

Bajaj do Brasil Comércio de Motocicletas Ltda.

**Financial Statements as of 31 December 2023
and Independent Auditor's Report**

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MANAGEMENT REPORT 2023

To the Directors and Shareholders

In compliance with legal provisions, the Management of Bajaj do Brasil Comércio de Motocicletas Ltda. - "Bajaj do Brasil" - is pleased to present the Management Report and the Company's Financial Statements for the fiscal year ended December 31, 2023. The Financial Statements are presented in accordance with accounting practices adopted in Brazil.

About Bajaj do Brasil Comércio de Motocicletas Ltda.

Bajaj do Brasil, a limited company with headquarters in the city of Manaus-AM, and a branch in the city of São Paulo - SP, incorporated on March 30, 2022. The main activity of the headquarters company is the manufacture of motorcycles and the SP branch, the wholesale trade of motorcycles, motorcycle parts and accessories, in addition to motorcycle maintenance and repairs and the production and promotion of sporting events. Although incorporated in March 2022, The company's effective operation started in December 2022 with the launch of the brand on the 14th.

Operational and Commercial Performance in 2023

The year 2023 was marked by significant progress in the consolidation of Bajaj as a relevant brand in the Brazilian motorcycle market. We reached an important milestone by ending the year with 10 dealerships open, ensuring our presence in the South, Southeast and Northeast regions of Brazil. This expansion was accompanied by solid sales performance, with a total of 4,354 motorcycles sold, distributed as follows: 612 units of D160, 900 units of D200, and 2,842 units of D400.

Strategic Decision and Production

In 2023, we made vital strategic decisions for the future of our operation in Brazil. Due to production limitations faced with Dafra, we chose to open our own plant in Manaus. This decision reflects our commitment to sustainable growth and continuous improvement in our ability to meet the growing demand for our products. Additionally, we concluded a cancellation with Dafra, leading to an extension of production of a further 2,700 D400 motorcycles at the beginning of 2024. This measure ensures the continuity of supply of our most demanded products while we move forward with the installation of the new plant.



Conclusion

The year 2023 was full of challenges, growth and important strategic decisions. Bajaj do Brasil is now stronger, with an expanding dealer network and a renewed production strategy to better serve the Brazilian market. We are grateful for the continued support of our directors, shareholders, and the entire Bajaj do Brasil team, who were fundamental to the successes achieved this year.

São Paulo, March 26, 2024.

**Waldyr Roma de Almeida
Ferreira**

Diretor Administrativo
028.796.947-95



INDEPENDENT AUDITOR'S REPORT

To the Directors and Shareholders of Bajaj do Brasil Comércio de Motocicletas Ltda.

São Paulo - SP

Opinion

We have audited the Financial Statements of Bajaj do Brasil Comércio de Motocicletas Ltda. (the "Company") or ("Bajaj"), which comprise the balance sheet as of December 31, 2023, and the related statements of income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including the summary of the main accounting policies.

In our opinion, the Financial Statements referred to above fairly present, in all material respects, the equity and financial position of Bajaj do Brasil Comércio de Motocicletas Ltda. on December 31, 2023, the performance of its operations and its cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil applicable to small and medium-sized companies - NBCTG 1000 (R1).

Basis for Opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities under these standards are described in the following section entitled "Auditor Responsibilities for the Audit of Financial Statements". We are independent from the Company, in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphases

Transactions with Related Parties

We draw attention to note 20, which describes that the Company has balances and operations in significant amounts with related parties. Transactions with related parties were carried out under conditions defined by the parties. Our opinion is not qualified with respect to this matter.

Responsibility of management and governance for Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with accounting practices adopted in Brazil and for such internal controls as it determines



are necessary to enable the preparation of Financial Statements free from material misstatement, whether caused by fraud or error.

In the preparation of the Financial Statements, management is responsible for assessing the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the Financial Statements, unless management intends to liquidate the Company or cease operations, or has no realistic alternative to avoid going out of business.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the Financial Statements.

Auditor's responsibility for auditing the Financial Statements

Our objectives are to obtain reasonable assurance that the Financial Statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards will always detect any material misstatements that exist. Misstatements may arise from fraud or error and are considered material when, individually or jointly, they may influence, within a reasonable perspective, the economic decisions of users taken based on said Financial Statements.

