company's end at the year end.

As a step towards green initiative, the Company has availed of special services offered by NSDL to update email addresses of more number of shareholders of the Company who have not registered their email addresses. This would enable such shareholders to immediately receive various email communication from the Company from time to time including the annual report, dividend credit intimation, half-yearly communication etc.

KPRISM-Mobile service application by KFIN

To enhance shareholders' experience and with an aim to resolve shareholders' grievance at the earliest, KFin has launched a new mobile application – 'KPRISM' for providing online service to shareholders. KPRISM can be accessed at <http://kprism.karvy.com/>. Shareholders may download the mobile application and register themselves (which is a one time activity) for availing of a host of services.

Demat suspense account with HDFC Bank for unclaimed shares

In accordance with the provisions contained in clause 5A of the erstwhile Listing Agreement (corresponding to regulation 39(4) of the SEBI Listing Regulations, 2015) as amended by SEBI vide circular dated 16 December 2010, the Company, during the year 2011-12, had sent three reminders to such shareholders whose shares were lying 'undelivered/unclaimed' with the Company, followed by opening of the unclaimed share suspense demat account with HDFC Bank in April 2012.

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

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

According to the provisions of the SEBI Listing Regulations, 2015, the Company has a demat account titled 'Bajaj Auto Ltd. – Unclaimed Suspense Account' with HDFC Bank Ltd., Pune to which unclaimed shares were transferred.

The summary of this account for the year 2019-20 is as follows:

Sr. No.	Particulars	No. of shareholders	No. of shares
i.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1 April 2019	33	3,326
ii.	No. of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2019-20	1	75
iii.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2019-20	1	75
iv.	No. of shares transferred to IEPF Authority during the year 2019-20	12	1,059
v.	Aggregate no. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31 March 2020	20	2,192

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form (SH-13) will be sent by the share transfer agent of the Company upon such request and is also available on the Company's website www.bajajauto.com

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

Credit Rating

The Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad. However, the Company has obtained on 29 November 2019 'FAAA/stable' rating from CRISIL on the Fixed Deposits of the Company. This rating indicates that the degree of safety of timely payment of interest and principal is very strong. The Company has also obtained on 29 November 2019 'AAA/Stable' rating for long-term and 'A1+' rating for Short-term bank loan facilities of the Company from CRISIL.

Live Webcast of Annual General Meeting

Pursuant to regulation 44(6) of the SEBI Regulations, 2015, top 100 listed entities shall, with effect from 1 April 2019, provide one-way live webcast of the proceedings of their AGM. Accordingly, as in the previous year, the Company has entered into an arrangement with KFin, to facilitate live webcast of the proceedings of the ensuing AGM scheduled on 22 July 2020.

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

Pursuant to MCA Circular, the Company will also provide two way video conferencing or webex facility to the members for participating in the 13th Annual General Meeting. For more details, please refer the Notice of the 13th Annual General Meeting, which is hosted on the Company's website at <https://www.bajajauto.com/investors/annual-reports> and on the website of Stock exchanges.

Voting through electronic means

Pursuant to section 108 of the Companies Act, 2013 and the Rules made thereunder and provisions under the SEBI Listing Regulations, 2015, every listed company is required to provide its members, the facility to exercise their right to vote at general meetings by electronic means.

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

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of annual general meeting, through such e-voting method. Further, in accordance with the Companies (Management and Administration) Rules, 2014 and MCA circulars, the Company will also provide e-voting facility for members attending the AGM through VC or OAVM.

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

Cut-off date, as per the said Rules, shall be 15 July 2020 and the remote e-voting shall be open for a period of three days, from 19 July 2020 (9.00 a.m.) till 21 July 2020 (5.00 p.m.). The Board has appointed Shyamprasad D Limaye, Practising Company Secretary as scrutiniser for the e-voting process.

Detailed procedure is given in the Notice of the 13th annual general meeting and is also placed on the Company's website at <https://www.bajajauto.com/investors/annual-reports>

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Outstanding convertible instruments/ADRs/GDRs/warrants

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

Shareholders may get in touch with the Company Secretary for further assistance.

Plant locations

Bajaj Auto has plants located at the following places:

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

Address for correspondence

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

Share transfer agent

KFin Technologies Pvt. Ltd.

(previously known as Karvy Fintech Pvt. Ltd.)

Unit: Bajaj Auto Ltd.

Selenium Tower B, Plot No. 31-32,
Gachibowli Financial District, Nanakramguda,
Hyderabad 500 032

Contact persons

M S Madhusudhan

Mohd. Mohsinuddin

Tel. No: (040) 6716 2222/1562

Fax No: (040) 2300 1153

Toll free No: 1800 345 4001

Email: mohsin@kfintech.com

Website: www.kfintech.com

Company

Bajaj Auto Ltd.

Mumbai-Pune Road,
Akurdi, Pune 411 035.

Company Secretary and Compliance Officer

Dr. J Sridhar

Tel. No: (020) 6610 6503

Fax No: (020) 2740 7380

Email: investors@bajajauto.co.in

Website: www.bajajauto.com

DIRECTORS' REPORT

The Directors present their Thirteenth Annual Report and Audited Financial Statements for the year ended 31 March 2020.

Financial results

The financial results of the Company are elaborated in the Management Discussion and Analysis Report.

The highlights of the Financial Results are as under:

Sales in Numbers	FY2020	FY2019
Two-wheelers	3,947,568	4,236,873
Commercial vehicles	667,644	7,82,630
Total	4,615,212	5,019,503
Of which Exports	2,171,105	2,078,730

Particulars	FY2020	FY2019
Total revenue	31,652.21	31,796.42
Total expenses	25,072.01	25,435.26
Profit before exceptional items and tax	6,580.20	6,361.16
Exceptional items	–	(342.00)
Profit before tax	6,580.20	6,703.16
Tax expense	1,480.22	2,027.98
Profit for the year	5,099.98	4,675.18
Earnings per share (₹)	176.3	161.6

Closing balances in reserve/other equity

Particulars	FY2020	FY2019
General reserve	5,431.60	4,921.60
Retained earnings	14,750.44	16,451.58
Cash flow hedging reserve	5.63	60.31
Costs of hedging reserve	(121.81)	(17.47)
FVTOCI reserve	(413.13)	74.51
Share based payments reserve	10.01	–
Treasury shares	(26.62)	–
Total	19,636.12	21,490.53

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

Dividend

Pursuant to the provisions of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company has formulated a Dividend Distribution Policy. The Policy sets out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders.

As a green initiative, the policy has been uploaded on the website of the Company and can be accessed at <https://www.bajajauto.com/investors/codes-policies>. A copy of the policy will be made available to any shareholder on request by email.

The Board of Directors, at its meeting held on 21 February 2020, declared an interim dividend of ₹ 120/- per equity share (1200%) of face value of ₹ 10/- payable to shareholders holding shares as on 4 March 2020. The amount of interim dividend and tax thereon aggregates to ₹ 4,186.16 crore.

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, the above-referred interim dividend as final dividend for the year ended 31 March 2020.

For the year ended 31 March 2019, the dividend paid was ₹ 60 per share of ₹ 10 each (600%) and the total dividend and the tax thereon to the extent applicable aggregated to ₹ 2,093.08 crore.

Share capital

The paid up equity share capital as on 31 March 2020 was ₹ 289.37 crore. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights or sweat equity shares. During the year under review, the Company granted 287,636 stock options pursuant to Bajaj Auto Employee Stock Option Scheme 2019 ('BAL – ESOS 2019').

Operations

Detailed information on the operations of the Company and details on the state of affairs of the Company are covered in the Management Discussion and Analysis Report.

Capacity expansion and new projects

The Company's current installed capacity is 6.33 million units per annum.

For decades, Bajaj Auto was synonymous with its Chetak, which has been re-introduced as a best-in-class electric scooter with an iconic design — creating a thing of beauty that transcends time.

Research and Development and technology absorption

A) Products

Many new products were launched during the year under review. Detailed information on the new products is covered in the Management Discussion and Analysis Report.

B) Process

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

- **Manpower:** R&D has been expanding its team size in areas of design, analysis and validation in order to keep up with the rapidly expanding aspirations of the Company.
- **Facilities:** R&D continued to enhance its design, computing, prototype manufacturing and validation facilities. A number of new test facilities and prototyping facilities were added.

C) Technology

As in the past, new and improved technology has been introduced during the year under review and the detailed information on the same is covered in the Management Discussion and Analysis Report.

D) Outgo

The expenditure on research and development during 2019-20 and in the previous year was:

(₹ In Crore)

Particulars	FY2020	FY2019
i. Capital (including technical know-how)	67.02	64.00
ii. Recurring	408.04	392.35
Total	475.06	456.35
iii. Total research and development expenditure as a percentage of sales	1.63%	1.54%

Conservation of energy

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

Significant reduction in energy consumption has been achieved by various means as shown hereunder:

A) Electrical Energy

- Installation of 5MWp Rooftop Solar Plant in Waluj for reducing our loads at discoms and for energy cost financial benefits.
- Installation of energy efficient LED luminaries at various designated areas across all our factories for energy conservation.
- Installation of Power Factor Controller panels at heavy fluctuating load areas for maintaining power quality and its associated losses.
- DC Brushless motor installation in Vehicle Assembly Conveyor-D.
- Day light pipes installation in various areas in plant premises.
- Minimise compressed air losses by arresting minor and ultra leakages through advanced tool-Air leak detector system.
- Miscellaneous equipment's power wastage reduction through timer provision.
- HVLS fan installation in SPD, Ph-2 V/A and CKD conveyor.
- Man movement sensors are provided for lighting ON-OFF at various areas.
- Paint shop inspection area lights interlocked with conveyor operation.
- Paint shop inspection area, AHU ON-OFF switch provided near operator.
- DM water transfer pump auto ON-OFF as per Conveyor operation.
- Centralised operation of machines resulting in less power requirement of Aux. equipments.

- Provision of auto ON-OFF timer for inspection PDI area lights.
- Plaza-Replacement of 17 year old pump by energy efficient pumps-2 nos.
- ETP, STP and RO treated water pumps replacement by energy efficient pumps.
- Heat Pump installed for washing machines instead of electrical heaters (cell no C3, C6 and H6)-3 nos.
- Cyl block Honing machine-Flushing pumps and magnetic separators to operate during machine cycle only (3 nos).
- Cyl Head and Crank case FRD machine-Parameters optimisation for power consumption reduction (14 nos).
- Countershaft Induction softening machine-Chilling unit design optimisation.
- Jig stripping Combustion blower-VFD for combustion blower motor-full speed to controlled speed-as per application.
- Tank cell Pretreatment-tectalis 1 stage-Open loop to closed loop control of spray pump, based on real time spray flow feedback (controlled pump speed).

B) Water

- ETP Treated water re-use for feeding RO Plant.
- Rain water storage pond making with capacity 25,000 M3.
- ETP RO reject water mix with rain storage pond water and reuse to feed RO plant, resulting in zero ground water use for Paint shop process.
- Minimise AHUs water consumption by arresting minor water leakages.
- Use of Aerator in hand wash water taps. Total installed-100 nos.
- Continuous reuse of STP treated water for toilet flushing, cooling towers and gardening.
- Provision of RO water for Paint shop ASU.
- Revisit of all AHU installations/Installation of New AHU for Vehicle assembly (cellulose pad type).
- Continued rain water harvesting across all plants.
- Proper adherence to the water pumping schedule.
- Water chiller integration work and removal of many HVAC systems resulting in minimised water consumption.
- All water cooled ACs are converted to Air Cooled.

C) LPG/Propane

- Lacquer Oven auto ON-OFF in lunch and dinner time.
- Hot water rinse, KOD and Degreasing stages-Hot water generators ON-OFF optimised to control bath temperature linearly and proportionally.

- Continued use of magnetic resonance in oven PNG supply.
- Continued use of low temp chemical for pretreatment.
- Use of energy efficient burners in canteen.
- Regular JH/PM of burners.

D) Utilisation of renewable energy-key initiatives

- Usage of Rooftop Solar Power Generation (Waluj) 5MWp, utilising 20,000 units of renewable energy daily for designated shops.
- 100% usage of rain water storage pond.
- Solar water heater installed in canteen.
- Day light pipe installation. During the year, 41 nos. day light pipe installed. Total day light pipe installed- 200 nos.
- Use of Solar Energy (Plant capacity 2 MW)- Total Solar units generated and utilised during the year are 22.71 LKWH
- Use of Turbo Ventilators in Paint shop and Dispatch area for roof exhaust.
- Present Roof Top Solar power capacity-3.22 MWp (Akurdi)- Total units generated 32.738 lakh KWH. Total savings ₹ 292.22 lakh.

Impact of measures taken

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

Description	% Reduction w.r.t. previous year	
	FY2020	FY2019
Electricity consumption	1.20	5.53
Water consumption	17.43	3.27
LPG/PNG consumption	3.97	1.05

Investment/savings

Description	(₹ In Crore)	
	FY2020	FY2019
Investment for energy conservation activities	1.61	1.51
Recurring savings achieved through above activities	0.61	3.73

Awards and Accolades

BAL manufacturing plant at Chakan received the TPM Advance Special Award.
BAL Waluj plant received the IMS certification (EMS + OSHAS).

International Business

Despite the lockdown in March 2020, Bajaj Auto exported over 2.17 million vehicles viz. 4.4% over the previous year and the Company continues to remain by far, India's No.1 exporter of two and three wheelers.

It exports to over 79 countries in Latin America, Africa, South Asia, Middle East, Asia Pacific and Europe. During the year under review, exports accounted for 42.00% of the Company's net sales as against 40.01% in FY19. Detailed information on the International Business is given in the Management Discussion and Analysis Report.

Foreign exchange earnings and outgo

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

Total foreign exchange earned by the Company during the year under review was ₹ 11,872.37 crore, as compared to ₹ 11,434.23 crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 908.51 crore, as against ₹ 973.07 crore during the previous year.

Industrial relations

This year, BAL embarked on the process map towards reinventing Transformation. Industrial setup has not only set new benchmarks, but also streamlined its business excellence through Productivity and People Engagement.

Industrial relations with staff and workmen across all the plants viz. Akurdi, Waluj, Chakan and Pantnagar, continued to be cordial.

To ensure healthy relation with workmen, the process for signing long-term settlement for Chakan, Akurdi and Pantnagar manufacturing units has already been initiated and all efforts are being made to complete the process amicably in a congenial atmosphere.

The active participation and 100% engagement became the fulcrum for business excellence. BAL has been able to inculcate TPM culture and continuous improvement across all plants. Once again, manufacturing has set up a new benchmark through several credentials. Plants have received several awards from Confederation of Indian Industry (CII), Quality Circle Forum of India (QCFI) and other prestigious organisations.

Keeping business excellence as our centre of mass, we have not only improvised engagement activities, but also tried to instil trust and confidence through innovative engagement framework. Various employee engagement activities like monthly Kaizen competitions, Sports meet, Yoga session, Singing and Trekking events, Felicitation of employee meritorious student and applauding newly married couple are being organised to inculcate sense of belongingness amongst the employees across the plants.

Subsidiaries and joint ventures

PT. Bajaj Auto Indonesia (PT BAI)

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

Indonesia continues to be a large market for two-wheelers and hence of interest for PTBAI, with a market size in excess of 6.4 million vehicles.

While this industry has grown by 2% in this year, it largely comprises scooters and the addressable market size for PTBAI stands at 164,000/annum units in the Sports category which recorded a decline of 17% this year and 59,000 units/annum in the Super sports category, which recorded a decline of 36% this year.

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The Super sports category of the market is now addressed through various models of KTM brand, using the CKD-distributor model.

For the addressable market in the Sports category, PTBAI would continue to study the evolving market and is evaluating different possible opportunities.

Bajaj Auto International Holdings BV, Netherlands (BAIH BV)

Bajaj Auto International Holdings BV (BAIH BV) is a 100% Netherlands-based subsidiary of Bajaj Auto Ltd. Over the years, through this subsidiary, Bajaj Auto has invested a total of €198.1 million (₹1,219 crore), and holds approximately 48% stake in KTM AG of Austria (KTM).

Calendar year 2019 has been another record year for KTM, with highest sales of 213,949 units and highest turnover of €1.51 billion in the history of the Company. Detailed information on the developments at the subsidiary and KTM AG is provided in the Management Discussion and Analysis Report.

In its annual general meeting for the calendar year 2019, KTM AG declared a dividend of €2.50 per share. On this account, BAIH BV has received €13.0 million (₹109 crore) as its share of dividend for calendar year 2019.

Bajaj Auto (Thailand) Ltd.

During the year, Bajaj Auto (Thailand) Ltd. was incorporated as a wholly owned subsidiary in Thailand with an issued and subscribed capital of Thai Baht (THB) 45 million (₹ 11 crore). We have also obtained the necessary approvals from local authorities to set up an International Business Centre (IBC) and a R&D Centre under this subsidiary.

The IBC will be leveraged to identify suitable business partners, gather key market insights and manage as well as oversee Bajaj Auto's business operations across the ASEAN region. The R&D centre will be the first Bajaj R&D design office outside India.

Thailand is an advanced motorcycle market and it defines as well as leads the trends in South East Asian markets. Many international designers have already joined the Bajaj R&D team for working from this new facility. The new design centre marks the beginning of Bajaj R&D expanding its design centres to trend-defining markets around the globe.

Investment in Yulu

During the year under review, Bajaj Auto has done a strategic investment in Yulu Bikes.

Yulu is a Bengaluru-based start-up Company in India which operates in lithium battery powered electric two-wheeler, bicycle space and owns a dockless bike sharing platform. It is focused on sub 5 km first and last mile connectivity.

We believe that the two factors of congestion reduction and pollution control will drive the segment of shared micro-mobility in the future. That coupled with the expansion of Mass Rapid Transport System like Metro in large cities will further boost the demand for flexible last-mile connectivity.

Through this strategic investment in Yulu, Bajaj will keep abreast of the developments and will participate in this area as it evolves.

Anti-corruption Initiatives

The Company has established many policies to prevent corruption within the Company. The policies are also suitably integrated into the business operations. The Company also has adequate disclosure practices with regard to anti-corruption activities. Some of the practices and policies are given below:

Signing of anti-corruption initiative of World Economic Forum (WEF)

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

Adoption of Confederation of Indian Industry (CII) Charters

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

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

More details on the subject are given in the Business Responsibility Report hosted on the Company's website on <https://www.bajajauto.com/investors/annual-reports>

Extract of Annual Return

The extract of annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed form MGT-9 is annexed to this Report and also on the Company's website <https://www.bajajauto.com/investors/annual-reports>

Number of meetings of the Board

There were eight meetings of the Board held during the year. Detailed information is given in the Corporate Governance Report.

Directors' responsibility statement

As required under clause (c) of sub-section (3) of section 134 of the Companies Act, 2013, directors, to the best of their knowledge and belief, state that-

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

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

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

Declaration by independent directors

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in section 149 (6) of the Companies Act, 2013, as amended and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), as amended.

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

The Ministry of Corporate Affairs vide its circular dated 22 October 2019 further amended the Companies (Appointment and Qualification of Directors) Rules, 2014 by requiring an independent director to apply online, within 1 May 2020, to the Indian Institute of Corporate Affairs for inclusion of his/her name in the data bank for such period till he/she continues to hold office of an independent director in any Company. The independent directors were also required to submit a declaration of compliance in this regard. All the independent directors of the Company have submitted the declaration with respect to the same.

Directors' Remuneration Policy and criteria for matters under section 178

The Board, at its meeting held on 13 March 2019, has revised the commission from ₹ 150,000 to ₹ 250,000 payable per meeting to all non-executive directors (including independent directors) for meetings of Board and Committees thereof attended by them from 1 April 2019 onwards as member.

The salient features and changes to the policy on directors' appointment and remuneration form a part of the 'Corporate Governance Report'. The said policy is placed on the Company's website <https://www.bajajauto.com/investors/codes-policies>

Particulars of loans, guarantees or investments

Information regarding loans, guarantees and investments covered under the provisions of section 186 of the Companies Act, 2013 are detailed in the financial statements.

Related party transactions

No related party transactions (RPTs) were entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'material' related party transactions as defined under regulation 23 of Listing Regulations, 2015, there are no details to be disclosed in Form AOC-2 in that regard.

During the year 2019-20, pursuant to section 177 of the Companies Act, 2013 and regulation 23 of Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

Pursuant to regulation 23 of Listing Regulations, 2015, the Board, at its meeting held on 13 March 2019, has revised the policy on materiality of RPTs and on dealing with RPTs inter alia by including clear threshold limits.

The revised policy on materiality of RPTs as approved by the Board is uploaded on the Company's website <https://www.bajajauto.com/investors/codes-policies>

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Material changes and commitments

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

Risk Management Policy

Information on the development and implementation of a Risk Management Policy for the Company including identification therein of elements of risk, which in the opinion of the Board may threaten the existence of the Company, is given in the Corporate Governance Report.

Corporate Social Responsibility (CSR)

Detailed information on the Corporate Social Responsibility Policy developed and implemented by the Company on CSR initiatives taken during the year pursuant to section 135 of the Companies Act, 2013 is given in the annexed Annual Report on CSR activities.

Formal annual evaluation of the performance of the Board, its Committees, Chairperson and Individual Directors

Information on the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees, Chairperson and Individual Directors is given in the Corporate Governance Report.

Presentation of financial statements

The financial statements of the Company for the year ended 31 March 2020 have been disclosed as per Division II of Schedule III to the Companies Act, 2013.

Indian Accounting Standards, 2015

The annexed financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013.

Consolidated financial statements

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries, and as prepared in compliance with the Companies Act, 2013, applicable Accounting Standards and Listing Regulations, 2015 as prescribed by SEBI.

Statutory disclosures

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

The audited financial statements for each of the subsidiary companies will be available for inspection upto the date of AGM by any member of the Company on Company's website www.bajajauto.com

Details as required under the provisions of section 197(12) of the Companies Act, 2013, read with rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, inter alia, ratio of remuneration of directors and KMP to median remuneration of employees and percentage increase in the median remuneration are annexed to this Report.

Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as required under the provisions of section 197(12) of the Companies Act, 2013, read with rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended,

which form part of the Directors' Report, will be made available to any shareholder on request, as per provisions of section 136(1) of the said Act.

The directors' responsibility statement as required by section 134(5) of the Companies Act, 2013, appears in a preceding paragraph.

A Cash Flow Statement for the year 2019-20 is attached to the Balance Sheet.

The provisions of section 148 of the Companies Act, 2013, are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under sub-section (1) of section 148 of the Companies Act, 2013.

Pursuant to the legislation 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Company has a policy on Prevention of Sexual Harassment at Workplace. During the year under review, one complaint was received from one of the employees, which was investigated and redressed by the Internal Complaints Committee formed under the aforesaid Act and closed.

There was no other case reported during the year under review under the said policy.

Directors and Key Managerial Personnel-changes

I. Changes in Directorate:

- (a) Your directors express their profound grief on the sudden demise of Nanoo Pamnani. He passed away on 22 February 2020 and consequently ceased to be a director of the Company. The Board places on record its sincere appreciation of the invaluable guidance and services rendered by late Nanoo Pamnani during his long tenure as an independent director of the Company.
- (b) Rahul Bajaj, the Whole-time director and Chairman of the Company who has been a director of the Company since 1 April 1970, was last re-appointed by the Board for a five year term from 1 April 2015 to 31 March 2020. As part of succession planning and due to certain commitments and other pre-occupation, Rahul Bajaj has decided not to continue as a Whole-time director of the Company after expiry of the current term on 31 March 2020. He has, however, offered to continue as a Non-executive director and Chairman of the Company. The Board at its meeting held on 30 January 2020, pursuant to the recommendation of Nomination and Remuneration Committee approved the appointment and continuation of Rahul Bajaj as Non-executive director with designation continuing as Chairman with effect from 1 April 2020. Consent of the members by way of special resolution was also obtained by the Company through Postal Ballot in compliance with Regulation 17(1A) of Listing Regulations, 2015, for appointment and continuation of Rahul Bajaj on account of his having already attained the age of 75 years.

II. Appointment/Re-appointment of independent directors:

- (a) The Board at its meeting held on 17 March 2020, pursuant to the recommendation of Nomination and Remuneration Committee and taking into account the report of performance evaluation, re-appointed Dr. Gita Pirmal (DIN 01080602) as an independent director for a second consecutive term of 5 years with effect from 1 April 2020.
- (b) The Board at its meeting held on 20 May 2020, pursuant to the recommendation of Nomination and Remuneration Committee, appointed Abhinav Bindra (DIN 00929250) as additional director and independent director for a period of 5 years with effect from 20 May 2020.

The Board opines that the independent directors so appointed/re-appointed are of integrity and possess the requisite expertise and experience (including the proficiency).

Necessary details regarding the appointment and re-appointment as required under the Companies Act, 2013 and Listing Regulations, 2015 are given in the notice of annual general meeting. The aforesaid appointments are subject to approval of shareholders at the ensuing annual general meeting.

III. Retirement by Rotation:

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

The Companies Act, 2013, mandates that at least two-thirds of the total number of directors (excluding independent directors) shall be liable to retire by rotation. Accordingly, Madhur Bajaj (DIN 00014593) and Shekhar Bajaj (DIN 00089358), Directors, being the longest in the office amongst the directors liable to retire by rotation, retire from the Board by rotation this year and, being eligible, have offered their candidature for re-appointment.

Brief details of Madhur Bajaj and Shekhar Bajaj, Directors, who are seeking re-appointment are given in the notice of annual general meeting.

IV. Re-appointment of Managing Director and CEO

Rajiv Bajaj was re-appointed as the Managing Director of the Company for a period of 5 years from 1 April 2015 up to 31 March 2020. The Board, on recommendation of the Nomination and Remuneration Committee and after evaluating his performance and considering the Company's growth under his management, approved his re-appointment for a further term of 5 years commencing 1 April 2020, subject to approval of the shareholders.

Accordingly, resolution seeking his re-appointment for a further term of 5 years and brief details of Rajiv Bajaj are given in the notice of annual general meeting.

There was no other change in the Directors and Key Managerial Personnel during the year under review since the last report.

Detailed information on the directors is provided in the Corporate Governance Report.

Postal Ballot

During the year under review, approval of shareholders was sought for the below businesses, through Postal Ballot. All the resolutions were passed by requisite majority.

- **Appointment and continuation of Shri Rahul Bajaj as Non-executive Director, liable to retire by rotation w.e.f. 1 April 2020 and with designation continuing as Chairman**

Pursuant to regulation 17(1A) of the Listing Regulations, 2015, approval of members was obtained for appointment and continuation of Shri Rahul Bajaj as Non-executive director with designation continuing as Chairman with effect from 1 April 2020 and on account of his having already attained the age of 75 years by way of special resolution.

- **Approval for payment of remuneration to Shri Rahul Bajaj, Non-executive Director and Chairman**

Pursuant to regulation 17(6)(ca) of the Listing Regulations, 2015, approval of shareholders is required annually, in case remuneration payable to a single Non-executive director exceeds the limit of 50% of the total remuneration payable to all the Non-executive directors annually.

For the reason that the amount of remuneration payable to Shri Rahul Bajaj for the financial year 2020-21 may exceed 50% of the total annual remuneration payable to all Non-executive directors for the said year, approval of members was obtained by way of special resolution by way of an enabling provision.

- **Amendment to Articles of Association**

The Articles of Association of the Company were amended in its entirety as per the form specified in Table F in Schedule I to the Companies Act, 2013 including insertion of an enabling provision for appointment of any person who has rendered significant or distinguished services to the Company or to the industry to which the Company's business relates or in the public field, as "Chairman Emeritus".

● Investment limit of Foreign Portfolio Investors

The Ministry of Finance (Department of Economic Affairs), vide its notification dated 17 October 2019, superseded the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2018 with the introduction of Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

As per the said rules, the existing FPI limit with effect from 1 April 2020, will be the sectoral cap i.e. 100 per cent in case of the Company. The said limit can be changed to 24 or 49 or 74 per cent with approval of the Board and the shareholders. Accordingly, pursuant to the approval of the shareholders by means of a special resolution through Postal Ballot, the investment limit of Foreign Portfolio Investors was fixed at 24 per cent. As per the said rules, the said limit can be enhanced to 49 per cent, 74 per cent or 100 per cent, but cannot be reduced. For details of the shareholding of Foreign Portfolio Investors, please refer the annexed 'Extract of Annual Return'

Significant and material orders passed by the regulators or courts

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

COVID-19 Impact

Towards the end of March 2020, many of the States/Union Territories across the country in view of the heightened concern over the spread of Corona Virus Disease ('COVID-19') issued directives inter-alia, to facilitate work from home for majority of its employees. In line with the lockdowns announced by the Central Government, all offices of the Company were closed from 23 March 2020 providing employees facility to "Work from Home" to ensure continuity of operations of the Company. The said closure(s) have adversely affected the operations of the Company and the impact of the same cannot be assessed at this point of time. However, this does not affect the going concern status of the Company.

Details of internal financial controls with reference to the financial statements

The Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational. This includes its design, implementation and maintenance, along with periodical internal review of operational effectiveness and sustenance, which are commensurate with the nature of its business and the size and complexity of its operations.

This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

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

Corporate governance

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

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2019-20. A declaration to this effect signed by the Managing Director (CEO) of the Company is contained in this Annual Report.

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

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

Employee stock option scheme

During the year under review, there has been no change in the Bajaj Auto Employee Stock Option Scheme 2019 (BAL-ESOS 2019) of the Company.

A Statement giving complete details, as at 31 March 2020, pursuant to regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company <https://www.bajajauto.com/investors/annual-reports>

Business Responsibility Report

Regulation 34(2) of the SEBI Listing Regulations, 2015, as amended, inter alia, provides that the annual report of the top 500 listed entities based on market capitalisation (calculated as on 31 March of every financial year), shall include a Business Responsibility Report.

Since Bajaj Auto Ltd. is one of the top 500 listed entities, the Company, as in the previous years, has presented its BR Report for the financial year 2019-20, which is part of this Annual Report.

As a green initiative, the BR Report has been hosted on the Company's website <https://www.bajajauto.com/investors/annual-reports>

A copy of the BR Report will be made available to any shareholder on request by email.

Secretarial Standards of ICSI

Pursuant to the approval given on 10 April 2015 by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India, the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1 July 2015. The said standards were further amended w.e.f. 1 October 2017. The Company is in compliance with the same.

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 S R B C & CO LLP (Firm Registration No. 324982E/E300003) as statutory auditors of the Company from the conclusion of 10th annual general meeting till the conclusion of 15th annual general meeting, covering one term of five consecutive years.

The statutory audit report for the year 2019-20 does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditor.

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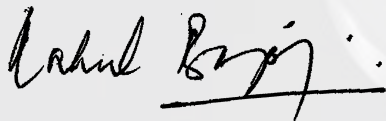
Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has re-appointed, Shyamprasad D Limaye, Practising Company Secretary (Membership No.1587, CP No. 572) to undertake the secretarial audit of the Company. Secretarial audit report for the year 2019-20 issued by him in the prescribed form MR-3 is annexed to this Report.

The said secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditor.

In addition to the above and pursuant to SEBI circular dated 8 February 2019, a report on secretarial compliance by Shyamprasad D Limaye for the year ended 31 March 2020 is being submitted to stock exchanges. There are no observations, reservations or qualifications in the said report.

On behalf of the Board of Directors,



Rahul Bajaj
Chairman
Pune: 20 May 2020

Annual Report on CSR activities

1. **Brief outline of Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.**

Introduction

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

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

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

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

Guiding principles:

The Bajaj Group believes that social investments should:

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

CSR Policy

A detailed CSR Policy was framed by the Company on 14 May 2014, with approvals of the CSR Committee and Board of Directors. The Policy, inter alia, covers the following:

- Philosophy
- Scope
- List of CSR activities
- Modalities of execution of Projects/Programmes
- Implementation through CSR Cell
- Monitoring and Assessment of Projects/Programmes

CSR Policy gives an overview of the projects or programmes, which are undertaken by the Company from time to time.

The CSR Policy is placed on the Company's website <https://www.bajajauto.com/pdf/csr-policy-bal.pdf>

2. Composition of the CSR Committee

A Committee of the directors, titled 'Corporate Social Responsibility Committee', which was constituted by the Board at its meeting held on 28 March 2014 with the following members:

Rahul Bajaj, Chairman
Rajiv Bajaj
Nanoo Pamnani
Pradeep Shrivastava

Consequent upon the sad demise of Nanoo Pamnani on 22 February 2020, the CSR Committee was re-constituted with induction of Dr. Naushad Forbes as a member with effect from 17 March 2020.

During the year under review, the Committee met five times on 9 May 2019, 19 August 2019, 14 October 2019, 23 December 2019 and 16 March 2020.

3. Average net profit of the Company for last three financial years prior to 2019-20:

₹ 5,940.18 crore

4. Prescribed CSR Expenditure (2% of amount as in item No.3): ₹ 118.80 crore.

5. Details of CSR spent during the financial year:

Particulars	(₹ In Crore)
a. Total amount to be spent	118.80
b. Amount spent	119.44
c. Amount unspent, if any (a-b)	Nil
d. Manner in which the amount spent/committed during the financial year	As provided in enclosed Table 1.*

*In addition to what is stated above, Bajaj Group implements many CSR initiatives of substantial value through its Group Charitable Trusts operating at various locations in the country.

Major initiatives that continued and/or that were taken up anew by the Bajaj Group through such entities during the year under review are given in another detailed report, which is hosted on the Company's website www.bajajauto.com and a physical/soft copy of this report will be made available to any shareholder on request.

6. In case the Company fails to spend the 2% of the average net profit (INR) of the last three financial years, the reasons for not spending the amount shall be stated in the Board Report.

Not Applicable

7. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Rahul Bajaj
Chairman of CSR Committee

Rajiv Bajaj
Managing Director and CEO

Pune: 20 May 2020



1. Medical camps at Corbett Foundation, at Okhaldunga Village, Nainital, Uttarakhand.
2. Village meeting for WUG formation at People's Science Institute (PSI) at Pithoragarh District, Uttarakhand.
3. Computer education for youngsters at Sharda Gyan Peeth School, Sikar, Rajasthan.
4. Nata deepening and widening resulting in filled nata's and overall green fields at Ambelohal Village: Bajaj Water Conservation Programme at Aurangabad.

5. Villager (Keri Bai) using radio as a tool for community mobilisation at Mann Deshi Foundation, Satara, Maharashtra.
6. Medical camp at Jimmedari Foundation, Udham Singh Nagar Uttarakhand.
7. Room to Read programmes at a school in Uttarakhand.
8. Student Parliament in progress at IBTADA, Alwar, Rajasthan.
9. School eye health programme at Khed, Pune, by VisionSpring.

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2020

(₹ In Crore)

Sr. No.	Name/details of the implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of the project/ programme (Local area or state/district)	Amount/ outlay approved	Amount spent direct/ overheads during the year	Cumulative expenditure up to 31 March 2020
1	JBGVS (Integrated Rural and Urban Development Project)	To implement integrated rural and urban development projects in select villages and urban areas in its 5 core districts for particular projects like sanitation, e-learning etc. Apart from this, urban development activities are being carried out through Samaj Seva Kendras.	Rural Development (x)	5 Districts of Maharashtra, Rajasthan and Uttarakhand	38.10	16.00	21.00
2	Action for Agriculture Renewal in Maharashtra	Bajaj Water Conservation Project	Environment Sustainability (iv)	Aurangabad	43.31	7.74	15.53
3	Action for Food Production (AFPRO)	Bajaj Water Conservation Project	Environment Sustainability (iv)	Aurangabad	33.83	6.47	14.35
4	Development Support Centre (DSC)	Bajaj Water Conservation Project	Environment Sustainability (iv)	Aurangabad	15.33	6.44	10.50
5	Foundation for Ecological Security	To restore water resources in water-scarce and ecologically degraded dryland regions	Environment Sustainability (iv)	Nine districts of Rajasthan, Maharashtra, Karnataka, and Andhra Pradesh	27.00	5.40	14.85
6	Disaster Relief Fund for Odisha	Odisha cyclone relief fund	Disaster Relief (xii)	Odisha	5.00	5.00	5.00
7	Indian Institute of Science Education and Research (IISER)	Corpus for endowing three professorships and one distinguished visiting professorship for perpetuity	Education (ii)	Pune, Maharashtra	4.00	4.00	4.00
8	Shramjivi Janata Sahayak Mandal (SISM)	To render assistance for undertaking watershed development works in severely drought affected 4 villages of Dahiwadi Taluka of Satara District	Environment sustainability (iv)	Man (Dahiwadi) Tehsil	11.85	3.65	7.36
9	Marathwada Gramin Vikas Sanstha	Bajaj Water Conservation Project in Vaijapur Block	Environment (iv)- conservation of natural resources	Vaijapur, Maharashtra	13.62	3.57	3.57

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2020 (Contd.)

(₹ In Crore)

Sr. No.	Name/details of the implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of the project/ programme (Local area or state/district)	Amount/ outlay approved	Amount spent direct/ overheads during the year	Cumulative expenditure up to 31 March 2020
10	Paani Foundation	The Satyamev Jayate Water Cup – Phase 2 To highlight additional activities which are required to fight drought.	Environment Sustainability (iv)	40 Talukas, 21 Districts, Maharashtra	10.00	3.30	3.30
11	Aditya Jyot Foundation for Twinkling Little Eyes	Equipment for charitable eye operation theatre	Healthcare (i)	Mumbai, Maharashtra	3.10	3.10	3.10
12	United Way of Delhi	Project Neev- Well being and development of 0-6 year old.	Education (ii)	Udham Singh Nagar, Uttarakhand	10.26	3.00	3.00
13	Chief Minister's Relief Fund-Maharashtra	Flood Relief for Maharashtra	Disaster Relief (xii)	Mumbai, Maharashtra	2.50	2.50	2.50
14	IIT Bombay	Rahul Bajaj Technology Innovation Centre (RBTIC)	Technology Incubators (ix)	Mumbai, Maharashtra	12.50	2.50	2.50
15	JBGVS (Govt Medical College Aurangabad)	Construction of new lecture theatre complex at Govt. Medical college and hospital, Aurangabad	Education (ii)	Aurangabad, Maharashtra	8.06	2.00	2.00
16	Others through implementing agencies, such as JBGVS, BAIF Institute for Sustainable Livelihood Development, Bharatiya Yuva Shakti Trust, Teach-to-lead (Teach for India), Sri Aurobindo Society etc.	For different projects, such as water conservation project, promotion of livelihood, fostering entrepreneurship, sanitation, education for slum and deprived children, tree plantation, welfare of armed forces veterans etc. (expenditure on the above projects is below ₹ 2 crore per project)	Environmental sustainability (iv), Livelihood enhancement (ii), Employment enhancing vocation skills and livelihood enhancements projects (ii), Education (ii), Health (i), welfare of armed forces veterans (vi), Rural Development Projects (x) etc.	For different locations in Maharashtra, Rajasthan, Uttarakhand and PAN-India	192.21	41.56	132.32
Total (A)						116.23	
Overhead expenses (restricted to 5% of total CSR expenditure) (B)						3.21	
Grand Total (A)+(B)						119.44	

Extract of Annual Return (Form MGT-9)

As on the financial year ended on 31 March 2020

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details:

CIN	L65993PN2007PLC130076
Registration Date	30 April 2007
Name of the Company	Bajaj Auto Limited
Category/Sub-category of the Company	Public Company/Limited by shares
Address of the Registered office & contact details	Mumbai Pune Road, Akurdi, Pune – 411 035 E-mail: investors@bajajauto.co.in Tel. No: (020) 27472851
Whether listed company	Yes (BSE and NSE)
Name, Address & contact details of the Registrar and Transfer Agent, if any.	KFin Technologies Private Limited (erstwhile Karvy Fintech Pvt. Ltd.) Selenium Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032 Contact Persons M. S. Madhusudhan Mohd. Mohsinuddin Tel No. : (040) 6716 2222/1562 Fax No. : (040) 2300 1153 Toll Free No: 1800 345 4001 E-mail: mohsin.mohd@kfintech.com Website: www.kfintech.com

II. Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sr. No.	Name and description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Manufacture of motorcycles, three-wheelers (including parts thereof)	3091	95

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1	PT. Bajaj Auto Indonesia	Company incorporated in Indonesia	Subsidiary	99.25	section 2 (87)
2	Bajaj Auto International Holdings BV	Company incorporated in Netherlands	Subsidiary	100	section 2 (87)
3	Bajaj Auto (Thailand) Ltd.	Company incorporated in Thailand	Subsidiary	100	section 2 (87)

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IV. Shareholding pattern (equity share capital breakup as percentage of total equity)

i) Category-wise shareholding:

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2019				No. of shares held at the end of the year as on 31 March 2020				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	12,558,990	–	12,558,990	4.34	12,505,990	–	12,505,990	4.32	(0.02)
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	135,546,042	–	135,546,042	46.84	142,757,114	–	142,757,114	49.34	2.50
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	148,105,032	–	148,105,032	51.18	155,263,104	–	155,263,104	53.66	2.48
(2) Foreign									
a) NRIs-Individual	–	–	–	–	–	–	–	–	–
b) Others-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	148,105,032	–	148,105,032	51.18	155,263,104	–	155,263,104	53.66	2.48
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	6,281,716	850	6,282,566	2.17	8,816,772	850	8,817,622	3.05	0.88
b) Banks/FI	320,090	19,890	339,980	0.12	16,541,548	5,490	16,547,038	5.72	5.60
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies*	14,686,261	600	14,686,861	5.08	–	–	–	–	–
g) FII/FPFI	45,252,114	2,300	45,254,414	15.64	40,321,273	2,300	40,323,573	13.94	(1.70)
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Alternate Investment Fund	37,698	–	37,698	0.01	82,540	–	82,540	0.03	0.02
j) Qualified Institutional Buyer	4	–	4	0.00	2,957,749	–	2,957,749	1.02	1.02
k) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	66,577,883	23,640	66,601,523	23.02	68,719,882	8,640	68,728,522	23.75	0.73

i) Category-wise shareholding: (Contd.)

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2019			% of total shares	No. of shares held at the end of the year as on 31 March 2020			% of total shares	% change during the year
	Demat	Physical	Total		Demat	Physical	Total		
2 Non-Institutions									
a) Bodies Corp.									
i) Indian	20,836,158	835,780	21,671,938	7.49	12,322,953	835,730	13,158,683	4.55	(2.94)
ii) Overseas	–	–	–						–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	13,455,429	801,545	14,256,974	4.93	13,880,310	679,436	14,559,746	5.03	0.10
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15,122,790	15,881,832	31,004,622	10.71	15,997,502	15,529,952	31,527,454	10.90	0.19
c) Others (specify)									
i) NBFC Registered with RBI	1,551	–	1,551	0.00	1,476	–	1,476	0.00	0.00
ii) Non Resident Indians	1,390,149	20,230	1,410,379	0.49	1,439,365	15,430	1,454,795	0.50	0.01
iii) Overseas Corporate Bodies	–	225	225	0.00	–	225	225	0.00	0.00
iv) Foreign Nationals	175	–	175	0.00	357	–	357	0.00	0.00
v) Clearing Members	1,671,351	–	1,671,351	0.58	265,855	–	265,855	0.09	(0.49)
vi) Trusts	4,540,217	–	4,540,217	1.57	4,201,239	–	4,201,239	1.45	(0.12)
vii) Foreign Bodies-D R	24,600	–	24,600	0.01	24,600	–	24,600	0.01	0.00
viii) IEPF	78,433	–	78,433	0.03	180,964	–	180,964	0.06	0.04
Sub-total (B)(2)	57,120,853	17,539,612	74,660,465	25.80	48,314,621	17,060,773	65,375,394	22.59	(3.21)
Total Public Shareholding (B)=(B)(1)+(B)(2)	123,698,736	17,563,252	141,261,988	48.82	117,034,503	17,069,413	134,103,916	46.34	(2.48)
Grand Total (A+B)	271,803,768	17,563,252	289,367,020	100.00	272,297,607	17,069,413	289,367,020	100.00	–

Note–* Shareholding of Insurance Companies is included in Financial Institutional Investors (FII) for the year ended 31 March 2020.

ii) Shareholding of promoters and promoter group:

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 1 April 2019			Shareholding at the end of the year as on 31 March 2020			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Late Anant Bajaj*	41,464	0.01	–	41,464	0.01	–	–
2	Deepa Bajaj	21,150	0.01	–	332,150	0.11	–	0.11
3	Geetika Bajaj	600	0.00	–	600	0.00	–	–
4	Kiran Bajaj	118,050	0.04	–	118,050	0.04	–	–
5	Kriti Bajaj	398,820	0.14	–	398,820	0.14	–	–
6	Kumud Bajaj	595,118	0.21	–	595,118	0.21	–	–
7	Madhur Bajaj	1,674,532	0.58	–	1,406,426	0.49	–	(0.09)
8	Minal Bajaj	1,025,950	0.35	–	972,950	0.34	–	(0.02)
9	Neelima Bajaj Swamy	661,438	0.23	–	661,438	0.23	–	–
10	Nimisha Jaipuria	389,770	0.13	–	657,876	0.23	–	0.09
11	Niraj Bajaj	663,022	0.23	–	663,022	0.23	–	–
12	Niravnayan Bajaj	901,056	0.31	–	901,056	0.31	–	–
13	Pooja Bajaj	149,500	0.05	–	149,500	0.05	–	–
14	Rahul Kumar Bajaj	2,780,570	0.96	–	2,848,796	0.98	–	0.02
15	Rajivnayan Bajaj	767,500	0.27	–	342,900	0.12	–	(0.15)
16	Rishabhayan Bajaj	10,500	0.00	–	4,100	0.00	–	–
17	Sanjali Bajaj	59,308	0.02	–	116,566	0.04	–	0.02
18	Sanjivnayan Bajaj	514,724	0.18	–	571,982	0.20	–	0.02
19	Shefali Bajaj	61,308	0.02	–	118,566	0.04	–	0.02
20	Shekhar Bajaj	7,220	0.00	–	7,220	0.00	–	–
21	Siddhantnayan Bajaj	57,308	0.02	–	57,308	0.02	–	–
22	Suman Jain	1,047,008	0.36	–	1,047,008	0.36	–	–
23	Sunaina Kejriwal	613,074	0.21	–	493,074	0.17	–	(0.04)
24	Bachhraj And Company Pvt Ltd	3,639,756	1.26	–	3,639,756	1.26	–	–
25	Bachhraj Factories Pvt Ltd	1,961,174	0.68	–	1,961,174	0.68	–	–
26	Bajaj Allianz Life Insurance Company Ltd.	125,000	0.04	–	125,000	0.04	–	–
27	Bajaj Finance Ltd.	150	0.00	–	150	0.00	–	–
28	Bajaj Holdings & Investment Ltd	96,727,050	33.43	–	96,727,050	33.43	–	–
29	Bajaj Sevashram Pvt Ltd	4,462,720	1.54	–	4,462,720	1.54	–	–
30	Baroda Industries Pvt Ltd	1,670,802	0.58	–	1,670,802	0.58	–	–
31	Hercules Hoists Limited	182,590	0.06	–	182,590	0.06	–	–
32	The Hindustan Housing Company Ltd	20,800	0.01	–	20,800	0.01	–	–
33	Jamnalal Sons Pvt Ltd	25,844,400	8.93	–	26,281,400	9.08	–	0.15
34	KamalNayan Investment & Trading Pvt Ltd	132,200	0.05	–	132,200	0.05	–	–
35	Maharashtra Scooters Ltd**	–	–	–	6,774,072	2.34	–	2.34
36	Madhur Securities Pvt Ltd	79,400	0.03	–	79,400	0.03	–	–
37	Niraj Holdings Pvt Ltd	19,600	0.01	–	19,600	0.01	–	–
38	Rahul Securities Pvt Ltd	270,600	0.09	–	270,600	0.09	–	–
39	Rupa Equities Pvt Ltd	286,800	0.10	–	286,800	0.10	–	–
40	Sanraj Nayan Investments Pvt Ltd	60,000	0.02	–	60,000	0.02	–	–
41	Shekhar Holdings Pvt Ltd	63,000	0.02	–	63,000	0.02	–	–
Total		148,105,032	51.18	–	155,263,104	53.66	–	2.48

Note: * Anant Bajaj, part of the promoter group expired on 10 August 2018. 41,464 shares (0.01%) held by him are in the process of transmission.

** Maharashtra Scooters Ltd. has been added in promoter group post its becoming subsidiary of Bajaj Holdings & Investment Ltd. during the year.

iii) Change in Promoters' and promoter group shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year (1 April 2019)	148,105,032	51.18		
	Date-wise Increase/decrease				
1	Rajivnayan Bajaj				
	05/07/2019-Purchase	6,400	0.00	148,111,432	51.18
	07/01/2020-Gift Given	(311,000)	(0.11)	147,800,432	51.08
	08/01/2020-Gift Given	(120,000)	(0.04)	147,680,432	51.04
2	Rahulkumar Bajaj				
	07/01/2020-Gift Given	(171,774)	(0.06)	147,508,658	50.98
	07/01/2020-Gift Received	120,000	0.04	147,628,658	51.02
	08/01/2020-Gift Received	120,000	0.04	147,748,658	51.06
3	Sanjali Bajaj				
	07/01/2020-Gift Received	57,258	0.02	147,805,916	51.08
4	Shefali Bajaj				
	07/01/2020-Gift Received	57,258	0.02	147,863,174	51.10
5	Rishabhayan Bajaj				
	27/06/2019-Sale	(6,400)	(0.00)	147,856,774	51.10
6	Madhur Bajaj				
	28/01/2020-Gift Given	(268,106)	(0.09)	147,588,668	51.00
7	Deepa Bajaj				
	07/01/2020-Gift Received	311,000	0.11	147,899,668	51.11
8	Jamnalal Sons Pvt. Ltd.				
	24/09/2019-Market Purchase	53,000	0.02	147,952,668	51.13
	02/03/2020-Market Purchase	107,000	0.04	148,059,668	51.17
	11/03/2020-Market Purchase	235,000	0.08	148,294,668	51.25
	19/03/2020-Market Purchase	42,000	0.01	148,336,668	51.26
9	Sunaina Kejriwal				
	07/01/2020-Gift Given	(120,000)	(0.04)	148,216,668	51.22

iii) Change in Promoters' and promoter group shareholding (Contd.)

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1 April 2019)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10	Minal Bajaj				
	24/09/2019-Market Sale	(53,000)	(0.02)	148,163,668	51.20
11	Nimisha Jaipuria				
	28/01/2020-Gift Received	268,106	0.09	148,431,774	51.30
12	Sanjivnayan Bajaj (Siddhant Family Trust)				
	07/01/2020-Gift Received	57,258	0.02	148,489,032	51.32
13	Maharashtra Scooters Ltd*	6,774,072	2.34	155,263,104	53.66
	At the end of the year (31 March 2020)			155,263,104	53.66

Note: * Maharashtra Scooters Ltd. has been added in promoter group post its becoming subsidiary of Bajaj Holdings & Investment Ltd. during the year.

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Life insurance corporation of India				
	At the beginning of the year 1 April 2019	13,429,329	4.64		
	Date-wise Increase/decrease				
	05/04/2019-Purchase	962,106	0.33	14,391,435	4.97
	12/04/2019-Purchase	157,660	0.05	14,549,095	5.03
	19/04/2019-Purchase	81,131	0.03	14,630,226	5.06
	26/04/2019-Purchase	241,006	0.08	14,871,232	5.14
	03/05/2019-Purchase	178,746	0.06	15,049,978	5.20
	10/05/2019-Purchase	709,140	0.25	15,759,118	5.45
	17/05/2019-Purchase	443,385	0.15	16,202,503	5.60
	24/05/2019-Purchase	594,365	0.21	16,796,868	5.80
	31/05/2019-Purchase	213,104	0.07	17,009,972	5.88
	18/10/2019-Purchase	300	0.00	17,010,272	5.88

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	18/10/2019-Sale	(300)	(0.00)	17,009,972	5.88
	08/11/2019-Purchase	58,639	0.02	17,068,611	5.90
	15/11/2019-Purchase	95,233	0.03	17,163,844	5.93
	22/11/2019-Purchase	206,030	0.07	17,369,874	6.00
	29/11/2019-Purchase	116,966	0.04	17,486,840	6.04
	06/12/2019-Purchase	102,934	0.04	17,589,774	6.08
	06/12/2019-Sale	(5,000)	(0.00)	17,584,774	6.08
	13/12/2019-Purchase	63,462	0.02	17,648,236	6.10
	20/12/2019-Purchase	96,218	0.03	17,744,454	6.13
	27/12/2019-Purchase	131,286	0.05	17,875,740	6.18
	31/12/2019-Purchase	11,202	0.00	17,886,942	6.18
	31/12/2019-Sale	(75,778)	(0.03)	17,811,164	6.16
	03/01/2020-Sale	(211,050)	(0.07)	17,600,114	6.08
	10/01/2020-Sale	(138,045)	(0.05)	17,462,069	6.03
	17/01/2020-Sale	(620,008)	(0.21)	16,842,061	5.82
	24/01/2020-Sale	(397,134)	(0.14)	16,444,927	5.68
	31/01/2020-Sale	(278,981)	(0.10)	16,165,946	5.59
	07/02/2020-Sale	(351,980)	(0.12)	15,813,966	5.47
	14/02/2020-Sale	(115,272)	(0.04)	15,698,694	5.43
	21/02/2020-Purchase	22,000	0.01	15,720,694	5.43
	21/02/2020-Sale	(34,324)	(0.01)	15,686,370	5.42
	06/03/2020-Purchase	5,000	0.00	15,691,370	5.42
	06/03/2020-Sale	(5,000)	(0.00)	15,686,370	5.42
	At the end of the year 31 March 2020			15,730,820	5.44
2	Jaya Hind Industries Ltd.				
	At the beginning of the year 1 April 2019	9,698,160	3.35		
	Date-wise Increase/decrease				
	09/08/2019-Purchase	200	0.00	9,698,360	3.35
	At the end of the year 31 March 2020			9,698,360	3.35
3	Government Pension Fund Global				
	At the beginning of the year 1 April 2019	4,133,803	1.43		
	Date-wise Increase/decrease				
	03/05/2019-Sale	(342,046)	(0.12)	3,791,757	1.31

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	10/05/2019-Sale	(543,572)	(0.19)	3,248,185	1.12
	17/05/2019-Sale	(104,025)	(0.04)	3,144,160	1.09
	07/06/2019-Purchase	2,381	0.00	3,146,541	1.09
	14/06/2019-Purchase	11,504	0.00	3,158,045	1.09
	21/06/2019-Purchase	9,933	0.00	3,167,978	1.09
	04/10/2019-Sale	(47,728)	(0.02)	3,120,250	1.08
	01/11/2019-Sale	(16,838)	(0.01)	3,103,412	1.07
	08/11/2019-Sale	(21,776)	(0.01)	3,081,636	1.06
	29/11/2019-Sale	(56,113)	(0.02)	3,025,523	1.05
	06/12/2019-Sale	(30,366)	(0.01)	2,995,157	1.04
	13/12/2019-Sale	(25,110)	(0.01)	2,970,047	1.03
	20/12/2019-Sale	(40,196)	(0.01)	2,929,851	1.01
	27/12/2019-Sale	(9,561)	(0.00)	2,920,290	1.01
	13/03/2020-Sale	(111,959)	(0.04)	2,808,331	0.97
	20/03/2020-Sale	(104,707)	(0.04)	2,703,624	0.93
	27/03/2020-Sale	(31,249)	(0.01)	2,672,375	0.92
	At the end of the year 31 March 2020			2,774,160	0.96
4	Niraj Bajaj (as trustee of Yamuna Trust)				
	At the beginning and at the end of the year-No change during the year ended 31 March 2020	3,659,916	1.26	3,659,916	1.26
5	SBI-ETF SENSEX				
	At the beginning of the year 1 April 2019	2,184,254	0.75		
	Date-wise Increase/Decrease				
	05/04/2019-Purchase	504,932	0.17	2,689,186	0.93
	12/04/2019-Purchase	15,467	0.01	2,704,653	0.93
	12/04/2019-Sale	(15,323)	(0.01)	2,689,330	0.93
	19/04/2019-Purchase	4,888	0.00	2,694,218	0.93
	19/04/2019-Sale	(61,519)	(0.02)	2,632,699	0.91
	26/04/2019-Purchase	553	0.00	2,633,252	0.91
	26/04/2019-Sale	(197,169)	(0.07)	2,436,083	0.84
	03/05/2019-Purchase	278,381	0.10	2,714,464	0.94
	10/05/2019-Purchase	15,535	0.01	2,729,999	0.94
	10/05/2019-Sale	(18)	(0.00)	2,729,981	0.94