As part of an audit performed in accordance with Brazilian auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement in the Financial Statements, whether due to fraud or error, designed and performed audit procedures that respond to these risks, and obtained sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that of detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, intentional omissions, false statements or breach of internal controls;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- We evaluated the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We conclude as to the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty relating to events or conditions that may cast significant doubt as to the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the related disclosures in the Financial Statements or include a modification in our opinion if the disclosures are inadequate. Our conclusions are based on audit evidence obtained as of the date of your report. However, future events or conditions may cause the Company to interrupt its operational continuity.
- We evaluated the overall presentation, structure and content of the Financial Statements, including the disclosures and whether the Financial Statements represent the corresponding transactions and events in a manner compatible with the objective of fair presentation.

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

We also provide those charged with governance with a statement that we comply with relevant ethical requirements, including applicable independence requirements, and communicate all potential relationships or matters that could materially affect our independence, including, where applicable, related safeguards.

São Paulo, March 26, 2024.

Irko Hirashima Auditores Independentes
CRC-2SP020649/O-2

Poliana de Oliveira Hespanhol
Contador CRC-1SP258022/O-1

Bajaj do Brasil Comércio de Motocicletas Ltda.

Balance sheets as of December 31, 2023, and 2022

Assets	Note	2023	2022	2023	2022	Liabilities	Note	2023	2022	2023	2022
		Reais	Reais	INR	INR			Reais	Reais	INR	INR
Current						Current					
Cash and cash equivalents	4	32,270,670	14,660,737	538,748,820	244,756,454	Suppliers	14	3,702,675	1,014,880	61,815,010	16,943,107
Accounts receivable	5	421,191	376,742	7,031,653	6,289,591	Taxes and contributions to be collected	15	951,923	214,590	15,892,059	3,582,513
Inventory	6	4,852,268	252,541	81,007,108	4,216,094	Salaries and social charges	16	180,040	67,527	3,005,712	1,127,342
Third-party advances	7	9,766,683	12,536,236	163,051,742	209,288,569	Provisions and labor charges	17	1,389,913	327,074	23,204,166	5,460,399
Taxes and contributions to be compensated	8	1,229,924	32,249	20,533,199	538,387	Other provisions	18	1,042,910	266,590	17,411,059	4,450,637
Prepaid expenses	9	47,039	39,277	785,302	655,717	Leasing	19	315,961	-	5,274,870	-
		48,587,775	27,897,782	811,157,824	465,744,812	Related party	20	516,432	-	8,621,672	-
								8,099,854	1,890,661	135,224,548	31,563,998
						Non Current					
						Leasing	19	50,863	-	849,142	-
								50,863	-	849,142	-
						Total liabilities		8,150,717	1,890,661	136,073,690	31,563,998
Non Current						Shareholder's equity	21				
Deferred taxes	10	3,149,490	-	52,579,758	-	Share capital		52,000,000	15,000,000	868,123,862	250,420,345
Right of use	11	319,701	-	5,337,309	-	AFAC		-	15,000,000	-	250,420,345
Refundable deposits	12	503,468	57,968	8,405,242	967,758	Accumulated losses		(7,366,099)	(3,891,124)	(122,974,737)	(64,961,108)
Fixed asset	13	224,184	43,787	3,742,682	731,010			44,633,901	26,108,876	745,149,125	435,879,582
		4,196,843	101,755	70,064,991	1,698,768						
Total assets		52,784,618	27,999,537	881,222,815	467,443,580	Total liabilities and shareholders' equity		52,784,618	27,999,537	881,222,815	467,443,580