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iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	17/05/2019-Purchase	7,180	0.00	2,737,161	0.95
	17/05/2019-Sale	(49,804)	(0.02)	2,687,357	0.93
	24/05/2019-Purchase	2,234	0.00	2,689,591	0.93
	24/05/2019-Sale	(3,599)	(0.00)	2,685,992	0.93
	31/05/2019-Purchase	2,863	0.00	2,688,855	0.93
	31/05/2019-Sale	(73,863)	(0.03)	2,614,992	0.90
	07/06/2019-Purchase	265,586	0.09	2,880,578	1.00
	07/06/2019-Sale	(5,249)	(0.00)	2,875,329	0.99
	14/06/2019-Purchase	10,067	0.00	2,885,396	1.00
	21/06/2019-Purchase	11,310	0.00	2,896,706	1.00
	28/06/2019-Purchase	3,529	0.00	2,900,235	1.00
	28/06/2019-Sale	(90,965)	(0.03)	2,809,270	0.97
	05/07/2019-Purchase	178,956	0.06	2,988,226	1.03
	12/07/2019-Purchase	32,006	0.01	3,020,232	1.04
	19/07/2019-Purchase	25,731	0.01	3,045,963	1.05
	26/07/2019-Purchase	13,441	0.00	3,059,404	1.06
	02/08/2019-Purchase	43,306	0.01	3,102,710	1.07
	30/09/2019-Purchase	1,840	0.00	3,104,550	1.07
	30/09/2019-Sale	(1,654)	(0.00)	3,102,896	1.07
	04/10/2019-Purchase	6,612	0.00	3,109,508	1.07
	04/10/2019-Sale	(108)	(0.00)	3,109,400	1.07
	11/10/2019-Purchase	3,322	0.00	3,112,722	1.08
	11/10/2019-Sale	(2)	(0.00)	3,112,720	1.08
	18/10/2019-Purchase	17,429	0.01	3,130,149	1.08
	25/10/2019-Purchase	12,727	0.00	3,142,876	1.09
	01/11/2019-Purchase	25,819	0.01	3,168,695	1.10
	08/11/2019-Purchase	26,065	0.01	3,194,760	1.10
	15/11/2019-Purchase	22,436	0.01	3,217,196	1.11
	15/11/2019-Sale	(1,336)	(0.00)	3,215,860	1.11
	22/11/2019-Purchase	18,428	0.01	3,234,288	1.12
	22/11/2019-Sale	(13)	(0.00)	3,234,275	1.12
	29/11/2019-Purchase	13,494	0.00	3,247,769	1.12
	06/12/2019-Purchase	14,644	0.01	3,262,413	1.13
	06/12/2019-Sale	(29)	(0.00)	3,262,384	1.13
	13/12/2019-Purchase	15,199	0.01	3,277,583	1.13
	20/12/2019-Purchase	10,973	0.00	3,288,556	1.14
	20/12/2019-Sale	(249)	(0.00)	3,288,307	1.14
	27/12/2019-Purchase	618	0.00	3,288,925	1.14

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	27/12/2019-Sale	(13,000)	(0.00)	3,275,925	1.13
	31/12/2019-Purchase	3,644	0.00	3,279,569	1.13
	03/01/2020-Purchase	7,010	0.00	3,286,579	1.14
	10/01/2020-Purchase	8,508	0.00	3,295,087	1.14
	17/01/2020-Purchase	5,933	0.00	3,301,020	1.14
	17/01/2020-Sale	(411)	(0.00)	3,300,609	1.14
	24/01/2020-Purchase	8,076	0.00	3,308,685	1.14
	31/01/2020-Purchase	11,854	0.00	3,320,539	1.15
	31/01/2020-Sale	(638)	(0.00)	3,319,901	1.15
	07/02/2020-Purchase	11,234	0.00	3,331,135	1.15
	07/02/2020-Sale	(18)	(0.00)	3,331,117	1.15
	14/02/2020-Purchase	7,290	0.00	3,338,407	1.15
	14/02/2020-Sale	(16)	(0.00)	3,338,391	1.15
	21/02/2020-Purchase	6,116	0.00	3,344,507	1.16
	21/02/2020-Sale	(373)	(0.00)	3,344,134	1.16
	28/02/2020-Purchase	39,598	0.01	3,383,732	1.17
	06/03/2020-Purchase	54,581	0.02	3,438,313	1.19
	13/03/2020-Purchase	33,487	0.01	3,471,800	1.20
	20/03/2020-Purchase	796,671	0.28	4,268,471	1.48
	20/03/2020-Sale	(774,620)	(0.27)	3,493,851	1.21
	27/03/2020-Purchase	144,124	0.05	3,637,975	1.26
	31/03/2020-Purchase	55,074	0.02	3,693,049	1.28
	At the end of the year 31 March 2020			3,723,579	1.29
6	Niraj Bajaj (as trustee of Narmada Trust)				
	At the beginning and at the end of the year-No change during the year ended 31 March 2020	2,184,150	0.75	2,184,150	0.75
7	Lazard Emerging Markets Equity Portfolio				
	At the beginning of the year 1 April 2019	2,109,758	0.73		
	Date-wise Increase/decrease				
	05/04/2019-Sale	(60,197)	(0.02)	2,049,561	0.71
	26/04/2019-Sale	(50,100)	(0.02)	1,999,461	0.69
	24/05/2019-Sale	(34,581)	(0.01)	1,964,880	0.68
	07/06/2019-Sale	(22,674)	(0.01)	1,942,206	0.67

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	14/06/2019-Sale	(61,774)	(0.02)	1,880,432	0.65
	21/06/2019-Sale	(139,569)	(0.05)	1,740,863	0.60
	29/06/2019-Purchase	1,740,863	0.60	3,481,726	1.20
	29/06/2019-Sale	(1,740,863)	(0.60)	1,740,863	0.60
	26/07/2019-Sale	(39,455)	(0.01)	1,701,408	0.59
	11/10/2019-Sale	(109,402)	(0.04)	1,592,006	0.55
	22/11/2019-Sale	(37,567)	(0.01)	1,554,439	0.54
	29/11/2019-Sale	(49,021)	(0.02)	1,505,418	0.52
	06/12/2019-Sale	(33,361)	(0.01)	1,472,057	0.51
	17/01/2020-Sale	(30,724)	(0.01)	1,441,333	0.50
	07/02/2020-Sale	(33,919)	(0.01)	1,407,414	0.49
	31/03/2020-Sale	(75,521)	(0.03)	1,331,893	0.46
	At the end of the year 31 March 2020			1,365,904	0.47
8	Amansa Holdings Pvt. Ltd.				
	At the beginning of the year 1 April 2019	1,947,712	0.67		
	Date-wise Increase/Decrease				
	20/03/2020-Purchase	7,886	0.00	1,955,598	0.68
	27/03/2020-Purchase	70,814	0.02	2,026,412	0.70
	At the end of the year 31 March 2020			2,026,412	0.70
9	Tata Mutual Fund- Tata Equity P/E Fund				
	At the beginning of the year 1 April 2019	1,838,013	0.64		
	Date-wise Increase/Decrease				
	05/04/2019-Purchase	43	0.00	1,838,056	0.64
	12/04/2019-Sale	(6)	(0.00)	1,838,050	0.64
	19/04/2019-Purchase	34	0.00	1,838,084	0.64
	26/04/2019-Purchase	107	0.00	1,838,191	0.64
	03/05/2019-Purchase	3	0.00	1,838,194	0.64
	10/05/2019-Purchase	3	0.00	1,838,197	0.64
	10/05/2019-Sale	(281,322)	(0.10)	1,556,875	0.54
	17/05/2019-Purchase	61	0.00	1,556,936	0.54
	17/05/2019-Sale	(122,200)	(0.04)	1,434,736	0.50
	24/05/2019-Purchase	24	0.00	1,434,760	0.50
	24/05/2019-Sale	(3)	(0.00)	1,434,757	0.50

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	31/05/2019-Purchase	646	0.00	1,435,403	0.50
	31/05/2019-Sale	(101,184)	(0.03)	1,334,219	0.46
	07/06/2019-Purchase	11	0.00	1,334,230	0.46
	07/06/2019-Sale	(110,000)	(0.04)	1,224,230	0.42
	14/06/2019-Purchase	7	0.00	1,224,237	0.42
	21/06/2019-Purchase	122	0.00	1,224,359	0.42
	21/06/2019-Sale	(5,000)	(0.00)	1,219,359	0.42
	28/06/2019-Purchase	15	0.00	1,219,374	0.42
	28/06/2019-Sale	(5,810)	(0.00)	1,213,564	0.42
	05/07/2019-Purchase	1	0.00	1,213,565	0.42
	05/07/2019-Sale	(5,007)	(0.00)	1,208,558	0.42
	12/07/2019-Purchase	12	0.00	1,208,570	0.42
	19/07/2019-Purchase	3,024	0.00	1,211,594	0.42
	19/07/2019-Sale	(11)	(0.00)	1,211,583	0.42
	26/07/2019-Purchase	268	0.00	1,211,851	0.42
	02/08/2019-Purchase	101	0.00	1,211,952	0.42
	30/09/2019-Purchase	17	0.00	1,211,969	0.42
	30/09/2019-Sale	(7)	(0.00)	1,211,962	0.42
	18/10/2019-Purchase	157,007	0.05	1,368,969	0.47
	18/10/2019-Sale	(11)	(0.00)	1,368,958	0.47
	25/10/2019-Purchase	75,000	0.03	1,443,958	0.50
	25/10/2019-Sale	(28)	(0.00)	1,443,930	0.50
	01/11/2019-Sale	(210)	(0.00)	1,443,720	0.50
	08/11/2019-Sale	(136)	(0.00)	1,443,584	0.50
	15/11/2019-Purchase	17	0.00	1,443,601	0.50
	29/11/2019-Purchase	50,000	0.02	1,493,601	0.52
	29/11/2019-Sale	(30,000)	(0.01)	1,463,601	0.51
	06/12/2019-Purchase	7	0.00	1,463,608	0.51
	06/12/2019-Sale	(25,006)	(0.01)	1,438,602	0.50
	13/12/2019-Purchase	102	0.00	1,438,704	0.50
	20/12/2019-Purchase	8	0.00	1,438,712	0.50
	20/12/2019-Sale	(25,074)	(0.01)	1,413,638	0.49
	03/01/2020-Purchase	17	0.00	1,413,655	0.49
	10/01/2020-Purchase	10	0.00	1,413,665	0.49
	10/01/2020-Sale	(4,000)	(0.00)	1,409,665	0.49
	17/01/2020-Purchase	37,521	0.01	1,447,186	0.50
	24/01/2020-Purchase	14,021	0.00	1,461,207	0.50
	31/01/2020-Purchase	260	0.00	1,461,467	0.51
	07/02/2020-Purchase	1,755	0.00	1,463,222	0.51

iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs) (Contd.)

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	07/02/2020-Sale	(29,000)	(0.01)	1,434,222	0.50
	14/02/2020-Purchase	14	0.00	1,434,236	0.50
	14/02/2020-Sale	(158)	(0.00)	1,434,078	0.50
	21/02/2020-Sale	(29)	(0.00)	1,434,049	0.50
	28/02/2020-Purchase	9	0.00	1,434,058	0.50
	06/03/2020-Purchase	106	0.00	1,434,164	0.50
	06/03/2020-Sale	(19,750)	(0.01)	1,414,414	0.49
	13/03/2020-Purchase	1,800	0.00	1,416,214	0.49
	20/03/2020-Purchase	47,321	0.02	1,463,535	0.51
	20/03/2020-Sale	(185,000)	(0.06)	1,278,535	0.44
	27/03/2020-Purchase	2,015	0.00	1,280,550	0.44
	31/03/2020-Purchase	427	0.00	1,280,977	0.44
	At the end of the year 31 March 2020			1,457,351	0.50
10	Abhay Firodia				
	At the beginning of the year 1 April 2019	1,733,459	0.60		
	Date-wise Increase/Decrease				
	03/01/2020-Purchase	77,154	0.03	1,810,613	0.63
	03/01/2020-Sale	(77,154)	(0.03)	1,733,459	0.60
	17/01/2020-Purchase	150,000	0.05	1,883,459	0.65
	17/01/2020-Sale	(150,000)	(0.05)	1,733,459	0.60
	At the end of the year 31 March 2020			1,733,459	0.60

v) Shareholding of directors and key managerial personnel:

Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Rahul Bajaj				
	At the beginning of the year 01/04/2019	2,780,570	0.96		
	07/01/2020-Gift Given	(171,774)	(0.06)		
	07/01/2020-Gift Received	120,000	0.04		
	08/01/2020-Gift Received	120,000	0.04		
	At the end of the year 31/03/2020	2,848,796	0.98	2,848,796	0.98
2	Madhur Bajaj				
	At the beginning of the year 01/04/2019	1,674,532	0.58		
	28/01/2020-Gift Given	(268,106)	0.09		
	At the end of the year 31/03/2020	1,406,426	0.49	1,406,426	0.49
3	Rajiv Bajaj				
	At the beginning of the year 01/04/2019	767,500	0.27		
	05/07/2019-Purchase	6,400	0.00		
	07/01/2020-Gift Given	(311,000)	(0.11)		
	08/01/2020-Gift Given	(120,000)	(0.04)		
	At the end of the year 31/03/2020	342,900	0.12	342,900	0.12
4	Sanjiv Bajaj				
	At the beginning of the year 01/04/2019	514,724	0.18		
	07/01/2020-Gift Received Sanjivnayan Bajaj (Siddhant Family Trust)	57,258	0.02		
	At the end of the year 31/03/2020	571,982	0.20	571,982	0.20
5	Shekhar Bajaj				
	At the beginning of the year & at the end of the year-No change during the year ended 31/03/2020	7,220	0.00	7,220	0.00
6	Niraj Bajaj				
	At the beginning of the year & at the end of the year-No change during the year ended 31/03/2020	663,022	0.23	663,022	0.23
7	Pradeep Shrivastava				
	At the beginning of the year & at the end of the year-No change during the year ended 31/03/2020	75	0.00	75	0.00

v) Shareholding of directors and key managerial personnel: (Contd.)

Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
8	Dr. Naushad Forbes				
	At the beginning of the year & at the end of the year-No change during the year ended 31/03/2020	3,500	0.00	3,500	0.00
9	Pradip Shah				
	At the beginning of the year & at the end of the year-No change during the year ended 31/03/2020	4,000	0.00	4,000	0.00

Note: (1) Shareholding of all the other Directors-NIL.

(2) Dr. J Sridhar (Company Secretary) does not hold any shares in the company in his name as a sole/first holder.

(3) Soumen Ray (Chief Financial Officer) does not hold any shares in the company in his name as a sole/first holder.

V. Indebtedness

Indebtedness of the Company including outstanding/accrued but not due for payment

(In ₹)

Sr. No.	Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
A	Indebtedness at the beginning of the financial year				
i	Principal Amount	–	1,245,223,484	–	1,245,223,484
ii	Interest due but not paid	–	–	–	–
iii	Interest accrued but not due	–	–	–	–
	Total (i+ii+iii)	–	1,245,223,484	–	1,245,223,484
B	Change in Indebtedness during the financial year				
*	Addition	–	10,640,741	–	10,640,741
*	Reduction	–	–	–	–
	Net Change	–	10,640,741	–	10,640,741
C	Indebtedness at the end of the financial year 31 March 2020				
i	Principal Amount	–	1,255,864,225	–	1,255,864,225
ii	Interest due but not paid	–	–	–	–
iii	Interest accrued but not due	–	–	–	–
	Total (i+ii+iii)	–	1,255,864,225	–	1,255,864,225

VI. Remuneration of the directors and key managerial personnel

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or manager

(In ₹)

Sr. No.	Particulars of remuneration	Rajiv Bajaj (MD)	Rahul Bajaj (Chairman)	Pradeep Shrivastava (ED)	Rakesh Sharma (ED)	Total amount
1	Gross Salary					
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	91,048,900	23,437,500	71,692,303	67,898,761	254,077,464
	b. Value of perquisites under section 17(2) of Income Tax Act, 1961	40,189,229	20,369,559	2,858,271	2,386,006	65,803,065
	c. Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others	250,210,800	67,500,000	-	-	317,710,800
5	Others, please specify					
	- Contribution to PF etc.	17,187,744	4,764,708	4,046,717	3,266,947	29,266,116
	Total (A)	398,636,673	116,071,767	78,597,291	73,551,714	666,857,445
	Ceiling as per the Act					6,647,000,000

Notes: Salary and perquisites include all elements of remuneration i.e. salary, allowances and benefits. No bonus, pension and performance linked incentive is paid to any of the directors, except Pradeep Shrivastava and Rakesh Sharma, Executive Directors. The Company has not issued any stock option to any of the directors except to Pradeep Shrivastava and Rakesh Sharma, the non-promoter Executive Directors. The term of Managing Director/Whole-time Directors does not exceed five years.

Appointment of Managing Director/Whole-time Director is governed by a service contract for a period of five years and notice period is of ninety days and is in compliance with the applicable provisions of the Companies Act, 2013.

B. Remuneration to other directors

(In ₹)

Sr. No.	Name	Fee for attending Board/ Committee meetings	Commission	Others, please Specify	Total
1	Independent Directors				
1.	D J Balaji Rao	1,500,000	3,750,000	-	5,250,000
2.	Nanoo Pamnani*	1,000,000	5,500,000	-	6,500,000
3.	Dr. Gita Piramal	1,600,000	4,000,000	-	5,600,000
4.	Dr. Naushad Forbes	1,300,000	3,250,000	-	4,550,000
5.	Dr. Omkar Goswami	800,000	2,000,000	-	2,800,000
6.	Anami N. Roy	700,000	1,750,000	-	2,450,000
7.	Ms. Lila Poonawalla	700,000	1,750,000	-	2,450,000
8.	Pradip Shah	700,000	1,750,000	-	2,450,000
	Total (B)(1)	8,300,000	23,750,000	-	32,050,000

B. Remuneration to other directors (Contd.)

(In ₹)

Sr. No.	Name	Fee for attending Board/ Committee meetings	Commission	Others, please Specify	Total
2	Other Non-executive Directors				
1.	Sanjiv Bajaj	800,000	2,000,000	–	2,800,000
2.	Shekhar Bajaj	700,000	1,750,000	–	2,450,000
3.	Niraj Bajaj	700,000	1,750,000	–	2,450,000
4.	Madhur Bajaj	500,000	1,250,000	–	1,750,000
	Total (B)(2)	2,700,000	6,750,000	–	9,450,000
	Total (B)(1) + (B)(2)	11,000,000	30,500,000	–	41,500,000
	Overall Ceiling as per the Act				7,311,600,000

Note: Overall ceiling as per Act is not applicable to Sitting fees paid to non-executive directors.

* Passed away on 22 February 2020.

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(In ₹)

Sr. No.	Particulars of remuneration	Dr. J Sridhar (CS)	Soumen Ray (CFO)
1	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	18,673,088	40,733,100
	b. Value of perquisites u/s 17(2) of Income Tax Act, 1961	662,138	120,000
	c. Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission		
	– as % of profit	–	–
	– others	–	–
5	Others, please specify		
	– Contribution to PF etc.	1,140,531	2,062,339
	Total	20,475,757	42,915,439

VII. Penalties/punishment/compounding of offences:

During the year 2019-20, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

Annexure to Directors' Report

Remuneration Details under Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) for the year ended 31 March 2020

Sr. No.	Name of Director/KMP	Ratio of Remuneration of director to Median Remuneration of employees	% increase in the financial year
(A)	Whole-time Directors/Managerial Personnel		
	Rahul Bajaj-Chairman	174.81	1.62
	Rajiv Bajaj-Managing Director	600.36	23.38
	Pradeep Shrivastava-Executive Director	118.37	18.12
	Rakesh Sharma-Executive Director ¹	110.77	0.00
	Whole-time Directors in aggregate		19.37
(B)	Non-executive Directors²		
	Madhur Bajaj	1.88	4.17
	Sanjiv Bajaj	3.01	66.67
	Shekhar Bajaj	2.64	94.44
	D J Balaji Rao	5.65	38.89
	Nanoo Pamnani ³	8.28	11.11
	Niraj Bajaj	2.64	45.83
	Dr. Gita Piramal	6.02	56.86
	Dr. Naushad Forbes	4.89	44.44
	Dr. Omkar Goswami	3.01	66.67
	Anami N. Roy	2.64	45.83
	Ms. Lila Poonawalla ⁴	2.64	0.00
	Pradip Shah ⁵	2.64	0.00
(C)	Key Managerial Personnel		
	Rajiv Bajaj, Managing Director		23.38
	Soumen Ray, CFO		14.36
	Dr. J Sridhar, Company Secretary		20.75
(D)	Remuneration of Median Employee (other than Whole-time Directors)		1.68
(E)	Permanent employees as on 31 March 2020⁶ : 7,921		

1. Rakesh Sharma was appointed w.e.f. 1 January 2019. Figures regarding % increase in his case are therefore not comparable/not applicable.

2. (a) Remuneration payable to Non-executive directors is based on the number of meetings of the Board and its Committees attended by them as member during the year.

(b) Remuneration to directors for the above purposes does not include sitting fees paid to them for attending Board/Committee meetings.

3. (a) As approved by the Board, Late Nanoo Pamnani is being paid an additional commission of ₹ 30 Lakh, for certain additional services rendered by him during the year, at the request of the Management.

(b) Consequent upon sad demise of Nanoo Pamnani, Independent director on the Board, he ceased to be director w.e.f. 22 February 2020.

4. Ms. Lila Poonawalla was appointed w.e.f. 1 April 2019. Figures regarding % increase in her case are therefore not comparable/not applicable.

5. Pradeep Shah was appointed w.e.f. 1 April 2019. Figures regarding % increase in his case are therefore not comparable/not applicable.

6. The term 'Permanent Employees' does not include trainees, probationers and contract employees.

Notes on Disclosures under Rule 5

1. In FY 2019-20, the remuneration of median employee other than Whole-time Directors increased by 1.68% over the previous year.
2. Increase in the remuneration of the Whole-time Directors/Managerial Personnel, which in the aggregate was 19.37% during the year under review, was given, keeping in view the trends of remuneration in industry.
3. The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial Audit Report (Form No. MR-3)

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

For the financial year ended 31 March 2020.

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bajaj Auto Ltd. (hereinafter called as 'the Company'). Subject to limitation of physical interaction and verification of records caused by COVID-19 pandemic lock down while taking review after completion of financial year, the Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2020, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2020, according to the provisions of:

- 1) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

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

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

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

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

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

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

Pune: 20 May 2020
UDIN: F001587B000260791

Shyamprasad D Limaye
FCS No. 1587 CP No. 572

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

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

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

Mumbai-Pune Road,
Akurdi, Pune 411 035.

1. The Corporate Governance Report prepared by Bajaj Auto Ltd. (hereinafter 'the Company'), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations') ('Applicable criteria') for the year ended 31 March 2020 as required by the Company for annual submission to the Stock Exchange.

Management's responsibility

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

Auditors' responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditors' judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on 31 March 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings held between 1 April 2019 to 31 March 2020:
 - (a) Board of Directors meetings;
 - (b) Audit Committee meetings;
 - (c) Annual General meeting;

- (d) Nomination and Remuneration Committee meetings;
 - (e) Stakeholders Relationship Committee meeting; and
 - (f) Duplicate Share Certificate Issuance Committee meeting;
 - v. Obtained and read the draft minutes of the following committee meetings held on 20 May 2020 for the year ended 31 March 2020:
 - (a) independent directors meeting in compliance with MCA General circular No. 11/2020 dated 24 March 2020;
 - (b) Risk Management Committee meeting in compliance with SEBI circular no SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated 26 March 2020.
 - vi. Obtained necessary declarations from the directors of the Company.
 - vii. Obtained and read the policy adopted by the Company for related party transactions.
 - viii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the Audit Committee meeting wherein such related party transactions have been pre-approved prior by the Audit Committee.
 - ix. Performed necessary inquiries with the Management and also obtained necessary specific representations from Management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended 31 March 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

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

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

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAABV7525

Pune: 20 May 2020

Declaration by Chief Executive Officer (MD)

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

I, Rajiv Bajaj, Managing Director and CEO of Bajaj Auto Ltd. hereby declare that all the members of Board of Directors and Senior Management have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of the Company for the year ended 31 March 2020.

Rajiv Bajaj
Managing Director and CEO

Pune: 20 May 2020

Certificate by Practising Company Secretary

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

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

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company and subject to limitation of physical interaction and verification of records caused by COVID-19 pandemic lock down;

I certify that the following persons are Directors of the Company (during 01/04/2019 to 31/03/2020) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Rahul Kumar Kamalnayan Bajaj	00014529	Executive Chairman
2	Madhukumar Ramkrishnaji Bajaj	00014593	Non-Executive Vice Chairman
3	Rajivnayan Rahul Kumar Bajaj	00018262	Managing Director
4	Sanjivnayan Rahul Kumar Bajaj	00014615	Non-Executive Director
5	Shekhar Bajaj	00089358	Non-Executive Director
6	Niraj Kumar Ramkrishnaji Bajaj	00028261	Non-Executive Director
7	Balaji Rao Jagannathrao Doveton	00025254	Independent Director
8	Gita Piramal	01080602	Independent Director
9	Pradeep Shrivastava	07464437	Executive Director
10	Naushad Darius Forbes	00630825	Independent Director
11	Omkar Goswami	00004258	Independent Director
12	Anami Narayan Prema Roy	01361110	Independent Director
13	Rakesh Sharma	08262670	Executive Director
14	Pradip Panalal Shah	00066242	Independent Director
15	Lila Firoz Poonawalla	00074392	Independent Director

Note: Nanoo Gobindram Pamnani, Independent Director ceased to be director on 22 February 2020 on account of death.

Pune: 20 May 2020
UDIN: F001587B000260791

Shyamprasad D Limaye
FCS No. 1587 CP No. 572



STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

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

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Bajaj Auto Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditors' responsibilities for the audit of the standalone financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Independent Auditors' Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements (Contd.)

Key audit matters

How our audit addressed the key audit matter

Impact of COVID-19 on the Company's financial statements (as described in note 42 of the standalone financial statements)

Coronavirus disease 2019 ('COVID-19'), was declared a global pandemic by World Health Organisation.

In line with the directions on lockdown issued by the State Governments of Maharashtra and Uttarakhand, the Company temporarily suspended the operations of its manufacturing units at four locations from 23 March 2020 till 31 March 2020; and subsequently upto further dates as instructed by the respective State Governments.

COVID-19 has resulted in restriction in movement of goods during the period from 23 March 2020 till 31 March 2020 impacting normal business operations for the Company including revenues, receivables, purchases including services and inventories at the year-end and hence considered key audit matter.

We have performed the following procedures to assess and evaluate the impact on financial statements because of business decisions, government actions or economic environment developments:

- Performed cut-off procedures for a larger sample of invoices during the lockdown period for both domestic as well as export sales.
- Enquired with the Company on the manner of financial support (if any) provided to the dealers, vendors and service providers; and their recognition in the financial statements.
- Enquired with the Company on any information on the liquidity position of any dealers; and ascertained the need for any additional provisioning for impairment/credit loss in the financial statements.
- We assessed the disclosures on COVID-19 made in the financial statements.
- Our ability to perform regular audit procedures has been impacted which has required us in certain cases to perform alternative audit procedures and exercise significant judgment in respect of the following:
 - a) Audit and quality control procedures which were earlier performed in person could not be performed; and hence alternative procedures have been performed based on inquiries (through phone calls, video calls and e-mail communications) and review of scanned documentation sent through e-mails, followed up with sighting with original documents.
 - b) Year-end inventory observation of inventory counts could not be performed. However, inventory counts were observed subsequent to year-end; and rolled back to year-end.

We have determined that there are no other key audit matters to communicate in our report.

Information other than the financial statements and auditors' report thereon

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

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

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

Responsibilities of Management for the standalone financial statements

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

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

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

Independent Auditors' Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements (Contd.)

Auditors' responsibilities for the audit of the standalone financial statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended 31 March 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit we give in the 'Annexure 1' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

Independent Auditors' Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements (Contd.)