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Statement of profit or loss

Years ending December 31, 2023, and 2022

	Note	2023	2022	2023	2022
		Reais	Reais	INR	INR
Net revenue	22	75,325,748	3,056,622	1,257,539,986	51,029,355
Cost of goods sold	23	(63,854,223)	(2,647,591)	(1,066,026,436)	(44,200,710)
Costs of services provided	23	(220,850)	(59,700)	(3,687,022)	(996,673)
Overall costs	23	(2,286,263)	(71,502)	(38,168,451)	(1,193,704)
Gross profit		8,964,412	277,829	149,658,077	4,638,268
(Expenses) Operating income					
Personnel expenses	24	(7,240,324)	(1,558,623)	(120,874,962)	(26,020,727)
Business expenses	25	(5,412,168)	(1,392,538)	(90,354,465)	(23,247,990)
Expenses with services rendered	26	(2,151,895)	(851,598)	(35,925,219)	(14,217,164)
Travel expenses	27	(666,574)	(75,784)	(11,128,246)	(1,265,190)
General and administrative expenses		(68,529)	(1,000)	(1,144,070)	(16,695)
Occupancy expenses	28	(23,525)	(142,163)	(392,742)	(2,373,367)
Expenses with utilities and services	29	-	(16,289)	-	(271,940)
Depreciation and amortization exp	13	(322,896)	(697)	(5,390,649)	(11,636)
Expenses with/taxes, fees and contributions	30	(204,734)	(127,633)	(3,417,971)	(2,130,793)
Other expenses and income	31	(789,989)	(152,599)	(13,188,622)	(2,547,594)
Earnings before financial income and expenses		(7,916,222)	(4,041,095)	(132,158,869)	(67,464,828)
Financial result	32				
Financial income		1,428,339	160,048	23,845,676	2,671,952
Financial expenses		(136,582)	(10,077)	(2,280,194)	(168,232)
		1,291,757	149,971	21,565,482	2,503,720
Loss before income tax and social contribution		(6,624,465)	(3,891,124)	(110,593,387)	(64,961,108)
(+) Deferred CSLL	10	861,467	-	14,381,924	-
(+) Deferred IRPJ	10	2,288,023	-	38,197,834	-
Loss for the year		(3,474,975)	(3,891,124)	(58,013,629)	(64,961,108)

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Statements of comprehensive income

Years ending December 31, 2023 and 2022

Statements of comprehensive income	2023	2022	2023	2022
	Reais	Reais	INR	INR
Loss for the year	(3,474,975)	(3,891,124)	(58,013,629)	(64,961,108)
Other comprehensive results	-	-	-	-
Loss for the year	<u>(3,474,975)</u>	<u>(3,891,124)</u>	<u>(58,013,629)</u>	<u>(64,961,108)</u>

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Statements of changes in shareholders' equity

Years ending December 31, 2023 and 2022

	Share capital	AFAC	Accumulated Results	<i>Amt. in REAIS</i> Total shareholders' equity
Payment of share capital	15,000,000	-	-	15,000,000
AFAC	-	15,000,000	-	15,000,000
Loss for the year	-	-	(3,891,124)	(3,891,124)
On December 31, 2022	15,000,000	15,000,000	(3,891,124)	26,108,876
Increase in share capital	37,000,000	-	-	37,000,000
AFAC	-	(15,000,000)	-	(15,000,000)
Loss for the year	-	-	(3,474,975)	(3,474,975)
On December 31, 2023	52,000,000	-	(7,366,099)	44,633,901

	Share capital	AFAC	Accumulated Results	<i>Amt. in INR</i> Total shareholders' equity
Payment of share capital	250,420,345	-	-	250,420,345
AFAC	-	250,420,345	-	250,420,345
Loss for the year	-	-	(64,961,108)	(64,961,108)
On December 31, 2022	250,420,345	250,420,345	(64,961,108)	435,879,582
Increase in share capital	617,703,517	-	-	617,703,517
AFAC	-	(250,420,345)	-	(250,420,345)
Loss for the year	-	-	(58,013,629)	(58,013,629)
On December 31, 2023	868,123,862	-	(122,974,737)	745,149,125

Bajaj do Brasil Comércio de Motocicletas Ltda.

Statements of cash flow

Years ending December 31, 2023, and 2022

	Note	2023	2022	2023	2022
		Reais	Reais Reclassified*	INR	INR Reclassified*
Cash flows from operating activities					
Loss for the year		(3,474,975)	(3,891,124)	(58,013,629)	(64,961,108)
Adjustments of					
Depreciations and amortizations	13	22,237	697	371,240	11,636
Provision of employee bonuses	17	602,193	179,410	10,053,425	2,995,194
Provision for services provided	18	547,870	248,390	9,146,520	4,146,794
Provision for guarantees	18	314,840	18,200	5,256,156	303,843
Provision of benefits	18	162,000	-	2,704,540	-
Deferred IRPJ and CSLL	10	(3,149,490)	-	(52,579,758)	-
Cash generation (consumption) before changes in assets and liabilities		(4,975,325)	(3,444,427)	(83,061,506)	(57,503,641)
Changes in assets and liabilities					
Decrease (Increase) of assets		(3,845,261)	(13,295,013)	(64,195,439)	(221,956,116)
Accounts receivable from customers	5	(44,449)	(376,742)	(742,062)	(6,289,591)
Inventory	6	(4,599,727)	(252,541)	(76,791,014)	(4,216,094)
Advances	7	2,769,553	(12,536,236)	46,236,827	(209,288,569)
Taxes and contributions to be compensated	8	(1,197,675)	(32,249)	(19,994,812)	(538,387)
Prepaid expenses	9	(7,762)	(39,277)	(129,585)	(655,717)
Right of use	11	(319,701)	-	(5,337,309)	-
Refundable deposits	12	(445,500)	(57,968)	(7,437,484)	(967,758)
Increase (Decrease) of liabilities		4,633,153	1,444,661	77,349,051	24,118,164
Suppliers	14	2,687,795	1,014,880	44,871,903	16,943,107
Taxes and contributions to collect	15	737,333	214,590	12,309,546	3,582,513
Salaries and social charges	16	112,513	67,527	1,878,370	1,127,342
Provisions and labor charges	17	460,646	147,664	7,690,342	2,465,202
Provision for services provided	18	(248,390)	-	(4,146,794)	-
Related party	20	516,432	-	8,621,672	-
Leasing	19	366,824	-	6,124,012	-
Cash generated (consumed) by operations		787,892	(11,850,352)	13,153,612	(197,837,952)
Net cash generated by operating activities		787,892	(11,850,352)	13,153,612	(197,837,952)
Cash flows from investing activities					
Investments in fixed assets	13	(202,634)	(44,484)	(3,382,912)	(742,649)
Cash used in investment activities		(202,634)	(44,484)	(3,382,912)	(742,649)
Cash flows from financing activities					
Share capital	21	37,000,000	15,000,000	617,703,517	250,420,345
Advance on future capital increase (AFAC)	21	(15,000,000)	15,000,000	(250,420,345)	250,420,345
Net cash used in financing activities		22,000,000	30,000,000	367,283,172	500,840,690

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Statements of cash flow

Years ending December 31, 2023, and 2022

	Note	2023	2022	2023	2022
		Reais	Reais	INR	INR
Increase / (Decrease) in cash and cash equivalent		17,609,933	14,660,737	293,992,366	244,756,448
Statement of decrease in cash and cash equivalents	4				
At the beginning of the year		14,660,737	-	244,756,454	-
At the end of the year		32,270,670	14,660,737	538,748,820	244,756,454
		17,609,933	14,660,737	293,992,366	244,756,454

* For the purpose of a better comparative presentation of this information, we reclassified, between headings, the balances previously disclosed in the Financial Statements prepared on December 31, 2022

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements on December 31, 2023

The Financial statements have been prepared in Euro. Also, the audit report is based on figures in Euro. For the user, the financial statements and notes have been converted in Indian Rupees at following exchange rate as on 31 March 2024.

1 USD = REAIS 4.9959

1 USD = INR 83.4050

1 REAIS = INR 16.6947

1. General Information

Bajaj do Brasil Comércio de Motocicletas is a limited liability company headquartered in the city of São Paulo - SP, incorporated on March 30, 2022, and whose main activity is wholesale trade of motorcycles, motorcycle parts and accessories, motorcycle maintenance and repairs, production and promotion of sporting events. Despite the incorporation being in March 2022, the company actually started its operation in December 2022.

The issuance of these Financial Statements was authorized by the Company's management on March 11, 2024.

2. Presentation of Financial Statements and main accounting practices

The Company's Financial Statements, including the explanatory notes, are presented in reais, except when otherwise indicated.