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;
- (g) In our opinion, the managerial remuneration for the year ended 31 March 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 34 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 32 (c) to the standalone financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAABR2538
Pune: 20 May 2020

Annexure 1 to Independent Auditors' Report

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

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the Management during the year but there is a regular program of verification designed to cover all items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the Management, the title deeds of immovable properties included in property, plant and equipment; and investment property are held in the name of the Company except for buildings acquired in the prior years having a gross block of ₹ 15.02 crore and a net block of ₹ 11.92 crore whose final registration is pending as disclosed in note 2 to the standalone financial statements of the Company.
2. The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at 31 March 2020 and no material discrepancies were noticed in respect of such confirmations.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments made have been complied with by the Company.
5. The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act for the products of the Company.
7. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, customs duty, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, customs duty, goods and service tax, cess and other statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income tax, sales tax, service tax, customs duty, excise duty, value added tax, goods and service tax and cess on account of any dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	327.48	Various years from 2010-11 to 2016-17	Supreme Court
	Excise Duty	1.43	Various years from 1985-86 to 2001-02	High Court
	Excise Duty	1.37	Various years from 1983-84 to 2014-15	Custom Excise and Service Tax Appellate Tribunal
	Excise Duty	0.77	Various years from 1991-92 to 2017-18	Commissioner Appeals
Central Sales Tax Act, 1956 and Sales Tax Act of various states	Sales Tax	0.99	Various years from 1996-97 to 2001-02	High Court
	Sales Tax	80.96	Various years from 2001-02 to 2010-11	Appellate Tribunal
	Sales Tax	0.25	Financial year 2009-10	Appellate Authority
	Sales Tax	56.07	Various years from 1999-00 to 2014-15	Appellate Authority

Annexure 1 to Independent Auditors' Report (Contd.)

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	502.01	Various years from 2007-08 to 2011-12	Income Tax Appellate Tribunal
	Income Tax	84.75	Financial year 2013-14 and 2014-15	Commissioner of Income Tax (Appeals)
The Finance Act, 1994	Service Tax	20.99	Various years from 2007-08 to 2011-12	Custom Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Customs Duty	3.85	Financial year 1984-85 and 1985-86	High Court
	Customs Duty	0.07	Financial year 2017-18	Commissioner Appeals
	Customs Duty	5.50	Various years from 1977-78 to 2013-14	Assistant Commissioner of Customs
Octroi	Octroi Duty	8.44	Various years from 1988-89 to 2004-05 and from 2012-13 to 2016-17	High Court
	Octroi Duty	4.23	Various years from 1981-82 to 1988-89	District Court

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

8. In our opinion and according to the information and explanations given by the Management, the Company has not defaulted in repayment of sales tax deferral loans to the Government. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or dues to debenture holders during the year.
9. According to the information and explanations given by the Management, the Company has not raised any money way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
11. According to the information and explanations given by the Management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
13. According to the information and explanations given by the Management, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
14. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
15. According to the information and explanations given by the Management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
16. According to the information and explanations given by the Management, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAABR2538
Pune: 20 May 2020

Annexure 2 to Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Bajaj Auto Ltd. ('the Company') as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of internal financial controls over financial reporting with reference to these financial statements

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

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

Annexure 2 to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAABR2538
Pune: 20 May 2020

Balance Sheet

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	1,602.03	1,688.69
Capital work-in-progress	2	46.54	11.54
Investment property	3	53.90	55.50
Intangible assets	4	43.09	19.75
Intangible assets under development	4	13.65	36.48
Investments in subsidiaries	5A	1,233.26	1,222.72
Financial assets			
Investments	5B	14,182.94	16,360.16
Trade receivables	10	—	—
Loans	6	32.46	31.63
Other financial assets	7	3.13	0.02
Income tax assets (net)		714.81	584.41
Other non-current assets	8	250.53	306.83
		18,176.34	20,317.73
Current assets			
Inventories	9	1,063.50	961.51
Financial assets			
Investments	5B	2,779.75	1,576.48
Trade receivables	10	1,725.10	2,559.69
Cash and cash equivalents	11	277.33	905.38
Other bank balances	12	30.94	17.43
Loans	6	6.11	6.34
Other financial assets	7	77.56	112.94
Other current assets	8	636.67	922.89
		6,596.96	7,062.66
		24,773.30	27,380.39

Balance Sheet (Contd.)

(₹ In Crore)			
Particulars	Note No.	As at 31 March	
		2020	2019
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	289.37	289.37
Other equity	14	19,636.12	21,490.53
		19,925.49	21,779.90
Non-current liabilities			
Financial liabilities			
Sales tax deferral	15	125.59	124.52
Provisions	16	80.50	14.56
Deferred tax liabilities (net)	17	346.38	542.66
Government grant		41.30	43.95
Other non-current liabilities	18	0.83	1.12
		594.60	726.81
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		13.73	2.65
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,185.97	3,784.08
Other financial liabilities	19	548.27	370.97
Other current liabilities	20	328.88	556.97
Provisions	16	157.97	140.62
Government grant		2.65	2.65
Current tax liabilities (net)		15.74	15.74
		4,253.21	4,873.68
		24,773.30	27,380.39
Summary of significant accounting policies followed by the Company	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Dr. J Sridhar
Company Secretary

Rahul Bajaj
Chairman

Rajiv Bajaj
Managing Director

Madhur Bajaj
Vice Chairman

Statement of Profit and Loss

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2020	2019
Revenue from contracts with customers		29,111.54	29,567.25
Other operating revenue		807.11	790.32
Revenue from operations	21	29,918.65	30,357.57
Other income	22	1,733.56	1,438.85
Total income		31,652.21	31,796.42
Expenses			
Cost of raw materials and components consumed		19,484.62	20,274.72
Purchase of traded goods		1,586.67	1,579.38
Changes in inventories of finished goods, work-in-progress and traded goods	23	(63.01)	(56.42)
Employee benefits expense	24	1,389.21	1,255.40
Finance costs	25	3.16	4.48
Depreciation and amortisation expense	26	246.43	265.69
Other expenses	27	2,454.90	2,142.11
Expenses, included in above items, capitalised		(29.97)	(30.10)
Total expenses		25,072.01	25,435.26
Profit before exceptional items and tax		6,580.20	6,361.16
Exceptional items	28	–	(342.00)
Profit before tax		6,580.20	6,703.16
Tax expense			
Current tax		1,547.26	1,818.59
Deferred tax		(67.04)	209.39
Total tax expense	29	1,480.22	2,027.98
Profit for the year		5,099.98	4,675.18

Statement of Profit and Loss (Contd.)

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2020	2019
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(37.95)	(5.47)
Tax impact on above		4.76	1.91
Changes in fair value of FVTOCI equity instruments		(550.03)	84.33
Tax impact on above		62.39	(9.82)
Items that will be reclassified to profit or loss			
Valuation gains/(losses) on derivative hedging instruments		(221.11)	5.54
Tax impact on above		62.09	(1.94)
Other comprehensive income for the year (net of tax)		(679.85)	74.55
Total comprehensive income for the year		4,420.13	4,749.73
Basic and diluted Earnings per share (in ₹)	30	176.3	161.6
(Nominal value per share ₹ 10)			
Summary of significant accounting policies followed by the Company	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

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

Rahul Bajaj
Chairman

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Rajiv Bajaj
Managing Director

Dr. J Sridhar
Company Secretary

Madhur Bajaj
Vice Chairman

Statement of Changes in Equity

A. Equity share capital

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2020	2019
At the beginning of the year		289.37	289.37
Changes in equity share capital		–	–
At the end of the year	13	289.37	289.37

B. Other equity

Particulars	Note No.	Reserves and surplus		Other reserves					Total other equity
		General reserve	Retained earnings	Cash flow hedging reserve	Costs of hedging reserve	FVTOCI reserve	Share based payments reserve	Treasury shares	
Balance as at 31 March 2018	14	4,453.60	14,321.65	79.72	(40.48)	–	–	–	18,814.49
Profit for the year		–	4,675.18	–	–	–	–	–	4,675.18
Other comprehensive income (net of tax)		–	(3.56)	(19.41)	23.01	74.51	–	–	74.55
Total comprehensive income for the year ended 31 March 2019		–	4,671.62	(19.41)	23.01	74.51	–	–	4,749.73
Transactions with owners in their capacity as owners									
Transfer from Retained earnings to General reserve		468.00	(468.00)	–	–	–	–	–	–
Final dividend for the year ended 31 March 2018		–	(1,736.20)	–	–	–	–	–	(1,736.20)
Tax on final dividend as above		–	(337.49)	–	–	–	–	–	(337.49)
Balance as at 31 March 2019	14	4,921.60	16,451.58	60.31	(17.47)	74.51	–	–	21,490.53
Profit for the year		–	5,099.98	–	–	–	–	–	5,099.98
Recognition of share based payments to employees		–	–	–	–	–	10.01	–	10.01
Other comprehensive income (net of tax)		–	(33.19)	(54.68)	(104.34)	(487.64)	–	–	(679.85)
Total comprehensive income for the year ended 31 March 2020		–	5,066.79	(54.68)	(104.34)	(487.64)	10.01	–	4,430.14
Transactions with owners in their capacity as owners									
Transfer from Retained earnings to General reserve		510.00	(510.00)	–	–	–	–	–	–
Treasury shares held by ESOP Trust		–	–	–	–	–	–	(26.62)	(26.62)
Final dividend for the year ended 31 March 2019		–	(1,736.20)	–	–	–	–	–	(1,736.20)
Tax on final dividend as above		–	(335.57)	–	–	–	–	–	(335.57)
Interim dividend for the year ended 31 March 2020		–	(3,472.40)	–	–	–	–	–	(3,472.40)
Tax on interim dividend as above		–	(713.76)	–	–	–	–	–	(713.76)
Balance as at 31 March 2020	14	5,431.60	14,750.44	5.63	(121.81)	(413.13)	10.01	(26.62)	19,636.12

Summary of significant accounting policies followed by the Company

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

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

Rahul Bajaj
Chairman

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Rajiv Bajaj
Managing Director

Dr. J Sridhar
Company Secretary

Madhur Bajaj
Vice Chairman

Statement of Cash Flows

(₹ In Crore)

For the year ended 31 March

Particulars	2020	2019
I. Operating activities		
Profit before tax	6,580.20	6,703.16
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
i) Depreciation and amortisation	246.43	265.69
ii) Loss on property, plant and equipment sold, demolished, discarded and scrapped	13.70	8.41
iii) Provision for doubtful debts and advances	22.01	1.19
iv) Share based payment to employees	10.01	–
v) Exchange loss/(gain) on cash and cash equivalents	(2.16)	26.96
vi) Exchange loss/(gain) on trade receivables	(15.41)	2.94
vii) Exchange loss/(gain) on import payables	(1.98)	(0.02)
viii) Interest adjustment on Government grant	1.06	0.96
ix) Interest expense	2.10	3.52
	275.76	309.65
Less:		
i) Investment income included in above:		
Interest income on fixed income securities	17.04	24.33
Interest income on fixed deposits	28.90	–
Interest income on fixed maturity plans	903.55	829.65
Profit on sale of other investments, net	19.53	1.92
Gain on valuation and realisation of mutual funds measured at fair value through profit or loss	462.70	361.19
Dividend income on investments in subsidiaries	208.99	94.36
Dividend income on other strategic investments	25.38	–
Amortisation of premium/discount on acquisition of fixed income securities	18.24	48.21
	1,684.33	1,359.66
ii) Provision for doubtful debts and advances written back (net)	0.54	1.22
iii) Government grants	2.65	2.65
iv) Exceptional item - NCCD reversal	–	342.00
v) Surplus on sale of property, plant and equipment	5.28	55.05
	(1,692.80)	(1,760.58)
	5,163.16	5,252.23
Change in assets and liabilities		
i) (Increase)/decrease in inventories	(101.99)	(218.93)
ii) (Increase)/decrease in trade receivables	828.53	(1,070.47)
iii) (Increase)/decrease in loans and other assets	409.28	(167.67)
iv) Increase/(decrease) in liabilities and provisions	(759.30)	664.55
	376.52	(792.52)
Annuity payments (net) to VRS/Welfare scheme optees	(0.26)	(5.84)
Net cash flow from operating activities before income tax	5,539.42	4,453.87
Income tax refund/(paid) for earlier years (net)	–	(10.00)
Income tax paid	(1,677.66)	(1,954.34)
Net cash flow from/(used in) operating activities	3,861.76	2,489.53
Carried forward	3,861.76	2,489.53

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2020	2019
Brought forward	3,861.76	2,489.53
II. Investing activities		
i) Investment in subsidiary	(10.54)	–
ii) Sale of investments	5,178.94	9,140.38
iii) Purchase of investments	(3,517.96)	(9,600.95)
iv) Sale/(purchase) of liquid mutual funds, etc., net	166.96	214.81
v) Investment in treasury shares by ESOP trust	(26.62)	–
vi) (Increase)/decrease in other bank balances	(13.51)	(0.37)
vii) Purchase of property, plant and equipment (including advances)	(282.81)	(163.53)
viii) Sale proceeds of property, plant and equipment	16.74	76.16
ix) Capital expenditure on development of technical know-how	(13.93)	(20.78)
	1,497.27	(354.28)
x) Investment income		
Interest income on fixed income securities	17.04	24.33
Interest income on fixed deposits	28.90	–
Dividend income on investments in subsidiaries	208.99	94.36
Dividend income on other strategic investments	25.38	–
	280.31	118.69
(Increase)/decrease in interest receivable	(23.04)	(8.49)
	257.27	110.20
Net cash flow from/(used in) investing activities	1,754.54	(244.08)
Carried forward	5,616.30	2,245.45

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2020	2019
Brought forward	5,616.30	2,245.45
III. Financing activities		
i) Interest expense	(2.10)	(3.52)
ii) Deferral of sales tax deferral liability	–	2.79
iii) Dividend, including interim dividend paid	(5,195.10)	(1,735.83)
iv) Corporate dividend tax paid	(1,049.31)	(337.49)
Net cash flow from/(used in) financing activities	(6,246.51)	(2,074.05)
Net change in cash and cash equivalents	(630.21)	171.40
Cash and cash equivalents at the beginning of the year	905.38	760.94
Add/(Less): Effects of exchange loss/(gain) on cash and cash equivalents	2.16	(26.96)
Cash and cash equivalents at the end of the year [See note 11]	277.33	905.38

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Dr. J Sridhar
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Rajiv Bajaj
Managing Director

Madhur Bajaj
Vice Chairman

Notes to standalone financial statements for the year ended 31 March 2020

Background

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

The standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company on 20 May 2020.

1 Summary of significant accounting policies followed by the Company

Basis of preparation

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

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

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

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

Significant accounting policies

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

1 Use of estimates, judgments and assumptions

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

- a) Estimation of fair value of derivative instruments
- b) Estimation of variable considerations in revenue
- c) Provision for warranties
- d) Provision for employee benefits
- e) Provision for tax expenses
- f) Residual value and useful life of property, plant and equipment
- g) Valuation of investments
- h) Inventory provisioning

2 Revenue from contracts with customers

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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

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

Sale of goods (vehicles or parts)

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

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

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

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

Variable consideration

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

Consideration payable to the customer

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

Warranty obligations

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

Financing component

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

Principal versus agent consideration in respect of freight

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

Contract balances

Trade receivables

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

Contract liabilities

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

Refund liabilities

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

3 Property, plant and equipment and depreciation/amortisation

A. Property, plant and equipment

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

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

(a) Leasehold land

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

(b) Other tangible assets

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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

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

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

4 Intangible assets**A. Technical know-how acquired**

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

B. Technical know-how developed by the Company

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

C. Research and development costs

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

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

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

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

5 Investment property

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

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

6 Investments and financial assets

A. Investment in subsidiaries

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

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

B. Other investments and financial assets

i. Classification

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

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

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

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

ii. Measurement

Initial measurement

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

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

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

For a financial asset to be classified and subsequently measured at amortised cost or FVTOCI (excluding equity instruments which are measured at FVTOCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

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

Subsequent measurement

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

Subsequently measured at amortised cost:

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

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

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

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

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

Subsequently measured at FVTOCI:

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

Equity instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Subsequently measured at FVTPL:

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

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

iii. Impairment of financial assets

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

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

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

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

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

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

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

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

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

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

iv. Derecognition of financial assets

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset or the rights to receive cash flows from the financial asset have expired. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

v. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The Company applies amortised cost, where it has ability to demonstrate that the underlying instruments in the portfolio fulfill the solely payments of principal and interest ('SPPI') test and the churn in the portfolio is negligible.

7 Derivative and hedging activities

The Company uses derivative financial instruments such as range forward and par forward currency contracts to hedge its foreign currency risks. Such derivative instruments are initially recognised at fair value on the date at which the derivative contract is entered and are subsequently re-measured at fair value as at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

The Company documents its risk management objectives and strategy for undertaking various hedge transactions. In terms thereof, the Company designates their derivatives as hedges of foreign exchange risks associated with the cash flow of highly probable forecast transactions (viz. export sales).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than or equal to 12 months.

Cash flow hedges that qualify for hedge accounting –

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

For hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

When forward contracts are used to hedge forecast transactions, the Company designates them in entirety as the hedging instrument. Any gains or losses arising from changes in the fair value for the effective portion of cash flow hedges is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

Where option contracts are used to hedge forecast transactions, the Company designates intrinsic value of the option contract as hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contract are recognised in the cash flow hedging reserve within equity. The changes in time value of the option contracts that relate to the hedged items are recognised through other comprehensive income in 'Costs of hedging reserve' within equity.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Profit and Loss. When a hedging instrument is unexercised and expires, the cumulative gain or loss is reversed within equity with the corresponding effect to the hedge receivable/payable.

If the hedge ratio for risk management is no longer optimal, but risk management objectives remain unchanged and hedge continues to qualify for hedge accounting, the hedge relationships are re-balanced so that the hedge ratio aligns. Consequently, hedge ineffectiveness is computed and accounted for in the Statement of Profit and Loss immediately.

8 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units).

9 Foreign currency transactions

- i) Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency').
- ii) On initial recognition, all foreign currency transactions are recorded at the foreign exchange rate on the date of the transaction.
- iii) Monetary assets and liabilities in foreign currency outstanding at the close of the financial year are revalued at the appropriate exchange rates prevailing at the close of the year.
- iv) The gain or loss on decrease/increase in reporting currency due to fluctuations in foreign exchange rates, in case of monetary assets and liabilities in foreign currency, are recognised in the Statement of Profit and Loss.
- v) Fixed assets purchased at liaison offices in foreign exchange are recorded at their historical cost computed with reference to the average rate of foreign exchange remitted to the liaison office.
- vi) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- vii) In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

10 Inventories

Cost of inventories have been computed to include all costs of purchases (including materials), cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- i) Finished stocks of vehicles and auto spare parts and stocks of work-in-progress are valued at cost of manufacturing or net realisable value whichever is lower. Cost is calculated on a weighted average basis.
- ii) Stores, packing materials and tools are valued at cost arrived at on a weighted average basis or net realisable value, whichever is lower.
- iii) Raw materials and components are valued at cost arrived at on a weighted average basis or net realisable value, whichever is lower.
- iv) Inventory of machinery spares and maintenance materials not being material are expensed in the year of purchase.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

- v) Goods in transit are stated at actual cost incurred up to the date of Balance Sheet.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

11 Employee benefits

a) Privilege leave entitlements

Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, subject to terms and conditions of the scheme, the liability is recognised based on an independent actuarial valuation.

They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

b) Gratuity

Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully covers the same under Cash Accumulation Policy and Debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the liability based on an independent actuarial valuation is recognised as a liability.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method in conformity with the principles and manner of computation specified in Ind AS 19.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

c) Superannuation

Defined contribution to superannuation fund is being made as per the scheme of the Company and recognised as expense as and when due.

- d) **Provident fund contributions** are made to Company's Provident Fund Trust. The contributions are accounted for as defined benefit plans and the contributions are recognised as employee benefit expense when they are due. Deficits, if any, of the fund as compared to liability based on an independent actuarial valuation is to be additionally contributed by the Company and hence recognised as a liability.

- e) **Defined contribution to Employees Pension Scheme 1995** is made to Government Provident Fund Authority and recognised as expense as and when due.

12 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.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

- b) Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
- c) Deferred tax is provided using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

13 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When the likelihood of outflow of resources is remote, no provision or disclosure is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

14 Operating leases including investment properties

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to note 1 clause 8 for accounting policies on impairment of non-financial assets.

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

c) Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces and certain equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

15 Government grant

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

Government grants in the nature of export incentives are accounted for in the period of export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are reasonably expected to be fulfilled.

When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a Government grant. The loan or assistance is initially recognised and measured at fair value and the Government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

16 Dividends

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

17 Cash and cash equivalents

For presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources.

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

19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Core Management Committee which includes the Managing Director who is the Chief Operating Decision Maker. The Core Management Committee examines performance both from a product as well as from a geographical perspective and has identified two operative reportable segments from which significant risks and rewards are derived viz. Automotive business and Investments.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

20 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each Balance Sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company has set policies and procedures for both recurring and non-recurring fair value measurement of financial assets, which includes valuation techniques and inputs to use for each case.

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 1 clause 1)
- Quantitative disclosures of fair value measurement hierarchy (note 31)
- Investment properties (note 3)
- Financial instruments (including those carried at amortised cost) (note 31)

21 Other Income

a) Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, and it is probable that the economic benefits associated with the dividend will flow to the Company and that the amount of the dividend can be measured reliably.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

b) Other income

The Company recognises income on accrual basis. However, where the ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent revenue is reasonably certain and can be reliably measured.

22 Employee stock options

Certain employees (including senior executives) of the Company receive part of their remuneration in the form of employee stock options (ESOP).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in note 41.

That cost is recognised, together with a corresponding increase in share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of ESOPs, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an ESOP, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an ESOP and lead to an immediate expensing of an ESOP unless there are also service and/or performance conditions.

No expense is recognised for ESOPs that do not ultimately vest because non-market performance and/or service conditions have not been met. Where ESOPs include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

23 Treasury shares

The Company has created an ESOP Trust (the 'Trust') for providing share-based payment to its employees. The Company uses the Trust as a vehicle for distributing shares to employees under the Employee Stock Option Scheme. The Trust purchase shares of the Company from the market, for giving shares to employees. The Company treats Trust as its extension and shares held by the Trust are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Share options exercised during the reporting period are settled with treasury shares.

24 Changes in accounting policies and disclosures

New and amended standards

The Company applied Ind AS 116 – Leases ('Ind AS 116') for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in March 2020, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Balance Sheet.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Based on the Company's evaluation, the standard did not have significant impact on the financial statements of the Company.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 'Income Taxes'. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgment in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its consolidated financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. Based on the Company's evaluation, the Appendix did not have an impact on the financial statements of the Company.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

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

Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

Ind AS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Company does not have any borrowings, the amendment had no impact on the financial statements of the Company.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

2 Property, plant and equipment

Current year

(₹ In Crore)									
Particulars	Gross block (a)				Depreciation				Net block
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions	For the year (d)	As at 31 March 2020	As at 31 March 2020
Land freehold	19.97	–	–	19.97	–	–	–	–	19.97
Land leasehold (Right-of-use assets)	52.39	–	4.46	47.93	–	–	–	–	47.93
Buildings (b) (c)	932.10	8.39	–	940.49	312.94	–	25.43	338.37	602.12
Waterpumps, reservoirs and mains	17.36	0.03	–	17.39	12.76	–	0.78	13.54	3.85
Plant and machinery	1,364.15	27.22	29.77	1,361.60	978.74	23.42	61.48	1,016.80	344.80
Computers and IT equipment	77.50	4.11	0.03	81.58	68.27	0.03	5.66	73.90	7.68
Dies and jigs	778.38	73.30	278.24	573.44	554.77	273.54	60.95	342.18	231.26
Electric installations	74.29	–	–	74.29	68.53	–	1.51	70.04	4.25
Factory equipment	401.00	22.89	9.28	414.61	199.64	7.50	25.93	218.07	196.54
Furniture	40.83	1.55	0.22	42.16	22.80	0.17	3.33	25.96	16.20
Office equipment	45.26	2.46	2.07	45.65	35.43	2.05	3.08	36.46	9.19
Electric fittings	31.81	1.50	0.15	33.16	23.43	0.14	1.73	25.02	8.14
Vehicles and aircraft	361.31	28.46	20.76	369.01	230.35	12.32	40.88	258.91	110.10
Total	4,196.35	169.91	344.98	4,021.28	2,507.66	319.17	230.76	2,419.25	1,602.03
Capital work-in-progress	11.54	42.78	7.78	46.54	–	–	–	–	46.54

(a) At cost, except leasehold land which is at cost, less adjustment towards amortisation.

(b) Includes premises on ownership basis in Co-operative Society ₹ 25.26 crore and cost of shares therein ₹ 5,250.

(c) Includes premises purchased, pending registration amounting to ₹ 15.02 crore.

(d) Refer note 1 clause 3 of summary of significant accounting policies.

Previous year

(₹ In Crore)									
Particulars	Gross block (a)				Depreciation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions	For the year (d)	As at 31 March 2019	As at 31 March 2019
Land freehold	20.09	–	0.12	19.97	–	–	–	–	19.97
Land leasehold (Right-of-use assets)	53.04	–	0.65	52.39	–	–	–	–	52.39
Buildings (b) (c)	929.46	3.12	0.48	932.10	287.11	0.08	25.91	312.94	619.16
Waterpumps, reservoirs and mains	17.31	0.05	–	17.36	11.96	–	0.80	12.76	4.60
Plant and machinery	1,381.46	36.71	54.02	1,364.15	966.75	49.49	61.48	978.74	385.41
Computers and IT equipment	77.59	2.34	2.43	77.50	63.42	2.43	7.28	68.27	9.23
Dies and jigs	739.01	57.39	18.02	778.38	511.60	14.22	57.39	554.77	223.61
Electric installations	73.83	0.46	–	74.29	66.99	–	1.54	68.53	5.76
Factory equipment	376.79	26.31	2.10	401.00	175.63	1.71	25.72	199.64	201.36
Furniture	49.60	1.82	10.59	40.83	30.30	10.59	3.09	22.80	18.03
Office equipment	50.58	5.53	10.85	45.26	41.96	10.85	4.32	35.43	9.83
Electric fittings	31.53	0.28	–	31.81	21.51	–	1.92	23.43	8.38
Vehicles and aircraft	648.85	17.19	304.73	361.31	450.69	284.45	64.11	230.35	130.96
Total	4,449.14	151.20	403.99	4,196.35	2,627.92	373.82	253.56	2,507.66	1,688.69
Capital work-in-progress	11.15	9.48	9.09	11.54	–	–	–	–	11.54

(a) At cost, except leasehold land which is at cost, less adjustment towards amortisation.

(b) Includes premises on ownership basis in Co-operative Society ₹ 25.26 crore and cost of shares therein ₹ 5,250.

(c) Includes premises purchased, pending registration amounting to ₹ 15.02 crore.

(d) Refer note 1 clause 3 of summary of significant accounting policies.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

3 Investment property

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Gross carrying amount		
Opening balance	69.66	69.66
Additions	—	—
Closing balance	69.66	69.66
Accumulated depreciation		
Opening balance	14.16	12.55
Depreciation charge	1.60	1.61
Closing balance	15.76	14.16
Net carrying amount	53.90	55.50

i) Amounts recognised in profit and loss for investment properties

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Rental income	15.73	15.24
Direct operating expenses from property that generated rental income	(0.20)	(0.55)
Direct operating expenses from property that did not generate rental income	—	—
Profit from investment properties before depreciation	15.53	14.69
Depreciation	(1.60)	(1.61)
Profit from investment property	13.93	13.08

ii) Contractual obligations

The Company has no restrictions on the realisability of its investment property. There are no contractual obligations to purchase, construct or develop investment property as at the year end.

iii) Leasing arrangements

Investment property is leased out to various tenants under operating leases. Disclosure on future rent receivable is included in note 39.

iv) Fair value

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Investment property	201.20	201.20

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Company are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

4 Intangible assets

Current year

(₹ In Crore)

Particulars	Gross block				Amortisation			Net block	
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions	For the year	As at 31 March 2020	As at 31 March 2020
Intangible assets									
Technical know-how developed	29.62	36.76	–	66.38	9.87	–	13.42	23.29	43.09
Total intangible assets	29.62	36.76	–	66.38	9.87	–	13.42	23.29	43.09
Intangible assets under development	36.48	13.93	36.76	13.65	–	–	–	–	13.65

Previous year

(₹ In Crore)

Particulars	Gross block				Amortisation			Net block	
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions	For the year	As at 31 March 2019	As at 31 March 2019
Intangible assets									
Technical know-how developed	–	29.62	–	29.62	–	–	9.87	9.87	19.75
Total intangible assets	–	29.62	–	29.62	–	–	9.87	9.87	19.75
Intangible assets under development	45.32	20.78	29.62	36.48	–	–	–	–	36.48

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

5 Investments

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
(A) Investments in subsidiaries				
Investments carried at cost				
In subsidiaries:				
Unquoted:				
1,980,000 (1,980,000) Equity Shares of Euro 100 each in Bajaj Auto International Holding BV Amsterdam, Netherlands	1,218.72	1,218.72	—	—
449,997 (—) Equity Shares of Thai Baht 100 each in Bajaj Auto (Thailand) Ltd.	10.54	—	—	—
411,875 (411,875) Equity Shares of US \$ 3 each in PT Bajaj Auto Indonesia	6.17	6.17	—	—
Less: Provision for diminution in the value of investment	2.17	2.17	—	—
	4.00	4.00	—	—
Total (A)	1,233.26	1,222.72	—	—
(B) Other Investments				
Investment carried at fair value through OCI				
In Equities:				
Quoted:				
3,500,000 (2,910,050) Equity Shares of ₹ 10 each in Bajaj Holdings & Investments Ltd.	629.49	994.23	—	—
Unquoted:				
13,865 (—) Compulsorily Convertible Preference Shares (CCPS) of ₹ 100 each in Yulu Bikes Private Ltd.	71.50	—	—	—
Fair value	700.99	994.23	—	—
Investment carried at amortised cost				
In Bonds & debentures:				
Quoted:				
— (200) 8.85% Corporation Bank of ₹ 1,000,000 each	—	—	—	20.02
— (3,000) 6.70% Indian Railway Finance Corporation Ltd. - Tax Free of ₹ 100,000 each	—	—	—	30.00
— (58,520) Zero Coupon Rural Electrification Corporation Ltd. of ₹ 30,000 each	—	152.85	—	—
— (1,000) 7.585% LIC Housing Finance Ltd. of ₹ 1,000,000 each	—	—	—	99.55
— (25) 8.38% HDFC Bonds of ₹ 10,000,000 each	—	—	—	24.94
350,000 (—) 7.93% Rural Electrification Corporation Ltd. - Tax Free of ₹ 1,000 each	36.38	—	—	—
Carried over	36.38	152.85	—	174.51
Carried over	700.99	994.23	—	—

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Brought over	700.99	994.23	–	–
In Bonds & debentures: (Contd.)				
Quoted: (Contd.)				
Brought over	36.38	152.85	–	174.51
200 (–) 7.21% Rural Electrification Corporation Ltd. - Tax Free of ₹ 1,000,000 each	20.68	–	–	–
50,271 (–) 8.00% Indian Railway Finance Corporation Ltd. - Tax Free of ₹ 1,000 each	5.22	–	–	–
820,000 (–) 7.18% Indian Railway Finance Corporation Ltd. - Tax Free of ₹ 1,000 each	85.02	–	–	–
575 (–) 7.55% Indian Railway Finance Corporation Ltd. - Tax Free of ₹ 100,000 each	5.90	–	–	–
1,000 (–) 7.51% Power Finance Corporation Ltd. - Tax Free of ₹ 100,000 each	10.25	–	–	–
650,000 (–) 8.20% Power Finance Corporation Ltd. - Tax Free of ₹ 1,000 each	67.68	–	–	–
Amortised cost	231.13	152.85	–	174.51
In Fixed deposits:				
Unquoted:				
– 7.80% Bajaj Finance Ltd. Fixed Deposit	–	–	200.00	–
– 7.80% Bajaj Finance Ltd. Fixed Deposit	–	–	200.00	–
– 7.82% Bajaj Finance Ltd. Fixed Deposit	100.00	–	–	–
– 7.20% HDFC Bank Ltd. Fixed Deposit	–	–	300.00	–
Amortised cost	100.00	–	700.00	–
In Fixed maturity plans:				
Unquoted:				
20,000,000 (20,000,000) Units of Axis Fixed Term Plan Direct Growth	23.00	21.23	–	–
2,040,182,600 (2,062,000,000) Units of Aditya Birla Sun Life Fixed Term Plan Direct Growth	2,026.18	2,196.77	342.76	24.15
615,000,000 (615,000,000) Units of DSP Fixed Maturity Plan Direct Growth	608.71	666.52	110.95	–
1,502,631 (2,060,000) Units of PGIM India Fixed Maturity Fund Direct Plan Growth (Formerly known as DWS)	126.03	204.83	51.94	24.20
861,000,000 (911,000,000) Units of HDFC Fixed Maturity Plan	942.67	904.38	34.64	64.16
1,813,000,000 (1,976,000,000) Units of ICICI - Prudential Fixed Maturity Plan	1,649.12	1,958.49	475.71	219.53
213,000,000 (213,000,000) Units of IDFC Fixed Term Plan Growth	178.49	233.27	72.68	–
1,533,000,000 (1,653,000,000) Units of Kotak Fixed Maturity Plan Growth	1,507.27	1,634.27	257.76	152.11
170,000,000 (170,000,000) Units of L&T Fixed Maturity Plan Direct Growth	193.04	178.17	–	–
Carried over	7,254.51	7,997.93	1,346.44	484.15
Carried over	1,032.12	1,147.08	700.00	174.51

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Brought over	1,032.12	1,147.08	700.00	174.51
In Fixed maturity plans: (Contd.)				
Unquoted: (Contd.)				
Brought over	7,254.51	7,997.93	1,346.44	484.15
1,295,000,000 (1,622,000,000) Units of Nippon India Fixed Horizon Fund Growth	1,099.61	1,408.70	421.03	414.95
315,000,000 (315,000,000) Units of Invesco Fixed Maturity Plan Direct Growth	335.53	339.43	30.86	–
802,000,000 (922,000,000) Units of SBI Debt Fund Direct Plan Growth	877.50	847.99	39.51	151.20
70,000,000 (125,000,000) Units of Sundaram Fixed Term Plan Direct Growth	81.06	75.03	–	68.74
100,000,000 (100,000,000) Units of Tata Fixed Maturity Plan Growth	115.07	106.32	–	–
395,000,000 (408,000,000) Units of UTI Fixed Maturity Plan Growth	393.97	428.00	67.84	15.67
Amortised cost	10,157.25	11,203.40	1,905.68	1,134.71
Investment carried at fair value through profit or loss				
In Short-term mutual funds				
Quoted:				
34,631,684 (106,322,463) Units of DSP Banking & PSU Debt Fund - Direct Plan - Growth	61.34	170.84	–	–
386,367,631 (567,937,057) Units of IDFC Corporate Bond Fund - Direct Plan - Growth	539.47	730.39	–	–
28,865,899 (88,329,348) Units of IDFC Super Saver Income Fund - Short-term - Direct Plan - Growth	125.17	349.30	–	–
46,405,849 (126,783,076) Units of Kotak Bond Short-term Plan - Direct Plan - Growth	186.15	462.42	–	–
62,153,969 (126,178,652) Units of L&T Short-term Opportunities Fund - Direct Plan - Growth	125.16	231.70	–	–
21,129,320 (235,482,214) Units of Nippon India Banking & PSU Debt Fund - Direct Plan - Growth	31.88	320.23	–	–
92,496,457 (92,496,457) Units of Nippon India Floating Rate Fund - Short-term - Direct Plan - Growth	304.14	278.57	–	–
146,141,389 (146,141,389) Units of ICICI Prudential Income Opportunities Fund - Direct Plan - Growth	431.12	386.12	–	–
449,031,864 (449,031,864) Units of HDFC Medium Term Opportunities Fund - Direct Plan - Growth	1,036.53	940.08	–	–
47,617,832 (47,617,832) Units of Sundaram Banking and PSU Debt Fund - Direct Plan - Growth	152.61	140.03	–	–
Fair value	2,993.57	4,009.68	–	–
Carried over	14,182.94	16,360.16	2,605.68	1,309.22

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

5 Investments (Contd.)

(₹ In Crore)				
Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Brought over	14,182.94	16,360.16	2,605.68	1,309.22
In Liquid mutual funds				
Quoted:				
559,861 (–) SBI Liquid Fund - Direct Plan - Growth	–	–	174.07	–
– (726,614) HDFC Liquid Fund - Direct Plan - Growth	–	–	–	267.26
Fair value	–	–	174.07	267.26
Total (B)	14,182.94	16,360.16	2,779.75	1,576.48
Total (A+B)	15,416.20	17,582.88	2,779.75	1,576.48
Aggregate provision for diminution in value of investments	2.17	2.17	–	–

(₹ In Crore)				
Particulars	Book value		Market value	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Quoted	4,028.26	5,598.53	4,028.29	5,600.71
Unquoted	14,167.69	13,560.83	NA	NA
Total	18,195.95	19,159.36		

Notes to Investments

- Investments made by the Company other than those with a maturity of less than one year, are intended to be held for long-term. On an assessment of the expected credit loss due to significant changes in risk profile, no material provisions are required to be made.
- In absence of an active market and non-availability of quotes on a recognised stock exchange, investment in fixed maturity plans and fixed term plans though listed on recognised stock exchanges are disclosed as unquoted. Other mutual funds, though unlisted, are quoted on recognised stock exchanges at their previous day NAVs which is the quote for the day.
- Refer note 1 (b) for accounting policy on investments and note 32 for credit risk management related to investments.

6 Loans

(Unsecured, good, unless stated otherwise)

(₹ In Crore)				
Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Security deposits	26.25	24.61	–	–
Employee loans	6.21	7.02	6.11	6.34
	32.46	31.63	6.11	6.34

Security deposits include a sum of ₹ 9.92 crore (previous year ₹ 9.92 crore) against use of premises on a Leave License basis, placed with directors and their relatives, jointly and severally. [See note 38]

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

7 Other financial assets

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Non-current bank balances [See note 12]	0.02	0.02	–	–
Interest receivable on investments	3.11	–	29.57	9.64
Interest receivable on loans, deposits etc.	–	–	0.68	0.68
Valuation gains on derivative hedging instruments [See note 31]	–	–	–	65.85
Other advances	–	–	47.31	36.77
	3.13	0.02	77.56	112.94

8 Other assets

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Capital advances	179.80	101.90	–	–
Security deposits	6.62	6.70	–	–
Advances recoverable in cash or in kind				
Advances to related parties [See note 38]	–	–	8.44	4.68
Other advances	24.33	23.49	103.98	82.20
Doubtful advances	8.14	8.14	–	–
	32.47	31.63	112.42	86.88
Provision for doubtful advances	8.14	8.14	–	–
	24.33	23.49	112.42	86.88
VAT refund receivable	39.78	174.74	135.61	29.51
GST credit/refund receivable	–	–	241.02	259.04
NCCD deposit receivable from Government [See note 28]	–	–	–	342.00
Export incentives receivable				
Unsecured considered good	–	–	147.62	205.46
Doubtful	0.21	0.21	–	–
	0.21	0.21	147.62	205.46
Provision for doubtful export incentives	0.21	0.21	–	–
	–	–	147.62	205.46
	250.53	306.83	636.67	922.89

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

9 Inventories

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Raw materials and components [includes in transit ₹ 90.74 crore (previous year ₹ 53.62 crore)]	461.44	424.26
Work-in-progress	57.60	46.96
Finished goods	522.78	470.41
Stores, spares and packing material	20.43	16.37
Loose tools	1.25	3.51
	1,063.50	961.51

Amount recognised in profit and loss

Write-downs of inventories to net realisable value/reversal of provision for write-down, resulted in net loss/(gain) of ₹ 40.27 crore [Previous year – ₹ (5.12) crore]. These were recognised as an expense/(income) during the year in the Statement of Profit and Loss.

10 Trade receivables

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Unsecured, considered good	–	–	1,725.10	2,559.69
Credit impaired	28.21	6.74	–	–
	28.21	6.74	1,725.10	2,559.69
Impairment allowance for credit impaired [See note 32 (A)]	28.21	6.74	–	–
	–	–	1,725.10	2,559.69

11 Cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Balances with banks	277.24	560.61
Cash on hand	0.09	0.10
Cash equivalents		
Certificate of Deposits and Commercial Papers with maturity of less than three months from date of acquisition	–	344.67
	277.33	905.38

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

12 Other bank balances

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Unclaimed dividend accounts	–	–	30.94	17.43
Deposits with residual maturity for more than twelve months	0.02	0.02	–	–
	0.02	0.02	30.94	17.43
Amount disclosed under 'other financial assets' (See note 7)	(0.02)	(0.02)	–	–
	–	–	30.94	17.43

13 Equity share capital

(₹ In Crore)

Particulars	As at 31 March	
	2020	2019
Authorised 300,000,000 equity shares of ₹ 10 each	300.00	300.00
Issued, subscribed and fully paid-up shares 289,367,020 equity shares of ₹ 10 each	289.37	289.37
	289.37	289.37

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	289,367,020	289.37	289,367,020	289.37
Issued during the year	–	–	–	–
Outstanding at the end of the year	289,367,020	289.37	289,367,020	289.37

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors; and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2020		As at 31 March 2019	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Holdings & Investment Ltd.	96,727,050	33.43%	96,727,050	33.43%
Jamnallal Sons Pvt. Ltd.	26,281,400	9.08%	25,844,400	8.93%
Life Insurance Corporation of India	15,730,820	5.44%	13,429,329	4.64%

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

14 Other equity

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Reserves and surplus:		
General reserve		
Balance as at the beginning of the year	4,921.60	4,453.60
Add: Transferred from surplus in Statement of Profit and Loss	510.00	468.00
Balance as at the end of the year	5,431.60	4,921.60
Retained earnings		
Balance as at the beginning of the year	16,451.58	14,321.65
Profit for the year	5,099.98	4,675.18
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/(losses) of defined benefit plans	(33.19)	(3.56)
Less: Appropriations		
Transfer to General reserve	510.00	468.00
Final dividend for the year ended 31 March 2019/31 March 2018	1,736.20	1,736.20
Tax on final dividend as above	335.57	337.49
Interim dividend for the year ended 31 March 2020	3,472.40	–
Tax on interim dividend as above	713.76	–
Total appropriations	6,767.93	2,541.69
Balance as at the end of the year	14,750.44	16,451.58
Other reserves:		
Cash flow hedging reserve [See note 32]	5.63	60.31
Costs of hedging reserve [See note 32]	(121.81)	(17.47)
FVTOCI reserve		
Balance as at the beginning of the year	74.51	–
Net (losses)/gains on FVTOCI equity securities	(487.64)	74.51
Balance as at the end of the year	(413.13)	74.51
Share based payment reserve		
Balance as at the beginning of the year	–	–
Add: Recognised during the year	10.01	–
Balance as at the end of the year	10.01	–
Treasury shares	(26.62)	–
	19,636.12	21,490.53

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

15 Sales tax deferral

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Unsecured		
Sales tax deferral liability/loan, an incentive under Package Scheme of Incentives 1983 and 1993 - interest free, partially prepaid	125.59	124.52
	125.59	124.52

The exemption of interest on the sales tax liability deferred for payment is considered as a Government grant and measured at an internal rate of return available for pre-payment of the liability as per the sales tax rules. Also see note 31.

16 Provisions

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Provision for employee benefits [See note 37]				
Provision for gratuity	77.94	12.01	–	–
Provision for compensated absences	–	–	134.81	118.25
Provision for welfare scheme	2.56	2.55	0.52	0.52
	80.50	14.56	135.33	118.77
Other provisions				
Provision for warranties	–	–	22.64	21.85
	80.50	14.56	157.97	140.62

Provision for warranties

Provision is made for estimated warranty claims in respect of vehicles sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information; and any recent trends that may suggest future claims could differ from historical amounts.

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
At the beginning of the year	21.85	18.67
Arising during the year	17.14	19.98
Utilised during the year	16.35	16.80
At the end of the year	22.64	21.85

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

17 Deferred tax liabilities (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Deferred tax liabilities		
On account of timing difference in		
Property, plant and equipment	154.79	231.38
National Calamity Contingent Duty (NCCD) [See note 28]	–	104.07
Employee benefits:		
Defined benefit plans provisions - P&L	2.58	13.38
Defined benefit plans provisions - OCI	0.30	0.45
Financial instruments:		
Mutual funds including fixed maturity plans	360.33	236.62
Fair valuation of derivative hedging contracts	1.89	32.40
Financial assets at FVTOCI	2.57	9.82
Amortisation of discount on acquisition of fixed income securities	–	8.70
	364.79	287.54
Gross deferred tax liabilities	522.46	636.82
Deferred tax assets		
On account of timing difference in		
Employee benefits:		
Welfare scheme costs and others	0.77	1.48
Bonus provisions	1.72	2.39
Provision for privilege leave etc.	33.93	41.32
Defined benefit plans provisions - OCI	22.19	17.58
	58.61	62.77
Financial instruments:		
Fair valuation of derivative hedging contracts	40.97	9.39
Financial assets at FVTOCI	55.14	–
Amortisation of discount on acquisition of fixed income securities	0.11	–
	96.22	9.39
Other items:		
Provision for bad/doubtful debts and advances	9.15	5.20
Taxes, duties, others etc.	12.10	16.80
	21.25	22.00
Gross deferred tax assets	176.08	94.16
	346.38	542.66

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

17 Deferred tax liabilities (net) (Contd.)

Movement in deferred tax liabilities

(₹ In Crore)

Particulars	Property, plant and equipment	Financial instruments	Employee benefits	Other items	Total
At 1 April 2018	254.24	172.18	(80.90)	(22.10)	323.42
Charged/(credited)					
– to profit and loss	(22.86)	93.97	34.11	104.17	209.39
– to other comprehensive income	–	12.00	(2.15)	–	9.85
At 31 March 2019	231.38	278.15	(48.94)	82.07	542.66
Charged/(credited)					
– to profit and loss	(76.59)	114.90	(2.03)	(103.32)	(67.04)
– to other comprehensive income	–	(124.48)	(4.76)	–	(129.24)
At 31 March 2020	154.79	268.57	(55.73)	(21.25)	346.38

18 Other non-current liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2020	2019
Annuity payable to VRS/Welfare scheme optees	0.83	1.12
	0.83	1.12

19 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March	
	2020	2019
Security deposits	24.52	25.04
Unclaimed dividend	30.94	17.43
Valuation losses on derivative hedging instruments [See note 31]	155.26	–
Directors' remuneration and commission payable	34.82	28.88
Employee benefits payable	172.09	164.81
Other payables	130.64	134.81
	548.27	370.97

Refer note 31 for financial liabilities measured at amortised cost.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

20 Other current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Annuity payable to VRS/Welfare scheme optees	0.41	0.38
Advance received from customers	254.13	490.83
Taxes and duties payable	46.29	37.88
Other payables	28.05	27.88
	328.88	556.97

21 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Revenue from operations		
Revenue from contracts with customers		
Sale of products	29,111.54	29,567.25
Other operating revenue		
Scrap sales	18.14	21.56
Export incentives	458.59	457.07
Royalty	161.59	128.67
Technical know how fees	2.02	–
Rent [See note 39]	31.88	31.39
Insurance claims	0.48	0.86
Miscellaneous receipts	72.75	72.71
Government grants	2.65	2.65
Interest income on financial services to dealers	59.01	75.41
	29,918.65	30,357.57
Revenue from contracts with customers (Goods transferred at a point in time)		
India	16,895.61	17,722.17
Outside India	12,215.93	11,845.08
Total revenue from contracts with customers	29,111.54	29,567.25
Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price		
Revenue as per contracted price	29,410.26	29,785.13
Adjustments:		
Cash discounts and target incentives	(184.59)	(154.41)
Sales promotion expenses	(114.13)	(63.47)
Revenue from contracts with customers	29,111.54	29,567.25

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

22 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Investment income		
Interest income on fixed income securities	17.04	24.33
Amortisation of (premium)/discount on acquisition of fixed income securities	18.24	48.21
Interest income on fixed deposits	28.90	—
Interest income on fixed maturity plans	903.55	829.65
Interest income from financial assets at amortised cost	967.73	902.19
Dividend income on investments in subsidiaries	208.99	94.36
Dividend income on other strategic investments	25.38	—
Gain on valuation and realisation of mutual funds measured at FVTPL	462.70	361.19
Profit on sale of other investments, net	19.53	1.92
	1,684.33	1,359.66
Others		
Surplus on sale of property, plant and equipment	5.28	55.05
Tax refunds/credits	0.05	9.98
Gains on exchange fluctuations	43.90	14.16
	49.23	79.19
	1,733.56	1,438.85

23 Changes in inventories

Particulars	(₹ In Crore)		
	For the year ended 31 March		
	2020	2019	(Increase)/decrease
Inventories at the end of the year			
Work-in-progress	57.60	46.96	(10.64)
Finished goods	522.78	470.41	(52.37)
	580.38	517.37	(63.01)
Inventories at the beginning of the year			
Work-in-progress	46.96	26.89	(20.07)
Finished goods	470.41	434.06	(36.35)
	517.37	460.95	(56.42)
	(63.01)	(56.42)	

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

24 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Salaries, wages and bonus to employees [See note 38]	1,199.16	1,092.84
Contribution to provident and other funds [See note 37 & 38]	92.23	90.42
Share based payment to employees	10.01	-
Staff welfare expenses	87.81	72.14
	1,389.21	1,255.40

25 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Interest expense	2.10	3.52
Interest adjustment on Government grant	1.06	0.96
	3.16	4.48

26 Depreciation and amortisation expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Depreciation on property, plant and equipment	230.76	253.56
Depreciation on investment property	1.60	1.61
Amortisation of technical know-how	13.42	9.87
Amortisation of leasehold land	0.65	0.65
	246.43	265.69

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

27 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Stores and tools consumed	130.17	141.28
Power, fuel and water	116.57	115.01
Rent [See note 39]	15.74	14.99
Repairs to buildings	56.78	45.45
Repairs to machinery	125.03	92.45
Other repairs	11.47	6.86
Insurance	3.25	3.04
Rates and taxes	7.49	6.36
Payment to auditor	1.91	1.73
Directors' fees and travelling expenses	1.14	1.31
Commission to non-executive directors	3.05	2.12
Travelling expenses	77.29	66.63
Miscellaneous expenses	424.77	326.73
Packing material consumed	375.38	347.93
Freight and forwarding expenses	178.08	202.75
Advertisement	488.27	443.22
Vehicle service charges and other expenses	133.44	119.50
Sales promotion expenses	115.20	82.25
Contribution to electoral bonds	34.50	—
Expenditure towards Corporate Social Responsibility (CSR) activities	119.44	112.32
Bad debts and other irrecoverable debit balances written off	0.22	0.58
Loss on property, plant and equipment sold, demolished, discarded and scrapped	13.70	8.41
Provision for doubtful debts and advances (includes expected credit loss on trade receivables)	22.01	1.19
	2,454.90	2,142.11

Payment to auditor

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
As auditor		
Audit fee	1.04	1.04
Tax audit fee	0.10	0.08
Limited review	0.66	0.53
Other services (certification fees)	0.05	0.04
Reimbursement of expenses	0.06	0.04
	1.91	1.73

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
a) Gross amount required to be spent by the Company during the year	118.80	111.20
b) Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	–	–
ii) On purposes other than (i) above	119.44	112.32
	119.44	112.32

28 Exceptional items

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
NCCD reversal	–	(342.00)
	–	(342.00)

The Company, during the year ended 31 March 2015, had expensed off the payments made towards deposit of 'National Calamity Contingent Duty' (NCCD) and applicable education cess and secondary and higher education cess thereon, together with interest and penalty amounting to ₹ 342.00 crore for the period from 1 April 2007 to 30 September 2014, pursuant to an order from the Honourable High Court of Uttarakhand on 9 October 2014 that the levy of NCCD is out of the purview of exemptions granted to the Company under the scheme of incentives for industries in certain identified growth areas in Uttarakhand.

In the previous year, pursuant to a special leave petition filed by the Company, the Honourable Supreme Court vide its judgment dtd. 27 March 2019 had held that the Company is not liable to pay NCCD, education cess and secondary and higher education cess; and set aside the orders of Division Bench of Uttarakhand High Court and quashed the show cause notices. The Company had accordingly reversed the charge of ₹ 342.00 crore as an exceptional item in the previous year; and had disclosed the corresponding amount in the Balance Sheet as 'Deposits receivable from the Government'.

During current year, the Company has received the refund of the said amount from the Excise authorities.

29 Tax expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
(a) Tax expense		
Current tax		
Current tax on profits for the year	1,547.26	1,818.59
Deferred tax		
Decrease/(increase) in deferred tax assets	9.41	108.71
(Decrease)/increase in deferred tax liabilities	(76.45)	100.68
Total deferred tax expense/(benefit)	(67.04)	209.39
Tax expense	1,480.22	2,027.98

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

29 Tax expense (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before tax	6,580.20	6,703.16
Tax at the Indian tax rate of 25.168% (Previous year - 34.944%)	1,656.10	2,342.35
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Corporate social responsibility expenditure	15.47	19.44
– Disallowance of estimated expenditure to earn tax exempt income	6.13	0.10
– Rate difference in amortisation of fixed income securities	1.40	4.64
– Rate difference on account of fair value of mutual funds	15.09	40.39
– Others	1.81	0.62
Tax effect of amounts which are deductible (non taxable) in calculating taxable income:		
– Weighted deduction for Research and Development expenditure	–	(74.24)
– Reversal in deferred tax due to tax rate reduction	(81.97)	–
– Tax-free interest	(2.72)	(0.70)
– Difference in tax rate on account of dividend received from subsidiary	(16.74)	(16.49)
– Dividend received on strategic investment	(6.39)	–
– National Calamity Contingent Duty (NCCD)	–	(15.44)
– Deduction for profit from specified undertaking	–	(45.30)
– Profit on investments not taxable	(60.01)	(168.21)
– Income from fair valuation of mutual funds	(46.85)	(57.70)
– Disallowance of expenditure incurred on rented property (net)	(1.10)	(1.48)
Tax expense	1,480.22	2,027.98

30 Earnings Per Share (EPS)

Particulars	For the year ended 31 March	
	2020	2019
a. Profit for the year (₹ In Crore)	5,099.98	4,675.18
Weighted average number of shares outstanding during the year (Nos)	289,367,020	289,367,020
Less: Weighted average number of shares held by ESOP Trust i.e. Treasury shares (Nos)	99,750	–
Net weighted average number of shares outstanding during the year (Nos)	289,267,270	289,367,020
b. Earnings per share (Basic and Diluted) ₹	176.3	161.6
Face value per share ₹	10.0	10.0

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

31 Fair value measurement

i) Financial instruments by category

(₹ In Crore)

Particulars	31 March 2020			31 March 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Investments						
– Equity	–	700.99	–	–	994.23	–
– Bonds and debentures	–	–	231.12	–	–	327.36
– Fixed maturity plans	–	–	12,062.96	–	–	12,338.11
– Fixed deposits	–	–	800.00	–	–	–
– Short-term mutual funds	2,993.56	–	–	4,009.68	–	–
– Liquid mutual funds	174.06	–	–	267.26	–	–
Trade receivables	–	–	1,725.10	–	–	2,559.69
Loans	–	–	38.57	–	–	37.97
Other financial assets	–	–	80.69	–	–	47.11
Cash and cash equivalents	–	–	277.33	–	–	905.38
Other bank balances	–	–	30.94	–	–	17.43
Derivative financial assets	–	–	–	–	65.85	–
	3,167.62	700.99	15,246.71	4,276.94	1,060.08	16,233.05
Financial liabilities						
Sales tax deferral	–	–	125.59	–	–	124.52
Trade payables	–	–	3,199.70	–	–	3,786.73
Other financial liabilities	–	–	393.01	–	–	370.97
Derivative financial liability	–	155.26	–	–	–	–
	–	155.26	3,718.30	–	–	4,282.22

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

31 Fair value measurement (Contd.)

ii) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets/liabilities measured at fair value - recurring fair value measurements at 31 March 2020

(₹ In Crore)					
Particulars	Note No.	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
– Short-term mutual funds	5	2,993.56	–	–	2,993.56
– Liquid mutual funds	5	174.06	–	–	174.06
Financial investments at FVTOCI					
Derivatives designated as hedges					
– Option contracts	7	–	–	–	–
Equity investment	5	629.49	71.50	–	700.99
		3,797.11	71.50	–	3,868.61
Financial liabilities at FVTOCI					
Derivatives designated as hedges					
– Option contracts	7	–	155.26	–	155.26

Assets disclosed at fair value - at 31 March 2020

(₹ In Crore)					
Particulars	Note No.	Level 1	Level 2	Level 3	Total
Investment property	3	–	201.20	–	201.20

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

31 Fair value measurement (Contd.)

ii) Fair value hierarchy (Contd.)