2.1. Conformity declaration

The Company's Financial Statements were prepared in accordance with the accounting practices adopted in Brazil, which are in compliance with the accounting practices of Small and Medium-sized companies. The accounting practices adopted in Brazil comprise those included in the Brazilian corporate law and the Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee - CPC and approved by the Federal Accounting Council - CFC, effective for December 31, 2023.

All relevant information specific to the Financial Statements, and only them, are being evidenced, and correspond to those used by Management in their management.

2.2. Accounting policies

The Financial Statements were prepared in accordance with the accounting practices adopted in Brazil for Small and Medium-Sized Companies (NBC TG 1000), with the result calculated on an Accrual basis.

In preparing the Financial Statements, accounting estimates were considered for recording certain assets, liabilities and other transactions, as well as the exercise of judgment by the Company's management in applying its accounting policies. The areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the Financial Statements, are disclosed in notes in their respective group.

Therefore, these Financial Statements include estimates referring to the selection of useful lives of property, plant and equipment, necessary provisions for contingent liabilities, determinations of provisions for income tax and the like. Actual results may vary from these estimates.

The Company's fiscal year comprises the period from January 1st to December 31st of each year. The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements on December 31, 2023

3. Summary of main accounting policies

The main accounting policies applied in the preparation of these Financial Statements are set out below. These policies were consistently applied in the years presented, unless otherwise stated.

3.1 Financial instruments

This note presents information on the Company's exposure to each of the aforementioned risks, the Company's objectives, risk management, and capital management exercised by the Company.

Risk management structure - The Company's risk management aims to identify and analyse the risks to which it is exposed, to define appropriate risk limits and controls and to monitor risks and adherence to limits. The Company, through the management of its activities, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Management monitors compliance with the development of its risk control activities and reviews the adequacy of the risk management structure in relation to the risks faced by the Company.

Types of risk:

- **Liquidity risk:** It is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure, as much as possible, that it always has sufficient liquidity to meet its obligations when they fall due, under normal and stressed conditions, without causing unacceptable losses or risking damage to the Company's reputation.
- **Operational risk** - This is the risk of direct or indirect losses arising from a variety of causes associated with processes, personnel, technology, the Company's infrastructure and external factors, except credit, market and liquidity risks, such as those arising from legal requirements and generally accepted standards of business behavior. Operational risks arise from all operations of the Company.

The Company's objective is to manage operational risk to avoid the occurrence of financial losses and damage to its reputation, to seek cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for developing and implementing controls to address operational risks is assigned to senior management within each business unit. Accountability is supported by the Company's development of general standards for the management of operational risks in the following areas:

- Requirements for proper segregation of duties, including independent authorization of operations;
- Requirements for the reconciliation and monitoring of operations;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the identified risks;
- Requirements for reporting operational losses and proposed corrective actions;
- Development of contingency plans;
- Professional training and development;
- Ethical and business standards;
- Risk mitigation, including insurance, where effective;

The explanatory notes of the Management are part of the Financial Statements

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements on December 31, 2023

- Accounting classifications and fair values.

The fair value of financial assets and liabilities, together with the carrying amounts presented in the financial statement, are as follows:

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Assets				
Cash and cash equivalents	32,270,670	14,660,737	538,748,820	244,756,454
Accounts receivable	421,191	376,742	7,031,653	6,289,591
Liabilities				
Suppliers	3,702,675	1,014,880	61,815,010	16,943,107

Fair value hierarchy

The table below presents financial instruments recorded at fair value, using a valuation method. The different levels were defined as follows:

Level 1 - Quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2 - Inputs, other than quoted prices, included in Level 1 that are observable for the asset or liability, directly (prices) or indirectly (derived from prices)

Level 3 - Assumptions, for the asset or liability, that are not based on observable market data (unobservable inputs).

There were no financial instruments allocated to Level 1 and Level 3, and there were no level transfers in the period observed.

Currently, the Company does not make investments of a speculative nature, in derivatives or any other risk assets.

Regarding the calculation of fair values, we consider:

Cash and cash equivalents - Current account and financial investment valued according to bank statements on the date of presentation of the Financial Statements.

Customers - Measured at amortized cost, as they are accounted for considering the outstanding balance including interest incurred up to the date of presentation of the financial statements.