Financial assets/liabilities measured at fair value - recurring fair value measurements at 31 March 2019

(₹ In Crore)					
Particulars	Note No.	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL					
– Short-term mutual funds	5	4,009.68	–	–	4,009.68
– Liquid mutual funds	5	267.26	–	–	267.26
Financial investments at FVTOCI					
Derivatives designated as hedges					
– Option contracts	7	–	65.85	–	65.85
Equity investment	5	994.23	–	–	994.23
		5,271.17	65.85	–	5,337.02

Assets disclosed at fair value - at 31 March 2019

(₹ In Crore)					
Particulars	Note No.	Level 1	Level 2	Level 3	Total
Investment property	3	–	201.20	–	201.20

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation Techniques used to determine fair value

Valuation Techniques used to determine fair value include

- Open ended mutual funds at NAV's/rates declared and/or quoted
- Derivative Instruments at values determined by counter parties/Banks using market observable data

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

(₹ In Crore)				
Particulars	31 March 2020		31 March 2019	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Investments				
Bonds and debentures	231.12	231.18	327.36	329.53
Fixed maturity plans	12,062.96	12,291.04	12,338.11	12,428.55
	12,294.08	12,522.22	12,665.47	12,758.08

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

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

32 Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk (including foreign exchange risk). In order to minimise any adverse effects on the financial performance of the Company derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the Company is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at amortised cost and fair value through profit or loss	Credit ratings	Diversification of counterparties, diversification of investment limits, monitoring of counterparties basis credit rating
	Derivative financial instruments	Credit ratings	Deal with reputed banks holding high credit risk rating
	Trade receivables	Credit limit and aging analysis	No. of overdue days, monitoring of credit limits
Liquidity Risk	Other liabilities	Maturity analysis	Maintaining sufficient cash/cash equivalents and marketable securities
Market Risk- Foreign Exchange	Highly probable forecast transactions and financial assets and liabilities not denominated in INR	Sensitivity analysis	Forward foreign exchange contracts and foreign currency options

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of available funds. The Company's risk management is carried out by a treasury department as per such policies approved by the Board of Directors. Accordingly, Company's treasury department identifies, evaluates and hedges financial risks.

A) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Company. Credit risk primarily arises from cash and cash equivalents, derivative financial instruments, financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and trade receivables. None of the financial instruments of the Company result in material concentration of credit risk.

Credit risk management

For Derivative instruments exposures are extended with multiple banks holding high credit risk ratings.

In regard to Trade receivables, which are typically unsecured, credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom credit is extended in the normal course of business. The Company follows a 'simplified approach' for recognition of impairment loss allowance on trade receivables. Accordingly, impairment loss allowance is recognised based on lifetime expected credit losses at each reporting date, right from its initial recognition. Expected credit losses of financial assets receivable in the next 12 months are estimated on the basis of historical data provided the Company has reasonable and supportable data using a provision matrix to measure expected credit losses. The provision rates are based on days past due; and the calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. On such an assessment the expected losses are nil or negligible, as evidenced in the table below, and hence no further provision than that already made is considered necessary.

However, the Company has a policy to provide for any amount which is outstanding for more than 180 days from its due date (net of bank guarantee), if they are considered as doubtful.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

32 Financial risk management (Contd.)

Set out below is the information about the credit risk exposure of the Company's trade receivables using provision matrix:

(₹ In Crore)

Particulars	Current (not yet due)	0-180 days (due)	More than 180 days (due)	More than 180 days and doubtful (due)	Total
ECL Rate	0%	0%	0%	100%	
31 March 2020					
Estimated total gross carrying amount	–	1,716.31	8.79	28.21	1,753.31
ECL-Simplified approach	–	–	–	28.21	28.21
Net carrying amount	–	1,716.31	8.79	–	1,725.10
31 March 2019					
Estimated total gross carrying amount	–	2,559.69	–	6.74	2,566.43
ECL-Simplified approach	–	–	–	6.74	6.74
Net carrying amount	–	2,559.69	–	–	2,559.69

Reconciliation of impairment allowance – Trade receivable

(₹ In Crore)

Particulars	
Impairment allowance as on 1 April 2018	6.99
Changes in loss allowance	(0.25)
Impairment allowance as on 31 March 2019	6.74
Changes in loss allowance	21.47
Impairment allowance as on 31 March 2020	28.21

For other financial assets the Company has an investment policy which allows the Company to invest only with counterparties having a credit rating equal to or above AA+ and A1+. The Company reviews the creditworthiness of these counterparties on an on-going basis. Counter party limits maybe updated as and when required, subject to approval of Board of Directors.

B) Liquidity risk

The Company's principal sources of liquidity are 'cash and cash equivalents' and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period. The Company has no outstanding term borrowings except sales tax deferral liability amounting to ₹ 125.59 crore which are interest free and are repayable after 13 years from the Balance Sheet date. Additionally, the Company has invested its surplus funds in fixed income securities or instruments of similar profile thereby ensuring safety of capital and availability of liquidity as and when required. Hence the Company carries a negligible liquidity risk.

(₹ In Crore)

Particulars	As at 31 March	
	2020	2019
The Company had		
Net working capital funds	2,343.75	2,188.98
which includes;		
i) Cash and cash equivalents	277.33	905.38
ii) Current investments	2,779.75	1,576.48

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

32 Financial risk management (Contd.)

The table below summarises the contractual maturities of financial liabilities as at 31 March 2020 and 31 March 2019:

Maturities of financial liabilities

(₹ In Crore)

Particulars	Less than and equal to 1 year	More than 1 year	Total
As on 31 March 2020			
Non-derivatives			
Sales tax deferral (discounted)	–	125.59	125.59
Trade payables	3,199.70	–	3,199.70
Other financial liabilities	548.27	–	548.27
	3,747.97	125.59	3,873.56
As on 31 March 2019			
Non-derivatives			
Sales tax deferral (discounted)	–	124.52	124.52
Trade payables	3,786.73	–	3,786.73
Other financial liabilities	370.97	–	370.97
	4,157.70	124.52	4,282.22

C) Market risk

(i) Foreign currency risk

The Company has significant exports and is therefore exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$. Foreign exchange risk arises from highly probable forecast transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through sensitivity analysis. The primary objective for forex hedging against anticipated foreign currency risks will be to hedge the Company's highly probable foreign currency cash flows arising from such transactions (thus reducing cash flow and profit volatility).

The Company's risk management policy permits the use of plain foreign exchange forward contracts and foreign currency option contracts including Foreign Currency - INR Option Cost Reduction Structures to hedge forecasted sales.

The Company also imports certain materials the value of which is not material as compared to value of exports. Currently, Company does not hedge this exposure. Nevertheless, Company may wish to hedge such exposures.

The Company uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Company designates forward contracts in entirety and intrinsic value of foreign currency option contracts as the hedging instrument. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised through other comprehensive income in the 'Cash flow hedging reserve' within equity. The change in time value that relate to the hedged item (aligned time value) is recognised through other comprehensive income in 'Costs of hedging reserve' within equity. Amount recognised in equity is reclassified to profit or loss when the hedged item (i.e. forecasted export sales) affects Statement of Profit and Loss. The ineffective portion of change in fair value of the hedging instrument and any residual time value (the non-aligned portion), if any, is recognised in the Statement of Profit and Loss immediately.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

32 Financial risk management (Contd.)

The fair values (Marked-to-market) of foreign currency derivative contracts outstanding as on 31 March 2020 and 31 March 2019 are as follows:

(₹ In Crore)

	As at 31 March 2020		As at 31 March 2019	
	Notional In USD Mn (Sell)	MTM Gain/ (Loss)	Notional In USD Mn (Sell)	MTM Gain/ (Loss)
For export transactions:				
Foreign currency derivative designated as hedging instruments – options contracts	1,486.00	(155.26)	1,222.00	65.85
Total	1,486.00	(155.26)	1,222.00	65.85

For import transactions: NIL

Open exposure

The Company's exposure to foreign currency risk at the end of the reporting period are as follows:

(USD Million)

	As at 31 March	
	2020	2019
Receivables	62.65	63.41
Payables	24.20	20.47
Others (EEFC balances)	22.33	61.43

Sensitivity analysis

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on other components of equity arises from the changes in fair value of the foreign forward exchange contracts and foreign exchange option contracts designated as cash flow hedges.

(₹ In Crore)

	31 March 2020	31 March 2019
Impact on other components of equity		
USD Sensitivity		
INR/USD – Increase by 10%	(784.79)	(349.24)
INR/USD – Decrease by 10%	477.50	766.66

Maturity of outstanding contracts

The details in respect of the maturity of outstanding foreign exchange contracts including options and par forward contracts are given below:

(₹ In Crore)

	As at 31 March 2020		As at 31 March 2019	
	Notional In USD Mn (Sell)	MTM Gain/ (Loss)	Notional In USD Mn (Sell)	MTM Gain/ (Loss)
On export transactions:				
Not later than three months	328.25	(7.90)	305.50	22.60
Later than three months and not later than six months	353.50	(29.44)	305.50	20.44
Later than six month and not later than one year	631.25	(105.65)	611.00	22.81
Later than one year and not later than two years	173.00	(12.27)	–	–
	1,486.00	(155.26)	1,222.00	65.85

On import transactions: NIL

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

32 Financial risk management (Contd.)**Impact of hedging activities**

(a) Disclosure of effects of hedge accounting on financial position:

Cash flow hedge foreign exchange risk 31 March 2020

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign currency options	11,228.96	7.53	1:1	(58.60)	58.60
Foreign currency forwards	–	–	–	–	–
	11,228.96	7.53		(58.60)	58.60

Cash flow hedge foreign exchange risk 31 March 2019

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign currency options	8,450.74	92.72	1:1	(47.41)	47.41
Foreign currency forwards	–	–	–	(196.29)	196.29
	8,450.74	92.72		(243.70)	243.70

* The foreign currency forward and option contracts are denominated in the same currency as the highly probable future sales, therefore the hedge ratio is 1:1.

(b) Disclosure of effects of hedge accounting on financial performance

Cash flow hedge 31 March 2020

(₹ In Crore)

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk – Forward contracts	–	–	–	Revenue
Foreign exchange risk – Options contracts	(58.60)	–	26.59	Revenue
	(58.60)	–	26.59	

Cash flow hedge foreign exchange risk 31 March 2019

(₹ In Crore)

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk – Forward contracts	(196.29)	–	(186.39)	Revenue
Foreign exchange risk – Options contracts	(47.41)	–	(27.48)	Revenue
	(243.70)	–	(213.87)	

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

32 Financial risk management (Contd.)

The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, so a qualitative assessment of effectiveness is performed. During the years ended 31 March 2020 and 31 March 2019, the Company did not have any hedging instruments with terms which were not aligned with those of the hedged items.

Therefore, no ineffectiveness is recognised in the Statement of Profit and Loss during the years ended 31 March 2020 and 31 March 2019.

Movements in cash flow hedging reserve and costs of hedging reserve

(₹ In Crore)

Derivative Instrument	Foreign Currency Risk		Total
	Foreign exchange forward contracts	Foreign exchange options	
(i) Cash flow hedging reserve			
Balance – As at 31 March 2018	6.44	73.28	79.72
Add: Change in fair value of foreign exchange forward contract	(196.29)	–	(196.29)
Add: Change in intrinsic value of foreign currency options	–	(47.41)	(47.41)
Less: Amount reclassified to profit or loss	186.39	27.48	213.87
Deferred tax relating to the above (net)	3.46	6.96	10.42
Balance – As at 31 March 2019	–	60.31	60.31
Add: Change in fair value of foreign exchange forward contract	–	–	–
Add: Change in intrinsic value of foreign currency options	–	(58.60)	(58.60)
Less: Amount reclassified to profit or loss	–	(26.59)	(26.59)
Deferred tax relating to the above (net)	–	30.51	30.51
Balance – As at 31 March 2020	–	5.63	5.63
(ii) Costs of hedging reserve			
Balance – As at 31 March 2018	–	(40.48)	(40.48)
Less: Change in time value of foreign currency options	–	29.09	29.09
Less: Amount reclassified to profit or loss	–	6.27	6.27
Deferred tax relating to the above (net)	–	(12.35)	(12.35)
Balance – As at 31 March 2019	–	(17.47)	(17.47)
Add: Change in time value of foreign currency options	–	(138.02)	(138.02)
Less: Amount reclassified to profit or loss	–	2.10	2.10
Deferred tax relating to the above (net)	–	31.58	31.58
Balance – As at 31 March 2020	–	(121.81)	(121.81)

(ii) Other risks

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, bonds, fixed maturity plans etc. The Company is exposed to price risk on such investments; which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

The Company has invested its surplus funds primarily in debt based mutual funds and fixed maturity plans. The value of investment in these mutual fund schemes is reflected though Net Asset Value (NAV) declared by the Asset Management Company on daily basis. The Company has not performed a sensitivity analysis on these mutual funds based on estimated fluctuations in their NAV as in Management's opinion, such analysis would not display a correct picture.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

33 Capital management

a) Objectives, policies and processes of capital management

The Company is cash surplus and has no capital other than Equity. The Company is not exposed to any regulatory imposed capital requirements.

The cash surpluses are currently invested in income generating debt instruments (including through mutual funds) and money market instruments depending on economic conditions in line with the guidelines set out by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Company does not have any borrowings and does not borrow funds unless circumstances require.

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Equity	19,925.49	21,779.90
Less: Tangible and other assets	2,165.54	2,008.04
Working capital	(436.00)	612.50
Investments in subsidiaries	1,233.26	1,222.72
Investments in debt and similar investments	16,962.69	17,936.64

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

b) Dividends distributed and proposed

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Dividends recognised in the financial statements		
Final dividend for the year ended 31 March 2019 of ₹ 60 (31 March 2018 - ₹ 60) per equity share, declared and paid	1,736.20	1,736.20
Interim dividend for the year ended 31 March 2020 of ₹ 120 (31 March 2019 - ₹ Nil) per equity share	3,472.40	–
Dividends not recognised at the end of the reporting period		
Directors have recommended the payment of a final dividend of ₹ Nil per equity share (31 March 2019 - ₹ 60). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	–	1,736.20

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

34 Contingent liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
a Claims against the Company not acknowledged as debts	223.10	453.30
b Excise, Service tax and Customs matters under dispute	363.71	375.61
c Income tax matters	914.98	829.41
d Value Added Tax (VAT)/Sales tax matters under dispute	125.37	126.74
e Claims made by temporary workmen pending before various judicial/appellate authorities in respect of similar matters adjudicated by the Supreme Court. The matter is contingent on the facts and evidence presented before the courts/adjudicating authorities and not necessarily likely to be influenced by the Supreme Court's order	Liability unascertained	Liability unascertained
f There are numerous interpretative issues relating to the Supreme Court judgment on provident fund dated 28 February 2019. As a matter of caution, the Company has implemented the change on a prospective basis.		

In all the cases mentioned above, outflow is not probable and hence not provided by the Company.

35 Capital commitments

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Capital commitments, net of capital advances	176.69	68.82

36 Segment information

Segment information based on consolidated financial statements is given in note 35 to consolidated financial statements, which are attached to these financial statements.

The Company's Core Management Committee (CMC), examines the Group's performance both from a product and geographical perspective and has identified two reportable operative business segments. The Group's significant source of risk and rewards are derived from Automotive business and Investments, the performance of which is reviewed by the committee on a periodic basis and hence considered as individual operative segments.

The business segments comprise the following:

- Automotive
- Investments
- Others

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

37 Employee benefits

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

Funded schemes

Gratuity

The Company provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Company is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Company makes contributions to approved gratuity fund.

Particulars	As at 31 March	
	2020	2019
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	631.88	554.29
Fair value of plan assets	(553.94)	(542.28)
Net funded obligation	77.94	12.01
Expense recognised in the Statement of Profit and Loss		
Current service cost	30.06	27.06
Interest on net defined benefit liability/(asset)	(1.00)	4.96
Total expense charged to Statement of Profit and Loss	29.06	32.02
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	50.31	44.14
Remeasurements during the period due to:		
Changes in financial assumptions	41.23	2.02
Changes in demographic assumptions	-	0.17
Experience adjustments	5.31	2.03
Actual return on plan assets less interest on plan assets	(8.68)	1.95
Closing amount recognised in OCI outside Statement of Profit and Loss	88.17	50.31

Particulars	As at 31 March	
	2020	2019
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	12.01	108.99
Expense charged to Statement of Profit and Loss	29.06	32.02
Amount recognised outside Statement of Profit and Loss	37.86	6.17
Employer contributions	(0.99)	(135.17)
Closing net defined benefit liability/(asset)	77.94	12.01

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

37 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Movement in benefit obligation		
Opening of defined benefit obligation	554.29	510.19
Current service cost	30.06	27.06
Interest on defined benefit obligation	39.43	37.12
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	41.23	2.02
Actuarial loss/(gain) arising from change in demographic assumptions	—	0.17
Actuarial loss/(gain) arising on account of experience changes	5.31	2.03
Benefits paid	(37.95)	(24.30)
Liabilities assumed/(settled)	(0.49)	—
Closing of defined benefit obligation	631.88	554.29

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Movement in plan assets		
Opening fair value of plan assets	542.28	401.20
Employer contributions	0.99	135.17
Interest on plan assets	40.43	32.16
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	8.68	(1.95)
Benefits paid	(37.95)	(24.30)
Assets acquired/(settled)	(0.49)	—
Closing fair value of plan assets	553.94	542.28

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Disaggregation of assets		
Category of assets		
Insurer managed funds	553.94	542.28
Others	—	—
	553.94	542.28

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

37 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	As at 31 March 2020		As at 31 March 2019	
	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Senior staff				
Impact of increase in 50 bps on DBO	(3.29%)	3.37%	(3.34%)	3.45%
Impact of decrease in 50 bps on DBO	3.49%	(3.21%)	3.55%	(3.29%)
Junior staff				
Impact of increase in 50 bps on DBO	(4.12%)	4.35%	(3.69%)	3.90%
Impact of decrease in 50 bps on DBO	4.51%	(4.02%)	4.00%	(3.63%)

These sensitivities have been calculated to show the movement in defined benefit obligation (DBO) in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Funding arrangement and policy

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 50 crore.

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan:

Particulars	(₹ In Crore)				
	Less than a year	Between 1-2 years	Between 3-5 years	Over 5 years	Total
31 March 2020					
Senior staff	53.67	15.94	63.35	376.51	509.47
Junior staff	51.01	39.86	123.46	559.59	773.92
31 March 2019					
Senior staff	48.35	14.08	61.92	363.92	488.27
Junior staff	35.95	33.11	127.71	508.95	705.72

Weighted average duration of defined benefit obligation (in years)	As at 31 March	
	2020	2019
Senior staff	6.78	6.88
Junior staff	8.61	7.68

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

37 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Particulars	As at 31 March	
	2020	2019
Principal actuarial assumptions (Expressed as weighted averages)		
Discount rate (p.a.)	6.80%	7.70%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Provident Fund

(₹ In Crore)

Particulars	As at 31 March	
	2020	2019
Amount recognised in Balance Sheet		
Present value of funded defined benefit obligation	1,363.48	1,184.13
Fair value of plan assets	(1,363.48)	(1,184.13)
Net funded obligation	-	-
Expense recognised in the Statement of Profit and Loss		
Current service cost	38.39	34.08
Administration expenses	-	-
Interest on net defined benefit liability/(asset)	-	-
(Gains)/losses on settlement	-	-
Total expenses charged to Statement of Profit and Loss	38.39	34.08
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Statement of Profit and Loss	-	-
Remeasurements during the period due to		
Changes in financial assumptions	-	-
Changes in demographic assumptions	-	-
Experience adjustments	56.28	6.65
Actual return on plan assets less interest on plan assets	(56.28)	(6.65)
Adjustment to recognise the effect of asset ceiling	-	-
Closing amount recognised in OCI outside Statement of Profit and Loss	-	-
Reconciliation of net liability/(asset)		
Opening net defined benefit liability/(asset)	-	-
Expense charged to Statement of Profit and Loss	38.39	34.08
Amount recognised outside Statement of Profit and Loss	-	-
Employer contributions	(38.39)	(34.08)
Closing net defined benefit liability/(asset)	-	-

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

37 Employee benefits (Contd.)**Funded schemes** (Contd.)**Provident Fund** (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Movement in benefit obligation		
Opening of defined benefit obligation	1,184.13	1,047.83
Current service cost	38.39	34.08
Interest on defined benefit obligation	90.55	81.69
Remeasurements due to:		
Actuarial loss/(gain) arising on account of experience changes	56.28	6.65
Employee contributions	75.13	68.38
Benefits paid	(93.22)	(55.59)
Liabilities assumed/(settled)	12.22	1.09
Closing defined benefit obligation	1,363.48	1,184.13
Movement in plan assets		
Opening fair value of plan assets	1,184.13	1,047.83
Interest on plan assets	90.55	81.69
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	56.28	6.65
Employer contributions during the period	38.39	34.08
Employee contributions during the period	75.13	68.38
Benefits paid	(93.22)	(55.59)
Assets acquired/(settled)	12.22	1.09
Closing fair value of plan assets	1,363.48	1,184.13

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	
Disaggregation of assets		
Quoted		
Property	—	
Government debt instruments	726.03	
Other debt instruments	515.70	
Entity's own equity instruments	—	
Insurer managed funds	—	
Others	121.75	
Total	1,363.48	

Particulars	As at 31 March	
	2020	2019
Key actuarial assumptions		
Discount rate (p.a.)	6.80%	7.70%
Future derived return on assets (p.a.)	8.54%	8.68%
Discount rate for the remaining term to maturity of the investment (p.a.)	6.45%	7.35%
Average historic yield on the investment (p.a.)	8.19%	8.33%
Guaranteed rate of return (p.a.)	8.30%	8.65%

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

37 Employee benefits (Contd.)

Unfunded Schemes

Particulars	As at 31 March 2020		As at 31 March 2019	
	Compensated Absences	Welfare Scheme	Compensated Absences	Welfare Scheme
Present value of unfunded obligations	134.81	3.08	118.25	3.07
Expense recognised in the Statement of Profit and Loss	31.05	0.30	24.39	0.38
Amount recorded as Other Comprehensive Income		0.09		(0.70)
Discount rate (p.a.)	6.80%	6.80%	7.70%	7.70%
Salary escalation rate (p.a.) – senior staff	10.00%	N.A.	10.00%	N.A.
Salary escalation rate (p.a.) – junior staff	10.00%	N.A.	10.00%	N.A.

Compensated absences

The compensated absences cover the Company's liability for casual and earned leave.

Entire amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Particulars	As at 31 March	
	2020	2019
Compensated absences expected to be settled after 12 months	117.31	102.64

Particulars	As at 31 March	
	2020	2019
Amount recognised in the Statement of Profit and Loss		
Defined contribution plans:		
Superannuation paid to trust	9.77	9.46
Pension fund paid to Government authorities	13.25	12.41
Others	1.75	1.62
Defined benefit plans:		
Gratuity	29.06	32.02
Provident fund paid to trust	38.39	34.08
Others	0.01	0.83
Total	92.23	90.42

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

38 Disclosure of transactions with related parties as required by the Indian Accounting Standard 24

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2019-20		2018-19	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Subsidiaries:					
PT.Bajaj Auto Indonesia (99.25% shares held by Bajaj Auto Ltd.)	Contribution to equity (411,875 shares of USD 3 each)	-	6.17	-	6.17
	Provision for diminution in value of investment	-	(2.17)	-	(2.17)
	Services received	3.54	(1.00)	-	-
Bajaj Auto International Holdings BV Amsterdam Netherlands (Fully owned subsidiary)	Contribution to equity (1,980,000 shares of Euro 100 each)	-	1,218.72	-	1,218.72
	Dividend received	208.99	-	94.36	-
Bajaj Auto (Thailand) Ltd. (Fully owned subsidiary)	Contribution to equity (449,997 shares of TBH 100 each)	10.54	10.54	-	-
B Associates, joint ventures and investing parties:					
Bajaj Holdings & Investment Ltd. (Investing party - holds 33.43% shares of Bajaj Auto Ltd.)	Investment in shares by BHIL [96,727,050 shares of ₹ 10 each]	-	(96.73)	-	(96.73)
	Investment in shares by BAL [3,500,000 shares (Previous year 2,910,050) of ₹ 10 each]	-	1,111.49	-	909.91
	Dividend paid	1,741.09	-	547.68	-
	Dividend received	25.38	-	-	-
	Business support service received	26.18	-	1.98	-
	Business support service rendered	0.03	-	12.52	-
C Key management personnel and their relatives:					
Rahul Bajaj (Chairman)	Short-term employee benefits (including Commission)	10.81	(6.75)	10.63	(6.75)
	Post-employment benefits	0.80	-	0.80	-
	Rent paid for premises	0.25	-	0.20	-
	Deposit paid against premises taken on lease	-	3.60	0.90	3.60
Rajiv Bajaj (Managing Director)	Short-term employee benefits (including Commission)	36.92	(25.02)	29.95	(20.02)
	Post-employment benefits	2.95	-	2.36	-
	Rent paid for premises	2.08	-	1.99	-
	Deposit paid against premises taken on lease	-	1.92	0.90	1.92
Pradeep Shrivastava (Executive Director)	Short-term employee benefits	7.19	-	6.05	-
	Post-employment benefits	0.67	-	0.61	-
Rakesh Sharma (Executive Director)	Short-term employee benefits	6.82	-	4.99	-
	Post-employment benefits	0.54	-	0.49	-
Madhur Bajaj (Vice Chairman)	Rent paid for premises	0.29	-	0.27	-
	Deposit paid against premises taken on lease	-	4.40	3.52	4.40
	Sitting fees	0.05	-	0.08	-
	Commission	0.13	(0.13)	0.12	(0.12)
Sanjiv Bajaj	Sitting fees	0.08	-	0.08	-
	Commission	0.20	(0.20)	0.12	(0.12)
Shekhar Bajaj	Sitting fees	0.07	-	0.06	-
	Commission	0.18	(0.18)	0.09	(0.09)
	Deposit paid against premises taken on lease	-	-	2.64	-
Niraj Bajaj	Sitting Fees	0.07	-	0.08	-
	Commission	0.18	(0.18)	0.12	(0.12)
	Deposit paid against premises taken on lease	-	-	0.88	-
D Other entities/persons:					
Bajaj Finserv Ltd.	Purchase of windpower	14.56	-	13.82	-
	OA charges reimbursement	8.73	-	8.05	-
	Business support service rendered	0.43	-	0.41	-

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

38 Disclosure of transactions with related parties as required by the Indian Accounting Standard 24 (Contd.)

		(₹ In Crore)			
Name of related party and nature of relationship	Nature of transaction	2019-20		2018-19	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Bajaj Finance Ltd.	Investment in shares by BFL (150 shares of ₹ 10 each) - ₹ 1,500	–	(0.00)	–	(0.00)
	Subvention charges paid	0.04	–	9.88	0.86
	Service rendered	28.01	0.06	25.68	–
	Service received	0.50	–	0.20	–
	Security deposit received	–	(0.21)	–	(0.21)
	Investment in fixed deposit	500.00	500.00	–	–
	Interest income on fixed deposit	15.50	15.50	–	–
	Dividend paid	0.00	–	0.00	–
Bajaj Allianz General Insurance Co. Ltd.	Insurance premiums paid	17.01	8.44	15.89	4.68
	Claims received	–	–	0.01	–
Bajaj Allianz Life Insurance Co. Ltd.	Insurance premiums paid	1.18	(0.00)	1.16	(0.00)
	Investment in shares by BALIC (125,000 shares of ₹ 10 each)	–	(0.13)	–	(0.13)
	Dividend paid	2.25	–	0.75	–
Bajaj Housing Finance Ltd.	Services rendered	0.05	–	0.01	–
	Security deposit received	–	(0.02)	0.02	(0.02)
Bajaj Electricals Ltd.	Purchases	0.27	(0.13)	0.05	(0.25)
Hind Musafir Agency Ltd.	Services received	20.21	0.16	20.71	(1.06)
Hindustan Housing Co. Ltd.	Maintenance charges paid	0.29	–	0.26	(0.07)
KTM AG	Sale of vehicles and material	285.23	(25.50)	414.62	(46.42)
	Services rendered and other debits	–	–	0.16	–
	Purchase of accessories and other credits	–	–	2.65	–
KTM Sportmotorcycle GmbH	Sale of vehicles and material	385.95	20.37	382.62	(149.06)
	Royalty paid and payable	19.40	(5.51)	13.99	(3.27)
	Services rendered and other debits	0.24	–	0.08	–
	Purchase of accessories, merchant purchase and other credits	2.89	–	5.03	–
KTM Southeast Europe A.E.	Sale of vehicles and material	0.45	(0.51)	0.44	(0.00)
KTM Southeast Europe S.A.	Sale of vehicles and material	–	–	–	(0.00)
KTM Sportmotorcycle India Pvt. Ltd.	Royalty paid and payable	4.84	(1.27)	8.05	(0.56)
	Services rendered and other debits	3.51	–	2.25	–
Husqvarna Motorcycles GmbH	Sale of vehicles and material	18.24	6.72	–	–
	Purchase of accessories and other credits	0.06	–	–	–
Maharashtra Scooters Ltd.	Investment in shares by MSL (6,774,072 shares of ₹ 10 each)	–	(6.77)	–	(6.77)
	Dividend paid	121.93	–	40.64	–
	Purchases	2.07	–	0.31	–
	Sales (including capital asset)	0.02	–	–	–
	Services rendered	0.11	(0.02)	0.12	(0.04)
Yulu Bikes Pvt. Ltd.	Contribution to equity (13,865 shares of ₹ 100 each)	55.20	55.20	–	–
	Sale of material/Services rendered	0.21	0.17	–	–
CERG Advisory Pvt. Ltd.	Services received	0.12	–	0.10	–
Bajaj Auto Charitable Trust	CSR payment	0.25	–	0.25	–
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	0.50	–	61.50	–
Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	0.50	–	74.50	–
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	9.77	–	9.46	(0.20)
Bajaj Auto Ltd. Provident Fund	Provident fund contribution (Employer's share)	38.39	(10.90)	34.08	(10.05)
D J Balaji Rao	Sitting fees	0.15	–	0.18	–
	Commission	0.38	(0.38)	0.27	(0.27)
D S Mehta	Sitting fees	–	–	0.04	–
	Commission	–	–	0.06	(0.06)

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

38 Disclosure of transactions with related parties as required by the Indian Accounting Standard 24 (Contd.)

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2019-20		2018-19	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Nanoo Pamnani	Sitting fees	0.10	–	0.13	–
	Commission	0.55	(0.55)	0.50	(0.50)
Manish Kejriwal	Sitting fees	–	–	0.04	–
	Commission	–	–	0.06	(0.06)
P Murari	Sitting fees	–	–	0.04	–
	Commission	–	–	0.06	(0.06)
Dr. Gita Piramal	Sitting fees	0.16	–	0.17	–
	Commission	0.40	(0.40)	0.26	(0.26)
Dr. Naushad D Forbes	Sitting fees	0.13	–	0.15	–
	Commission	0.33	(0.33)	0.23	(0.23)
Dr. Omkar Goswami	Sitting fees	0.08	–	0.08	–
	Commission	0.20	(0.20)	0.12	(0.12)
Anami N. Roy	Sitting fees	0.07	–	0.08	–
	Commission	0.18	(0.18)	0.12	(0.12)
Pradip Shah	Sitting fees	0.07	–	–	–
	Commission	0.18	(0.18)	–	–
Ms. Lila Poonawalla	Sitting fees	0.07	–	–	–
	Commission	0.18	(0.18)	–	–

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 9 of the Indian Accounting Standard - 24 "Related Party Disclosures" have been identified based on representations made by key managerial personnel and information available with the Company.

All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are unsecured and are repayable in cash.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

39 Lease

As a lessor:

The Company has given premises on operating leases. These lease arrangements range for a period between eleven months to ten years and include both cancellable and non cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

The total future minimum lease rentals receivable at the Balance Sheet date is as under:

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Receivable		
Within one year	21.58	24.27
After one year but not more than five years	19.05	40.52
More than five years	0.85	1.12
	41.48	65.91

40 Expenditure incurred on Research and Development

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
a Revenue expenditure - charged to Statement of Profit and Loss	408.04	392.35
b Revenue expenditure - capitalised	13.93	20.78
c Capital expenditure - excluding building	53.09	43.22
d Capital expenditure - building	—	—
	475.06	456.35

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

41 Share based payments (Employee stock option plans)

The Board of Directors at its meeting held on 30 January 2019, approved an Employee Stock Options Scheme ('ESOS'). Pursuant to the scheme stock options up to a maximum of 0.17% of the then issued equity capital of the Company aggregating to 5,000,000 equity shares of the face value of ₹ 10 each can be issued in a manner provided in the SEBI (Share Based Employee Benefits) Regulations, 2014 as amended. The shareholders of the Company vide their special resolution passed through postal ballot on 11 March 2019 approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s).

The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. The details of grants made as of 31 March 2020 are given in below tables:

				31 March 2020
Particulars				
Grant date				17 May 2019
No. of options granted				287,636
Exercise price (₹)				2,942.65
Weighted average fair value (₹)				827.52
Total for all grants				
	No. of options	Range of fair value (₹)	Weighted average fair value (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	–	–	–	–
Granted during the year	287,636	663.31-974.15	827.52	–
Cancelled during the year	6,837	663.31-974.15	827.52	–
Expired during the year	–	–	–	–
Exercised during the year	–	–	–	–
Outstanding at the end of the year	280,799	663.31-974.15	827.52	6.63
Vested and exercisable at the end of the year	–	–	–	–

Method used for accounting for share based payment plan:

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black Scholes model. The key assumptions used in Black Scholes model for calculating fair value as on the date of grants are:

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)
17 May 2019	6.88% to 7.26%	3.51-6.51 years	22.18% to 23.79%	2.04%	2,942.65

For the year ended 31 March 2020, the Company has accounted expense of ₹ 10.01 crore as employee benefit expenses (See note 24) on the aforesaid employee stock option plan (Previous year ₹ Nil). The balance in employee stock option outstanding account is ₹ 10.01 crore as of 31 March 2020 (Previous year ₹ Nil).

42 Estimation of uncertainties relating to COVID-19

The Company has considered the possible effects that may result from the global health pandemic relating to COVID-19 on its operations. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal sources of information and market based intelligence to arrive at its estimates.

Notes to standalone financial statements for the year ended 31 March 2020 (Contd.)

43 Considering the Company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under 'The Micro, Small and Medium Enterprises Development Act 2006' during the year. There is also no amount of outstanding interest in this regard, brought forward from previous years. Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors under the said Act.

44 Miscellaneous

Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

As per our report of even date

On behalf of the Board of Directors

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

Rahul Bajaj
Chairman

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Rajiv Bajaj
Managing Director

Dr. J Sridhar
Company Secretary

Madhur Bajaj
Vice Chairman



CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

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

Report on the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Bajaj Auto Ltd. (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate comprising of the consolidated Balance Sheet as at 31 March 2020, the consolidated Statement of Profit and Loss, including other comprehensive loss, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2020, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated Statement of changes in equity for the year ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditors' responsibilities for the audit of the consolidated financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements.

The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditors' Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements (Contd.)

Key audit matters

How our audit addressed the key audit matter

(a) Impact of COVID-19 on the Holding Company's financial statements

(as described in note 32 of the consolidated financial statements)

Coronavirus disease 2019 ('COVID-19'), was declared a global pandemic by World Health Organisation.

In line with the directions on lockdown issued by the State Governments of Maharashtra and Uttarakhand, the Holding Company temporarily suspended the operations of its manufacturing units at four locations from 23 March 2020 till 31 March 2020; and subsequently upto further dates as instructed by the respective State Governments.

COVID-19 has resulted in restriction in movement of goods during the period from 23 March 2020 till 31 March 2020 impacting normal business operations for the Holding Company including revenues, receivables, purchases including services and inventories at the year-end and hence considered key audit matter.

We have performed the following procedures to assess and evaluate the impact on financial statements because of business decisions, Government actions or economic environment developments:

- Performed cut-off procedures for a larger sample of invoices during the lockdown period for both domestic as well as export sales.
- Enquired with the Holding Company on the manner of financial support (if any) provided to the dealers, vendors and service providers; and their recognition in the financial statements.
- Enquired with the Holding Company on any information on the liquidity position of any dealers; and ascertained the need for any additional provisioning for impairment/credit loss in the financial statements.
- We assessed the disclosures on COVID-19 made in the financial statements.
- Our ability to perform regular audit procedures has been impacted which has required us in certain cases to perform alternative audit procedures and exercise significant judgment in respect of the following:
 - a) Audit and quality control procedures which were earlier performed in person could not be performed; and hence alternative procedures have been performed based on inquiries (through phone calls, video calls and e-mail communications) and review of scanned documentation sent through e-mails, followed up with sighting with original documents.
 - b) Year-end inventory observation of inventory counts could not be performed. However, inventory counts were observed subsequent to year-end; and rolled back to year-end.

Other information

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

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

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

Responsibilities of Management for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated Statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Independent Auditors' Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements (Contd.)

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements (Contd.)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31 March 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

We did not audit the financial statements and other financial information, in respect of a subsidiary, whose Ind AS financial statements include total assets of ₹ 1.05 crore as at 31 March 2020, and total revenues of ₹ 2.87 crore and net cash outflows of ₹ 0.22 crore for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the Management. The consolidated financial statements also include the Group's share of net profit of ₹ 321.51 crore for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of an associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such other auditors.

The subsidiary and associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financial statements of such subsidiaries and associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our Report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the Reports of the other auditors.

Report on other legal and regulatory requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164 (2) of the Act. The Holding Company did not have any subsidiary or an associate company in India and did not exercise joint control over any entity incorporated in India;

Independent Auditors' Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements (Contd.)

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary companies, associate company, since none of the subsidiary companies and associate company are incorporated in India, no separate report is being issued with reference to these consolidated financial statements of the Holding Company. Also refer Annexure 2 to the independent auditors' report dated 20 May 2020, issued on the standalone financial statements of the Holding Company regarding Internal controls over financial reporting;
- (g) In our opinion the managerial remuneration for the year ended 31 March 2020 has been paid/provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. The Holding Company did not have any subsidiary or an associate company in India and did not exercise joint control over any entity incorporated in India;
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate as noted in the 'Other matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated financial statements – refer note 32 to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – refer note 32 to the consolidated financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020. The Holding Company did not have any subsidiary or an associate company in India and did not exercise joint control over any entity incorporated in India.

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

per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 20089802AAAABS2339
Pune: 20 May 2020

Consolidated Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	1,602.03	1,688.69
Capital work-in-progress	2	46.54	11.54
Investment property	3	53.90	55.50
Intangible assets	4	43.09	19.75
Intangible assets under development	4	13.65	36.48
Investments in associate of subsidiary	5A	2,950.89	2,666.21
Financial assets			
Investments	5B	14,182.94	16,360.16
Trade receivables	10	—	—
Loans	6	32.49	31.66
Other financial assets	7	3.13	0.02
Income-tax assets (net)		714.81	584.41
Other non-current assets	8	250.53	306.83
		19,894.00	21,761.25
Current assets			
Inventories	9	1,063.50	961.51
Financial assets			
Investments	5B	2,779.75	1,576.48
Trade receivables	10	1,725.10	2,559.69
Cash and cash equivalents	11	285.40	915.64
Other bank balances	12	30.94	17.43
Loans	6	6.11	6.34
Other financial assets	7	87.98	112.94
Other current assets	8	637.24	923.13
		6,616.02	7,073.16
		26,510.02	28,834.41

Consolidated Balance Sheet (Contd.)

(₹ In Crore)			
As at 31 March			
Particulars	Note No.	2020	2019
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	289.37	289.37
Other equity	14	21,372.71	22,944.44
Equity attributable to owners of the Company		21,662.08	23,233.81
Non-controlling interest		0.01	0.01
Total equity		21,662.09	23,233.82
Non-current liabilities			
Financial liabilities			
Sales tax deferral	15	125.59	124.52
Provisions	16	80.50	14.56
Deferred tax liabilities (net)	17	346.38	542.66
Government grant		41.30	43.95
Other non-current liabilities	18	0.83	1.12
		594.60	726.81
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		13.73	2.65
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,186.09	3,784.18
Other financial liabilities	19	548.27	370.97
Other current liabilities	20	328.88	556.97
Provisions	16	157.97	140.62
Government grant		2.65	2.65
Current tax liabilities (net)		15.74	15.74
		4,253.33	4,873.78
		26,510.02	28,834.41
Summary of significant accounting policies followed by the Company	1		

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

As per our report of even date

On behalf of the Board of Directors

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

Rahul Bajaj
Chairman

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Rajiv Bajaj
Managing Director

Dr. J Sridhar
Company Secretary

Madhur Bajaj
Vice Chairman

Consolidated Statement of Profit and Loss

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2020	2019
Revenue from contracts with customers		29,111.54	29,567.25
Other operating revenue		807.11	790.38
Revenue from operations	21	29,918.65	30,357.63
Other income	22	1,524.57	1,344.49
Total income		31,443.22	31,702.12
Expenses			
Cost of raw materials and components consumed		19,484.62	20,274.72
Purchase of traded goods		1,586.67	1,579.38
Changes in inventories of finished goods, work-in-progress and traded goods	23	(63.01)	(56.42)
Employee benefits expense	24	1,390.81	1,256.89
Finance costs	25	3.16	4.48
Depreciation and amortisation expense	26	246.43	265.69
Other expenses	27	2,453.89	2,143.65
Expenses, included in above items, capitalised		(29.97)	(30.10)
Total expenses		25,072.60	25,438.29
Share of profits of associate		321.51	349.75
Profit before exceptional items and tax		6,692.13	6,613.58
Exceptional items	28	—	(342.00)
Profit before tax		6,692.13	6,955.58
Tax expense			
Current tax		1,547.26	1,818.59
Deferred tax		(67.04)	209.39
Total tax expense	29	1,480.22	2,027.98
Profit after tax		5,211.91	4,927.60
Profit attributable to non-controlling interest		—	(0.01)
Profit for the year		5,211.91	4,927.61

Consolidated Statement of Profit and Loss (Contd.)

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2020	2019
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(37.95)	(5.47)
Tax impact on above		4.76	1.91
Actuarial gains/(losses) of defined benefit plans - share of associate of subsidiary		(8.18)	(3.11)
Changes in fair value of FVTOCI equity instruments		(550.03)	84.33
Tax impact on above		62.39	(9.82)
Items that will be reclassified to profit or loss			
Valuation gains/(losses) on derivative hedging instruments		(221.11)	5.54
Tax impact on above		62.09	(1.94)
Other adjustments - share of associate of subsidiary		(3.14)	(5.00)
Change in foreign currency translation reserve of subsidiary		182.07	(111.79)
Other comprehensive income (net of tax)		(509.10)	(45.35)
Total comprehensive income for the year		4,702.81	4,882.26
Profit attributable to:			
Owners of the Company		5,211.91	4,927.61
Non-controlling interest		—	(0.01)
		5,211.91	4,927.60
Total comprehensive income attributable to:			
Owners of the Company		4,702.81	4,882.26
Non-controlling interest		—	(0.01)
		4,702.81	4,882.25
Basic and diluted Earnings per share (in ₹)	30	180.2	170.3
(Nominal value per share ₹ 10)			
Summary of significant accounting policies followed by the Company	1		

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

As per our report of even date

On behalf of the Board of Directors

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Dr. J Sridhar
Company Secretary

Rahul Bajaj
Chairman

Rajiv Bajaj
Managing Director

Madhur Bajaj
Vice Chairman

Consolidated Statement of Changes in Equity

A. Equity share capital

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2020	2019
At the beginning of the year		289.37	289.37
Changes in equity share capital		—	—
At the end of the year	13	289.37	289.37

Consolidated Statement of Changes in Equity (Contd.)**B. Other equity**

(₹ In Crore)

Particulars	Note No.	Attributable to owners											Non-controlling interest
		Reserves and surplus		Other reserves									
		General reserve	Retained earnings	Cash flow hedging reserve	Costs of hedging reserve	Foreign exchange difference of subsidiary on paid-up capital	Foreign currency translation reserve	FVTOCI reserve	Share based payments reserve	Treasury shares	Total other equity		
Balance as at 1 April 2018	14	5,363.64	14,321.65	79.72	(40.48)	0.25	411.09	–	–	–	20,135.87	0.02	
Profit for the year		–	4,927.61	–	–	–	–	–	–	–	4,927.61	(0.01)	
Other comprehensive income (net of tax)		(8.11)	(3.56)	(19.41)	23.01	0.01	(111.80)	74.51	–	–	(45.35)	–	
Total comprehensive income for the year ended 31 March 2019		(8.11)	4,924.05	(19.41)	23.01	0.01	(111.80)	74.51	–	–	4,882.26	(0.01)	
Transactions with owners in their capacity as owners													
Transfer from Retained earnings to General reserve		720.43	(720.43)	–	–	–	–	–	–	–	–	–	
Final dividend for the year ended 31 March 2018		–	(1,736.20)	–	–	–	–	–	–	–	(1,736.20)	–	
Tax on final dividend as above		–	(337.49)	–	–	–	–	–	–	–	(337.49)	–	
Balance as at 31 March 2019	14	6,075.96	16,451.58	60.31	(17.47)	0.26	299.29	74.51	–	–	22,944.44	0.01	
Profit for the year		–	5,211.91	–	–	–	–	–	–	–	5,211.91	–	
Recognition of share based payments to employees		–	–	–	–	–	–	–	10.01	–	10.01	–	
Other comprehensive income (net of tax)		(11.32)	(33.19)	(54.68)	(104.34)	(0.02)	182.09	(487.64)	–	–	(509.10)	–	
Total comprehensive income for the year ended 31 March 2020		(11.32)	5,178.72	(54.68)	(104.34)	(0.02)	182.09	(487.64)	10.01	–	4,712.82	–	
Transactions with owners in their capacity as owners													
Transfer from Retained earnings to General reserve		621.93	(621.93)	–	–	–	–	–	–	–	–	–	
Treasury shares held by ESOP Trust		–	–	–	–	–	–	–	–	(26.62)	(26.62)	–	
Final dividend for the year ended 31 March 2019		–	(1,736.20)	–	–	–	–	–	–	–	(1,736.20)	–	
Tax on final dividend as above		–	(335.57)	–	–	–	–	–	–	–	(335.57)	–	
Interim dividend for the year ended 31 March 2020		–	(3,472.40)	–	–	–	–	–	–	–	(3,472.40)	–	
Tax on interim dividend as above		–	(713.76)	–	–	–	–	–	–	–	(713.76)	–	
Balance as at 31 March 2020	14	6,686.57	14,750.44	5.63	(121.81)	0.24	481.38	(413.13)	10.01	(26.62)	21,372.71	0.01	
Summary of significant accounting policies followed by the Company	1												

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

As per our report of even date

On behalf of the Board of Directors

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Dr. J Sridhar
Company Secretary

Rahul Bajaj
Chairman

Rajiv Bajaj
Managing Director

Madhur Bajaj
Vice Chairman

Consolidated Statement of Cash Flows

(₹ In Crore)

For the year ended 31 March

Particulars	2020	2019
I. Operating activities		
Profit before tax	6,692.13	6,955.58
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
i) Depreciation and amortisation	246.43	265.69
ii) Loss on property, plant and equipment sold, demolished, discarded and scrapped	13.70	8.41
iii) Provision for doubtful debts and advances	22.01	1.19
iv) Share based payment to employees	10.01	–
v) Exchange loss/(gain) on cash and cash equivalents	(2.16)	26.96
vi) Exchange loss/(gain) on trade receivables	(15.41)	2.94
vii) Exchange loss/(gain) on import payables	(1.98)	(0.02)
viii) Interest adjustment on Government grant	1.06	0.96
ix) Interest expense	2.10	3.52
	275.76	309.65
Less:		
i) Investment income included in above:		
Interest income on fixed income securities	17.04	24.33
Interest income on fixed deposits	28.90	–
Interest income on fixed maturity plans	903.55	829.65
Profit on sale of other investments, net	19.53	1.92
Gain on valuation and realisation of mutual funds measured at fair value through profit or loss	462.70	361.19
Dividend income on other strategic investments	25.38	–
Amortisation of premium/discount on acquisition of fixed income securities	18.24	48.21
	1,475.34	1,265.30
ii) Share of profits of associate	321.51	349.75
iii) Provision for doubtful debts and advances written back (net)	0.54	1.22
iv) Government grants	2.65	2.65
v) Exceptional item - NCCD reversal	–	342.00
vi) Surplus on sale of property, plant and equipment	5.28	55.05
	(1,805.32)	(2,015.97)
	5,162.57	5,249.26
Change in assets and liabilities		
i) (Increase)/decrease in inventories	(101.99)	(218.93)
ii) (Increase)/decrease in trade receivables	828.53	(1,070.47)
iii) (Increase)/decrease in loans and other assets	398.53	(167.36)
iv) Increase/(decrease) in liabilities and provisions	(759.28)	664.54
	365.79	(792.22)
Annuity payments (net) to VRS/Welfare scheme optees	(0.26)	(5.84)
Net cash flow from operating activities before income tax	5,528.10	4,451.20
Income tax refund/(paid) for earlier years (net)	–	(10.00)
Income tax paid	(1,677.66)	(1,954.34)
Net cash flow from/(used in) operating activities	3,850.44	2,486.86
Carried forward	3,850.44	2,486.86

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March	
	2020	2019
Brought forward	3,850.44	2,486.86
II. Investing activities		
i) Sale of investments	5,178.94	9,140.38
ii) Purchase of investments	(3,517.96)	(9,600.95)
iii) Sale/(purchase) of liquid mutual funds, etc., net	166.96	214.81
iv) Investment in treasury shares by ESOP trust	(26.62)	–
v) (Increase)/decrease in other bank balances	(13.51)	(0.37)
vi) Purchase of property, plant and equipment (including advances)	(282.81)	(163.53)
vii) Sale proceeds of property, plant and equipment	16.74	76.16
viii) Capital expenditure on development of technical know-how	(13.93)	(20.78)
	1,507.81	(354.28)
ix) Investment income		
Interest income on fixed income securities	17.04	24.33
Interest income on fixed deposits	28.90	–
Dividend income on other strategic investments	25.38	–
	71.32	24.33
(Increase)/decrease in interest receivable	(23.04)	(8.49)
	48.28	15.84
Net cash flow from/(used in) investing activities	1,556.09	(338.44)
Carried forward	5,406.53	2,148.42

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

For the year ended 31 March

Particulars	2020	2019
Brought forward	5,406.53	2,148.42
III. Financing activities		
i) Interest expense	(2.10)	(3.52)
ii) Deferral of sales tax deferral liability	–	2.79
iii) Dividend, including interim dividend paid	(5,195.10)	(1,735.83)
iv) Corporate dividend tax paid	(1,049.31)	(337.49)
Net cash flow from/(used in) financing activities	(6,246.51)	(2,074.05)
IV. Change in foreign currency translation arising on consolidation	207.58	92.63
Net change in cash and cash equivalents	(632.40)	167.00
Cash and cash equivalents at the beginning of the year	915.64	775.60
Add/(Less): Effects of exchange loss/(gain) on cash and cash equivalents	2.16	(26.96)
Cash and cash equivalents at the end of the year [See note 11]	285.40	915.64

As per our report of even date

On behalf of the Board of Directors

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

Rahul Bajaj
Chairman

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Rajiv Bajaj
Managing Director

Dr. J Sridhar
Company Secretary

Madhur Bajaj
Vice Chairman

Notes to consolidated financial statements for the year ended 31 March 2020

Background

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

The consolidated financial statements comprise financial statements of Bajaj Auto Ltd. ('the Company') and its subsidiaries (collectively, the 'Group') for the year ended 31 March 2020. The consolidated financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company on 20 May 2020.

The consolidated financial statements include results of the subsidiaries of Bajaj Auto Ltd., consolidated in accordance with Ind AS 110 'Consolidated Financial Statements' and Ind AS 28 'Investment in Associates and Joint Ventures'.

Name of the Company	Country of Incorporation	% Shareholding of Bajaj Auto Ltd.	% Shareholding of Non-controlling interest	Consolidated as
PT. Bajaj Auto Indonesia	Indonesia	99.25%	0.75%	Subsidiary
Bajaj Auto International Holdings BV	Netherlands	100.00%	–	Subsidiary
Bajaj Auto (Thailand) Ltd.	Thailand	100.00%	–	Subsidiary

The consolidated financial statements of Bajaj Auto International Holdings BV include 47.99% interest in KTM AG as an associate.

1 Summary of significant accounting policies followed by the Company**Basis of preparation**

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

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

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

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

Significant accounting policies

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

1) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries, being the entities that it controls. Control is evidenced where the Group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Group. For non-wholly owned subsidiaries, a share of the profit/loss for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated Statement of Profit and Loss and consolidated Balance Sheet. For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests the difference between the cash received from sale or listing

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

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

of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The financial statements of subsidiaries acquired or disposed off during the year are included in the consolidated Statement of Profit and Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless costs cannot be recovered. The financial statements of Bajaj Auto (Thailand) Ltd. are prepared with a three months' time lag for consolidation into the Group financial statements.

2 Investment in associates

Investments in associates are accounted for using the equity method. An associate is an entity over which the Group is in a position to exercise significant influence over operating and financial policies. The considerations made in determining whether significant influence is being exercised are similar to those necessary to determine control over the subsidiaries. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associate.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Profit and Loss.