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements on December 31, 2023

3.2 Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments and not for investment or other purposes. The Company considers cash equivalents, demand bank deposits and financial investments that are realizable and considered to be readily liquid or convertible into a known amount of cash and that are subject to an insignificant risk of change in value, which are recorded at cost, plus income earned up to the balance sheet dates, which do not exceed market or realizable value.

3.3 Account receivable

A receivable represents the Company's right to an unconditional consideration amount, that is, it is only necessary for the passage of time for the payment of the consideration to be due. Accounts receivable from customers are recorded at the invoiced amount, including the respective direct taxes for which the Company is liable.

Accounts receivable are not recorded at present value, considering that the Company considered that any adjustments would not be material in relation to the Financial Statements as a whole.

3.4 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost is determined using the average purchasing cost method which is lower than replacement costs or realization values.

Net realizable value corresponds to the sale price in the ordinary course of business, less estimated completion costs and estimated costs necessary to complete the sale.

3.5 Fixed assets

They are recorded at cost, and depreciation is calculated using the straight-line method and recorded as operating expenses, according to the estimated useful life of the assets.

Depreciation is recognized in order to allocate the cost of assets, less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for asset depreciation:

	<u>Depreciation per year</u>
Property and equipments	10%
Computers and softwares	20%
Vehicles	20%

Bajaj do Brasil Comércio de Motocicletas Ltda.

Explanatory notes to the Financial Statements on December 31, 2023

3.6 Leases

The Company assesses, at the start date of the contract, whether that contract is or contains a lease. That is, whether the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Company applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets on the lease start date (i.e., on 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 new remeasurement of lease liabilities.

The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred and lease payments made up to the start date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis, over the shortest period between the lease term and the estimated useful life of the assets.

Right-of-use assets are also subject to impairment.

Lease liabilities

On the lease start date, the Company recognizes lease liabilities measured at the present value of the lease payments to be made during the lease term.

Lease payments include fixed payments (including, substantially, fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees.

After the start date, the value of the lease liability is increased to reflect the accrual of interest and reduced for the lease payments made. In addition, the carrying value of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (for example, changes in future payments resulting from a change in an index or rate used to determine such lease payments).

Short-term and low-value asset leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. leases whose lease term is equal to or less than 12 months from the commencement date and which do not contain an option to purchase).

It also applies the granting of exemption from recognition of low-value assets to leases of office equipment considered to be of low value. Short-term lease payments and lease payments for low-value assets are recognized as an expense on a straight-line basis over the lease term.

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3.7 Recoverable value of long-term assets (*Impairment Test*)

At the end of each social year, property, plant and equipment are reviewed to determine whether there is any indication that these assets have suffered a loss due to impairment. If there is an indication of a recovery problem, the recoverable amount of any affected asset (or group of related assets) is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognized immediately in profit or loss.

As in the previous paragraph, at the end of each social year, inventories are assessed for impairment, comparing the book value of each inventory item (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to the selling price less costs to complete and sell and an impairment loss is recognized immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories) , but not exceeding the amount that would have been determined if no impairment loss had been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.8 Suppliers

Accounts payable to suppliers are obligations payable for goods or services that were acquired from suppliers in the ordinary course of business and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, including, when applicable, exchange variations incurred up to the closing date of the Financial Statements. In practice, they are normally recognized at the amount of the corresponding invoice, adjusted to present value, when the effect is material.

3.9 Provisions

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. Provisions are recorded based on the best estimates of the risk involved.

3.10 Other assets and liabilities

An asset is recognized in the balance sheet when it is probable that its future economic benefits will flow to the Company and its cost or value can be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an economic resource will be required to settle it. Provisions are recorded based on the best estimates of the risk involved. Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next 12 (twelve) months, otherwise they are shown as non-current.

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3.11 Accounting estimates

The preparation of Financial Statements in accordance with accounting practices adopted in Brazil requires that the Company's Management use its judgments in determining and recording accounting estimates. The settlement of transactions involving these estimates may result in values different from those estimated due to inaccuracies inherent to the process of their determination. The Company reviews estimates and assumptions at least annually, taking into account changes in circumstances.

(a) Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on the purchase prices quoted in the market at the close of business on the balance sheet date, without deducting transaction costs.