The financial statements of the associate are prepared with a three months' time lag for consolidation into the Group financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. The Group has not identified any material adjustments during the year; in regard to the alignment of accounting policies.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3 Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

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

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

4 Taxation

- a) Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.
- b) Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
- c) Deferred tax is provided using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

- d) Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5 Other significant accounting policies

Other significant accounting policies followed by the Group are exactly similar to the significant accounting policies of the parent, Bajaj Auto Ltd.; and hence have not been reproduced here. Refer note 1 of standalone financial statements of Bajaj Auto Ltd. for the year ended 31 March 2020 for details in regard to other significant accounting policies.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

2 Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block				Depreciation				Net block
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions	For the year	As at 31 March 2020	As at 31 March 2020
Land freehold	19.97	–	–	19.97	–	–	–	–	19.97
Land leasehold (Right-of-use assets)	52.39	–	4.46	47.93	–	–	–	–	47.93
Buildings	932.10	8.39	–	940.49	312.94	–	25.43	338.37	602.12
Waterpumps, reservoirs and mains	17.36	0.03	–	17.39	12.76	–	0.78	13.54	3.85
Plant and machinery	1,364.15	27.22	29.77	1,361.60	978.74	23.42	61.48	1,016.80	344.80
Computers and IT equipment	77.50	4.11	0.03	81.58	68.27	0.03	5.66	73.90	7.68
Dies and jigs	778.38	73.30	278.24	573.44	554.77	273.54	60.95	342.18	231.26
Electric installations	74.29	–	–	74.29	68.53	–	1.51	70.04	4.25
Factory equipment	401.00	22.89	9.28	414.61	199.64	7.50	25.93	218.07	196.54
Furniture	40.83	1.55	0.22	42.16	22.80	0.17	3.33	25.96	16.20
Office equipment	45.26	2.46	2.07	45.65	35.43	2.05	3.08	36.46	9.19
Electric fittings	31.81	1.50	0.15	33.16	23.43	0.14	1.73	25.02	8.14
Vehicles and aircraft	361.31	28.46	20.76	369.01	230.35	12.32	40.88	258.91	110.10
Total	4,196.35	169.91	344.98	4,021.28	2,507.66	319.17	230.76	2,419.25	1,602.03
Capital work-in-progress	11.54	42.78	7.78	46.54	–	–	–	–	46.54

Previous year

(₹ In Crore)

Particulars	Gross block				Depreciation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions	For the year	As at 31 March 2019	As at 31 March 2019
Land freehold	20.09	–	0.12	19.97	–	–	–	–	19.97
Land leasehold (Right-of-use assets)	53.04	–	0.65	52.39	–	–	–	–	52.39
Buildings	929.46	3.12	0.48	932.10	287.11	0.08	25.91	312.94	619.16
Waterpumps, reservoirs and mains	17.31	0.05	–	17.36	11.96	–	0.80	12.76	4.60
Plant and machinery	1,381.46	36.71	54.02	1,364.15	966.75	49.49	61.48	978.74	385.41
Computers and IT equipment	77.59	2.34	2.43	77.50	63.42	2.43	7.28	68.27	9.23
Dies and jigs	739.01	57.39	18.02	778.38	511.60	14.22	57.39	554.77	223.61
Electric installations	73.83	0.46	–	74.29	66.99	–	1.54	68.53	5.76
Factory equipment	376.79	26.31	2.10	401.00	175.63	1.71	25.72	199.64	201.36
Furniture	49.60	1.82	10.59	40.83	30.30	10.59	3.09	22.80	18.03
Office equipment	50.58	5.53	10.85	45.26	41.96	10.85	4.32	35.43	9.83
Electric fittings	31.53	0.28	–	31.81	21.51	–	1.92	23.43	8.38
Vehicles and aircraft	648.85	17.19	304.73	361.31	450.69	284.45	64.11	230.35	130.96
Total	4,449.14	151.20	403.99	4,196.35	2,627.92	373.82	253.56	2,507.66	1,688.69
Capital work-in-progress	11.15	9.48	9.09	11.54	–	–	–	–	11.54

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

3 Investment property

(₹ In Crore)

Particulars	As at 31 March	
	2020	2019
Gross carrying amount		
Opening balance	69.66	69.66
Additions	—	—
Closing balance	69.66	69.66
Accumulated depreciation		
Opening balance	14.16	12.55
Depreciation charge	1.60	1.61
Closing balance	15.76	14.16
Net carrying amount	53.90	55.50

See note 3 of standalone financial statements for the following disclosures in regard to investment property:

- i) Amounts recognised in profit and loss for investment properties
- ii) Contractual obligations
- iii) Leasing arrangements
- iv) Fair value

4 Intangible assets**Current year**

(₹ In Crore)

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions	For the year	As at 31 March 2020	As at 31 March 2020
Intangible assets									
Technical know-how developed	29.62	36.76	—	66.38	9.87	—	13.42	23.29	43.09
Total intangible assets	29.62	36.76	—	66.38	9.87	—	13.42	23.29	43.09
Intangible assets under development	36.48	13.93	36.76	13.65	—	—	—	—	13.65

Previous year

(₹ In Crore)

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2018	Additions	Deductions/ adjustments	As at 31 March 2019	As at 1 April 2018	Deductions	For the year	As at 31 March 2019	As at 31 March 2019
Intangible assets									
Technical know-how developed	—	29.62	—	29.62	—	—	9.87	9.87	19.75
Total intangible assets	—	29.62	—	29.62	—	—	9.87	9.87	19.75
Intangible assets under development	45.32	20.78	29.62	36.48	—	—	—	—	36.48

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

5 Investments

(₹ In Crore)

Particulars	Non-current investments		Current investments	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
(A) Investments in associate of subsidiary				
5,204,864 shares of Euro 100 each in KTM AG	2,297.02	2,052.61	–	–
Goodwill on above investment	653.87	613.60	–	–
	2,950.89	2,666.21	–	–
(B) Other investments				
Investments carried at FVTOCI				
In Shares	700.99	994.23	–	–
Investments carried at amortised cost				
In Bonds and debentures	231.13	152.85	–	174.51
In Fixed deposits	100.00	–	700.00	–
In Fixed maturity plans	10,157.25	11,203.40	1,905.68	1,134.71
Investments carried at fair value through profit or loss				
In Mutual fund units	2,993.57	4,009.68	174.07	267.26
	14,182.94	16,360.16	2,779.75	1,576.48
	17,133.83	19,026.37	2,779.75	1,576.48

Notes to Investments:

1. See note 5B of standalone financial statements for details of 'Other investments'.
2. See footnotes to note 5 of standalone financial statements.

6 Loans

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Security deposits	26.28	24.64	–	–
Employee loans	6.21	7.02	6.11	6.34
	32.49	31.66	6.11	6.34

Security deposits include a sum of ₹ 9.92 crore (previous year ₹ 9.92 crore) against use of premises on a Leave License basis, placed with directors and their relatives, jointly and severally. [See note 33]

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

7 Other financial assets

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Non-current bank balances [See note 12]	0.02	0.02	–	–
Interest receivable on investments	3.11	–	29.57	9.64
Interest receivable on loans, deposits etc.	–	–	0.68	0.68
Valuation gains on derivative hedging instruments [See note 32]	–	–	–	65.85
Other advances	–	–	57.73	36.77
	3.13	0.02	87.98	112.94

8 Other assets

(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Capital advances	179.80	101.90	–	–
Security deposits	6.62	6.70	–	–
Advances recoverable in cash or kind				
Advances to related parties [See note 33]	–	–	8.44	4.68
Other advances	24.33	23.49	104.55	82.44
Doubtful advances	8.14	8.14	–	–
	32.47	31.63	112.99	87.12
Provision for doubtful advances	8.14	8.14	–	–
	24.33	23.49	112.99	87.12
VAT refund receivable	39.78	174.74	135.61	29.51
GST credit/refund receivable	–	–	241.02	259.04
NCCD deposit receivable from Government [See note 28]	–	–	–	342.00
Export incentives receivable				
Unsecured considered good	–	–	147.62	205.46
Doubtful	0.21	0.21	–	–
	0.21	0.21	147.62	205.46
Provision for doubtful export incentives	0.21	0.21	–	–
	–	–	147.62	205.46
	250.53	306.83	637.24	923.13

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

9 Inventories

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Raw materials and components (includes in transit ₹ 90.74 crore (previous year ₹ 53.62 crore))	461.44	424.26
Work-in-progress	57.60	46.96
Finished goods	522.78	470.41
Stores, spares and packing material	20.43	16.37
Loose tools	1.25	3.51
	1,063.50	961.51

Amount recognised in profit and loss

Write-downs of inventories to net realisable value/reversal of provision for write-down, resulted in net loss/(gain) of ₹ 40.27 crore [Previous year – ₹ (5.12) crore]. These were recognised as an expense/(income) during the year in the consolidated Statement of Profit and Loss.

10 Trade receivables

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Unsecured, considered good	–	–	1,725.10	2,559.69
Credit impaired	28.21	6.74	–	–
	28.21	6.74	1,725.10	2,559.69
Impairment allowance for credit impaired [See note 32]	28.21	6.74	–	–
	–	–	1,725.10	2,559.69

11 Cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Balances with banks	285.31	570.87
Cash on hand	0.09	0.10
Cash equivalents		
Certificate of Deposits and Commercial Papers with maturity of less than three months from date of acquisition	–	344.67
	285.40	915.64

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

12 Other bank balances

(₹ In Crore)

Particulars	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Unclaimed dividend accounts	–	–	30.94	17.43
Deposits with residual maturity for more than twelve months	0.02	0.02	–	–
	0.02	0.02	30.94	17.43
Amount disclosed under 'other financial assets' (See note 7)	(0.02)	(0.02)	–	–
	–	–	30.94	17.43

13 Equity share capital

(₹ In Crore)

Particulars	As at 31 March	
	2020	2019
Authorised 300,000,000 equity shares of ₹ 10 each	300.00	300.00
Issued, subscribed and fully paid-up shares 289,367,020 equity shares of ₹ 10 each	289.37	289.37
	289.37	289.37

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Nos.	₹ In Crore	Nos.	₹ In Crore
Equity shares				
At the beginning of the year	289,367,020	289.37	289,367,020	289.37
Issued during the year	–	–	–	–
Outstanding at the end of the year	289,367,020	289.37	289,367,020	289.37

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors; and the final dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2020		As at 31 March 2019	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Holdings & Investment Ltd.	96,727,050	33.43%	96,727,050	33.43%
Jamnalal Sons Pvt. Ltd.	26,281,400	9.08%	25,844,400	8.93%
Life Insurance Corporation of India	15,730,820	5.44%	13,429,329	4.64%

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

14 Other equity

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Reserves and surplus:		
General reserve		
Balance as at the beginning of the year	6,075.96	5,363.64
Add: Adjustments on account of change in share of net assets of associate/subsidiary	(11.32)	(8.11)
Add: Transferred from surplus in Statement of Profit and Loss	621.93	720.43
Balance as at the end of the year	6,686.57	6,075.96
Retained earnings		
Balance as at the beginning of the year	16,451.58	14,321.65
Profit for the year	5,211.91	4,927.61
Items of other comprehensive income recognised directly in retained earnings		
Actuarial gains/(losses) of gratuity (net of tax)	(33.19)	(3.56)
Less: Appropriations		
Transfer to General reserve	621.93	720.43
Final dividend for the year ended 31 March 2019/31 March 2018	1,736.20	1,736.20
Tax on final dividend as above	335.57	337.49
Interim dividend for the year ended 31 March 2020	3,472.40	—
Tax on interim dividend as above	713.76	—
Total appropriations	6,879.86	2,794.12
Balance as at the end of the year	14,750.44	16,451.58
Other reserves:		
Cash flow hedging reserve [See note 32 of standalone financial statements]	5.63	60.31
Costs of hedging reserve [See note 32 of standalone financial statements]	(121.81)	(17.47)
Foreign exchange difference of subsidiary on paid-up capital	0.24	0.26
Foreign currency translation reserve	481.38	299.29
FVTOCI reserve		
Balance as at the beginning of the year	74.51	—
Net (losses)/gains on FVTOCI equity securities	(487.64)	74.51
Balance as at the end of the year	(413.13)	74.51
Share based payment reserve		
Balance as at the beginning of the year	—	—
Add: Recognised during the year	10.01	—
Balance as at the end of the year	10.01	—
Treasury shares	(26.62)	—
	21,372.71	22,944.44

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

15 Sales tax deferral

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Unsecured		
Sales tax deferral liability/loan, an incentive under Package Scheme of Incentives 1983 and 1993 - interest free, partially prepaid	125.59	124.52
	125.59	124.52

The exemption of interest on the sales tax liability deferred for payment is considered as a Government grant and measured at an internal rate of return available for pre-payment of the liability as per the sales tax rules. [See note 32]

16 Provisions

Particulars	(₹ In Crore)			
	Non-current		Current	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Provision for employee benefits				
[See note 37 of standalone financial statements]				
Provision for gratuity	77.94	12.01	–	–
Provision for compensated absences	–	–	134.81	118.25
Provision for welfare scheme	2.56	2.55	0.52	0.52
	80.50	14.56	135.33	118.77
Other provisions				
Provision for warranties				
[See footnote to note 16 of standalone financial statements]	–	–	22.64	21.85
	80.50	14.56	157.97	140.62

17 Deferred tax liabilities (net)

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Deferred tax liabilities	522.46	636.82
Deferred tax assets	176.08	94.16
	346.38	542.66

See note 17 of standalone financial statements for detailed break-up of deferred tax liabilities/assets and movement in deferred taxes.

18 Other non-current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Annuity payable to VRS/Welfare scheme optees	0.83	1.12
	0.83	1.12

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

19 Other financial liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Security deposits	24.52	25.04
Unclaimed dividend	30.94	17.43
Valuation losses on derivative hedging instruments (See note 32)	155.26	-
Directors' remuneration and commission payable	34.82	28.88
Employee benefits payable	172.09	164.81
Other payables	130.64	134.81
	548.27	370.97

Refer note 31 of standalone financial statements for financial liabilities measured at amortised cost.

20 Other current liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2020	2019
Annuity payable to VRS/Welfare scheme optees	0.41	0.38
Advance received from customers	254.13	490.83
Taxes and duties payable	46.29	37.88
Other payables	28.05	27.88
	328.88	556.97

21 Revenue from operations

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Revenue from operations		
Revenue from contracts with customers		
Sale of products	29,111.54	29,567.25
Other operating revenue		
Scrap sales	18.14	21.56
Export incentives	458.59	457.07
Royalty	161.59	128.67
Technical know how fees	2.02	-
Rent [See note 39 of standalone financial statements]	31.88	31.39
Insurance claims	0.48	0.86
Miscellaneous receipts	72.75	72.77
Government grants	2.65	2.65
Interest income on financial services to dealers	59.01	75.41
	807.11	790.38
	29,918.65	30,357.63

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

21 Revenue from operations (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Revenue from contracts with customers (Goods transferred at a point in time)		
India	16,895.61	17,722.17
Outside India	12,215.93	11,845.08
Total revenue from contracts with customers	29,111.54	29,567.25
Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price		
Revenue as per contracted price	29,410.26	29,785.13
Adjustments:		
Cash discounts & target incentives	(184.59)	(154.41)
Sales promotion expenses	(114.13)	(63.47)
Revenue from contracts with customers	29,111.54	29,567.25

22 Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Investment income		
Interest income on fixed income securities	17.04	24.33
Amortisation of (premium)/discount on acquisition of fixed income securities	18.24	48.21
Interest income on fixed deposits	28.90	-
Interest income on fixed maturity plans	903.55	829.65
Interest income from financial assets at amortised cost	967.73	902.19
Dividend income on other strategic investments	25.38	-
Gain on valuation and realisation of mutual funds measured at FVTPL	462.70	361.19
Profit on sale of other investments, net	19.53	1.92
	1,475.34	1,265.30
Others		
Surplus on sale of property, plant and equipment	5.28	55.05
Tax refunds/credits	0.05	9.98
Gains on exchange fluctuations	43.90	14.16
	49.23	79.19
	1,524.57	1,344.49

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

23 Changes in inventories

Particulars	(₹ In Crore)		
	For the year ended 31 March		
	2020	2019	(Increase)/ decrease
Inventories at the end of the year			
Work-in-progress	57.60	46.96	(10.64)
Finished goods	522.78	470.41	(52.37)
	580.38	517.37	(63.01)
Inventories at the beginning of the year			
Work-in-progress	46.96	26.89	(20.07)
Finished goods	470.41	434.06	(36.35)
	517.37	460.95	(56.42)
	(63.01)	(56.42)	

24 Employee benefits expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Salaries, wages and bonus to employees	1,200.76	1,094.33
Contribution to provident and other funds	92.23	90.42
Share based payment to employees	10.01	—
Staff welfare expenses	87.81	72.14
	1,390.81	1,256.89

See note 37 and 38 of standalone financial statements.

25 Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Interest expense	2.10	3.52
Interest adjustment on Government grant	1.06	0.96
	3.16	4.48

26 Depreciation and amortisation expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Depreciation on property, plant and equipment	230.76	253.56
Depreciation on investment property	1.60	1.61
Amortisation of technical know-how	13.42	9.87
Amortisation of leasehold land	0.65	0.65
	246.43	265.69

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

27 Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
Stores and tools consumed	130.17	141.28
Power, fuel and water	116.57	115.01
Rent [See note 39 of standalone financial statements]	16.05	15.26
Repairs to buildings	56.78	45.47
Repairs to machinery	125.03	92.45
Other repairs	11.47	6.86
Insurance	3.25	3.04
Rates and taxes	7.49	6.36
Payment to auditor	1.91	1.73
Directors' fees and travelling expenses	1.14	1.31
Commission to non-executive directors	3.05	2.12
Travelling expenses	77.29	66.81
Miscellaneous expenses	423.45	327.80
Packing material consumed	375.38	347.93
Freight and forwarding expenses	178.08	202.75
Advertisement	488.27	443.22
Vehicle service charges and other expenses	133.44	119.50
Sales promotion expenses	115.20	82.25
Contribution to electoral bonds	34.50	-
Expenditure towards Corporate Social Responsibility (CSR) activities	119.44	112.32
Bad debts and other irrecoverable debit balances written off	0.22	0.58
Loss on property, plant and equipment sold, demolished, discarded and scrapped	13.70	8.41
Provision for doubtful debts and advances (includes expected credit loss on trade receivables)	22.01	1.19
	2,453.89	2,143.65

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

28 Exceptional items

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
NCCD reversal	–	(342.00)
	–	(342.00)

The Company, during the year ended 31 March 2015, had expensed off the payments made towards deposit of 'National Calamity Contingent Duty' (NCCD) and applicable education cess and secondary and higher education cess thereon, together with interest and penalty amounting to ₹ 342.00 crore for the period from 1 April 2007 to 30 September 2014, pursuant to an order from the Honourable High Court of Uttarakhand on 9 October 2014 that the levy of NCCD is out of the purview of exemptions granted to the Company under the scheme of incentives for industries in certain identified growth areas in Uttarakhand.

In the previous year, pursuant to a special leave petition filed by the Company, the Honourable Supreme Court vide its judgment dated 27 March 2019 had held that the Company is not liable to pay NCCD, education cess and secondary and higher education cess; and set aside the orders of Division Bench of Uttarakhand High Court and quashed the show cause notices. The Company had accordingly reversed the charge of ₹ 342.00 crore as an exceptional item in the previous year; and had disclosed the corresponding amount in the Balance Sheet as 'Deposits receivable from the Government'.

During current year, the Company has received the refund of the said amount from the Excise authorities.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

29 Tax expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2020	2019
(a) Tax expense		
Current tax		
Current tax on profits for the year	1,547.26	1,818.59
Deferred tax		
Decrease/(increase) in deferred tax assets	9.41	108.71
(Decrease)/increase in deferred tax liabilities	(76.45)	100.68
Total deferred tax expense/(benefit)	(67.04)	209.39
Tax expense	1,480.22	2,027.98
(b) Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate		
Profit before tax	6,901.17	6,955.58
Tax at the Indian tax rate of 25.168% (Previous year - 34.944%)	1,768.26	2,430.56
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Corporate social responsibility expenditure	15.47	19.44
– Disallowance of estimated expenditure to earn tax exempt income	6.13	0.10
– Rate difference in amortisation of fixed income securities	1.40	4.64
– Rate difference on account of fair value of mutual funds	15.09	40.39
– Others	1.81	0.62
Tax effect of amounts which are deductible (non taxable) in calculating taxable income:		
– Weighted deduction for Research and Development expenditure	–	(74.24)
– Profits of subsidiaries not taxable in India	(112.16)	(88.21)
– Reversal in deferred tax due to tax rate reduction	(81.97)	–
– Tax-free interest	(2.72)	(0.70)
– Difference in tax rate on account of dividend received from subsidiary	(16.74)	(16.49)
– Dividend received on strategic investment	(6.39)	–
– National Calamity Contingent Duty (NCCD)	–	(15.44)
– Deduction for profit from specified undertaking	–	(45.30)
– Profit on investments not taxable	(60.01)	(168.21)
– Income from fair valuation of mutual funds	(46.85)	(57.70)
– Disallowance of expenditure incurred on rented property (net)	(1.10)	(1.48)
Tax expense	1,480.22	2,027.98

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

30 Earnings Per Share (EPS)

Particulars	For the year ended 31 March	
	2020	2019
a Profit for the year (₹ In Crore)	5,211.91	4,927.61
Weighted average number of shares outstanding during the year (Nos)	289,367,020	289,367,020
Less: Weighted average number of shares held by ESOP Trust i.e. Treasury shares (Nos)	99,750	—
Net weighted average number of shares outstanding during the year (Nos)	289,267,270	289,367,020
b Earnings per share (Basic and Diluted) ₹	180.2	170.3
Face value per share ₹	10.0	10.0

31 Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

32 Other disclosures

Other notes and disclosures to be inserted in the consolidated financial statements are similar to those of standalone financial statements of Bajaj Auto Ltd.; and hence have not been repeated here.

The relevant note references in the standalone financial statements are given below:

Particulars	Note Reference of standalone financial statements
Fair value measurement	Note 31
Financial risk management	Note 32
Capital management	Note 33 (a)
Dividends distributed and proposed	Note 33 (b)
Contingent liabilities	Note 34
Capital commitments	Note 35
Employee benefits	Note 37
Lease	Note 39
Research and Development	Note 40
Share based payments (Employee stock option plans)	Note 41
Estimation of uncertainties relating to COVID-19	Note 42
Dues to micro, small and medium enterprises	Note 43

There are no changes arising out of inclusion of the subsidiaries/associate amounts in the above disclosures.

33 Consolidated related party transactions are same as related party transactions of standalone Bajaj Auto Ltd.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

34 Investment in an associate

The Group has a 47.99% interest in KTM AG, Austria which is engaged in the development, production and distribution of motorised vehicles under the 'KTM' and 'Husqvarna' brands; and holds equity interests in other entities engaging in development, production and distribution of such equipment. Major sale markets include the USA, Germany, France, Australia, the UK, Italy, Spain, Canada, Austria, Argentina and other European countries.

KTM AG is a private entity that is not listed on any public exchange. The Group's interest is in KTM AG.

The following table illustrates the summarised financial information of the Group's investment in KTM AG (in Euro, which is its functional currency):

Particulars	Euro in Million	
	31 December 2019	31 December 2018
Current assets	661.61	569.82
Non-current assets	830.60	732.03
Current liabilities	340.30	356.85
Non-current liabilities	546.00	394.30
Equity	605.91	550.70
Revenue	1,512.88	1,454.75
Cost of sales	(1,072.41)	(1,039.43)
Gross profit	440.47	415.32
Selling and racing expenses	(215.32)	(187.90)
Research and development expenses	(19.93)	(22.51)
Infrastructure and administration expenses	(82.81)	(70.90)
Other operating expenses	(1.42)	(0.74)
Other operating income	1.02	0.64
Share of profit of associates	(0.72)	(4.71)
Result from operating activities	121.29	129.20
Interest income	2.89	3.08
Interest expenses	(14.96)	(13.83)
Other financial result	(0.41)	(1.81)
Profit before tax	108.81	116.64
Tax expense	(24.16)	(26.87)
Profit for the year (continuing operations)	84.65	89.77
Total comprehensive income for the year (continuing operations)	82.82	87.31

The associate had no contingent liabilities or capital commitments.

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

35 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2020

The Company's Core Management Committee (CMC), examines the Group's performance both from a product and geographical perspective and has identified two reportable operative business segments. The Group's significant source of risk and rewards are derived from Automotive business and Investments, the performance of which is reviewed by the committee on a periodic basis and hence considered as individual operative segments.

(₹ In Crore)

(a) Business segment

Particulars	Automotive	Investments	Consolidated
Revenue			
External sales and other income*	29,967.88	1,475.34	31,443.22
Inter segment sales and other income	–	–	–
Total revenue	29,967.88	1,475.34	31,443.22
* includes Revenue from contracts with customers: ₹ 29,111.54 crore			
Segment result	5,223.23	1,472.06	6,695.29
Finance costs	3.16	–	3.16
Tax expense	–	–	1,480.22
Non-controlling interest	–	–	–
Profit for the year	5,220.07	1,472.06	5,211.91
Segment assets	5,795.03	17,049.29	22,844.32
Investments in associate of subsidiary	2,950.89	–	2,950.89
Unallocated corporate assets	–	–	714.81
Total assets	8,745.92	17,049.29	26,510.02
Segment liabilities	4,316.27	–	4,316.27
Unallocated corporate liabilities	–	–	15.74
Total liabilities	4,316.27	–	4,332.01
Capital employed	4,429.65	17,049.29	22,178.01
Reconciliation of segment liabilities			
Total segment liabilities as above			4,332.01
Add: Considered as part of capital employed			
Sales tax deferral			125.59
Deferred tax liabilities			346.38
Government grant (current and non-current)			43.95
Total liabilities as per Balance Sheet			4,847.93
Capital expenditure	169.91	–	169.91
Depreciation and write downs	246.43	–	246.43
Non cash expenses other than depreciation	22.01	–	22.01

(b) Geographic segment

Particulars	India	Rest of the world	Consolidated
Segment revenue: External sales and other income	19,227.29	12,215.93	31,443.22
Segment assets	23,025.44	3,484.58	26,510.02
Capital expenditure	169.91	–	169.91

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

35 Segment information (Contd.)**Segment wise revenue, results and capital employed for the year ended 31 March 2019**

(₹ In Crore)

(a) Business segment

Particulars	Automotive	Investments	Consolidated
Revenue			
External sales and other income*	30,436.82	1,265.30	31,702.12
Inter segment sales and other income	-	-	-
Total revenue	30,436.82	1,265.30	31,702.12
* includes Revenue from contracts with customers: ₹ 29,567.25 crore			
Segment result	5,697.47	1,262.59	6,960.06
Finance costs	4.48	-	4.48
Tax expense	-	-	2,027.98
Non-controlling interest	-	-	(0.01)
Profit for the year	5,692.99	1,262.59	4,927.61
Segment assets	7,237.32	18,346.47	25,583.79
Investments in associate of subsidiary	2,666.21	-	2,666.21
Unallocated corporate assets	-	-	584.41
Total assets	9,903.53	18,346.47	28,834.41
Segment liabilities	4,871.07	-	4,871.07
Unallocated corporate liabilities	-	-	15.74
Total liabilities	4,871.07	-	4,886.81
Capital employed	5,032.46	18,346.47	23,947.60
Reconciliation of segment liabilities			
Total segment liabilities as above			4,886.81
Add: Considered as part of capital employed			
Sales tax deferral			124.52
Deferred tax liabilities			542.66
Government grant (current and non-current)			46.60
Total liabilities as per Balance Sheet			5,600.59
Capital expenditure	151.20	-	151.20
Depreciation and write downs	265.69	-	265.69
Non cash expenses other than depreciation	1.19	-	1.19

(b) Geographic segment

Particulars	India	Rest of the world	Consolidated
Segment revenue: External sales and other income	19,856.68	11,845.44	31,702.12
Segment assets	25,681.92	3,152.49	28,834.41
Capital expenditure	147.29	3.91	151.20

Notes to consolidated financial statements for the year ended 31 March 2020 (Contd.)

36 Disclosure in terms of Schedule III of the Companies Act, 2013

Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ In Crore)	As a % of consolidated profit or loss	Amount (₹ In Crore)	As a % of consolidated other comprehensive income	Amount (₹ In Crore)	As a % of consolidated total comprehensive income	Amount (₹ In Crore)
1. Parent:								
Bajaj Auto Ltd.	91.98%	19,925.49	97.85%	5,099.98	133.54%	(679.85)	93.99%	4,420.13
2. Subsidiaries (Foreign):								
PT Bajaj Auto Indonesia	–	1.02	–	0.25	(0.03%)	0.15	0.01%	0.40
Bajaj Auto International Holdings BV	13.66%	2,958.47	6.15%	320.72	(13.76%)	70.06	8.31%	390.78
Bajaj Auto (Thailand) Ltd.	0.05%	10.37	–	(0.05)	–	–	–	(0.05)
Add/(Less): Non-controlling interest in all subsidiaries	–	(0.01)	–	–	–	–	–	–
Add/(Less): Inter-company eliminations	(5.69%)	(1,233.26)	(4.00%)	(208.99)	(19.75%)	100.54	(2.31%)	(108.45)
Total	100.00%	21,662.08	100.00%	5,211.91	100.00%	(509.10)	100.00%	4,702.81

37 Miscellaneous

Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

As per our report of even date

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

per Arvind Sethi
Partner
Membership Number: 89802
Pune: 20 May 2020

Soumen Ray
Chief Financial Officer

Dr. J Sridhar
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Rajiv Bajaj
Managing Director

Madhur Bajaj
Vice Chairman

Salient features of the financial statements of subsidiaries for the year ended 31 March 2020

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries is given below:

(₹ In Crore)

Particulars	PT. Bajaj Auto Indonesia	Bajaj Auto International Holdings BV. (Consolidated)	Bajaj Auto (Thailand) Ltd.
a The date since when subsidiary was acquired	20 February 2008 (being the effective date of demerger of erstwhile BAL)	20 February 2008 (being the effective date of demerger of erstwhile BAL)	20 December 2019
b Reporting period for the subsidiary	1 April 2019 to 31 March 2020	1 April 2019 to 31 March 2020	20 December 2019 to 31 December 2019
c Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries	IDR (Indonesian Rupiah)	Euro	THB (Thai Baht)
d Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	1 USD = IDR 16367 1 USD = ₹ 75.6650	1 Euro = ₹ 82.77	1 USD = THB 32.6712 1 USD = ₹ 75.6650
e Share capital	5.38	1,638.85	10.42
f Reserves and surplus	(4.36)	1,319.62	(0.05)
g Total assets	1.05	2,958.51	10.42
h Total liabilities	1.05	2,958.51	10.42
i Investments	–	2,297.02	–
j Turnover	2.87	–	–
k Profit before tax	0.25	320.72	(0.05)
l Provision for tax	–	–	–
m Profit after tax	0.25	320.72	(0.05)
n Proposed dividend	–	–	–
o % of shareholding	99.25%	100.00%	100.00%

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Soumen Ray
Chief Financial Officer

Rajiv Bajaj
Managing Director

Dr. J Sridhar
Company Secretary

Madhur Bajaj
Vice Chairman

Pune: 20 May 2020

NOTES





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