(b) Provisions for contingencies

The assessment of the likelihood of loss includes: (i) the assessment of available evidence, (ii) the hierarchy of laws, available jurisprudence, (iii) the most recent court decisions and (iv) their relevance in the legal system, as well as the assessment of external lawyers.

(c) Allowance for doubtful debts

Analysis of the need to provision for overdue amounts that are not expected to be received.

3.12 Result calculation

The result of operations is determined in accordance with the accrual basis of accounting, using the historical cost for its measurement.

Revenue is recognized to the extent that it is probable that the economic benefits will be generated for the Company and its measurement can be reliably made. Revenue is measured based on the fair value of the consideration received, excluding discounts, rebates and sales taxes or charges.

3.13 Taxation

The Company is taxed based on Actual Profit, which includes the following taxes: income tax, social contribution, PIS and COFINS. Taxes are classified as a revenue reducer.

3.14 New or revised accounting practices applied for the first time in 2023

The Company adopts the CPC PME "accounting practices of Small and Medium-sized companies" and has had no changes throughout the 2023 financial year.

3.15 Standards not yet issued and not in force

Changes to the CPC PME Technical Pronouncement (R1) are under review as a result of changes to International Tax Reform - Pillar Two Model Rules and Supplier Financing Agreements. When it is released, the Company will analyse the impacts for adoption.

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4. Cash and cash equivalents

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Resources in banks	355	33	5,927	551
Financial investments	32,270,315	14,660,704	538,742,894	244,755,903
Total	32,270,670	14,660,737	538,748,820	244,756,454

Short-term investments are substantially represented by investments in a fixed income investment fund at 20% CDI - Overnight and throughout the 2024 financial year, there was an investment of R\$20 million in Citibank at 100% CDI. Investments and redemptions can be carried out at any time by the Management without affecting its profitability or value.

5. Accounts receivable

	2023	2022	2023	2022
	Reais	Reais	INR	INR
National customers	421,191	376,742	7,031,653	6,289,591
(-) Estimated losses on bad debts	-	-	-	-
Total	421,191	376,742	7,031,653	6,289,591

There is a 100% guarantee that the balances arising from sales will be received. Bajaj uses the FLOORPLAN receipt method, in which Bajaj has up to 7 days to forward the receivables to the ALFA bank (D+7). Banco ALFA guarantees 100% of the amounts receivable to Bajaj, which are paid on D0. The composition of the balance receivable from customers in 2023 by their maturities is shown as follows:

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Due in 30 days	241,127	376,742	4,025,540	6,289,591
Due in 60 days	30,992	-	517,402	-
Due in 120 days	42,592	-	711,060	-
Due in 360 days	106,480	-	1,777,651	-
Total	421,191	376,742	7,031,653	6,289,591

Titles overdue for more than 210 days refer to 5 motorcycles sold that were part of a marketing campaign and the amounts will be received after the dealer sells the motorcycle to third parties.

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6. Inventory

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Finished products for sale	4,852,268	252,541	81,007,108	4,216,094
Total	4,852,268	252,541	81,007,108	4,216,094
Motorcycles	4,077,512	252,541	68,072,797	4,216,094
Parts and accessories	774,756	-	12,934,311	-
Total	4,852,268	252,541	81,007,108	4,216,094

The entity adopts the cost method based on the weighted moving average of the costs of the product purchased for parts and for motorcycle control is done by Chassis.

(*)The goods obtained for resale come from their only international supplier, nationalized and manufactured by the national supplier Dafra. The goods are acquired for resale purposes in the national territory.

7. Advances

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Advance to suppliers	9,766,683	12,536,236	163,051,742	209,288,569
Total	9,766,683	12,536,236	163,051,742	209,288,569

Approximately 80% of the balance are advances to DAFRA and correspond to the amount of PO – “Purchase Order” which refer to invoices from the head office that arrive in Brazil. The value is made up of the cost of the invoice plus customs clearance costs in Brazil.

8. Taxes and contributions to be compensated

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Income tax withheld at source on financial investment income	1,229,924	32,249	20,533,199	538,387
Total	1,229,924	32,249	20,533,200	538,387

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9. Prepaid expenses

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Insurance policy	34,226	39,277	571,393	655,717
Urban land property tax IPTU	-	-	-	-
Extended warranty	12,813	-	213,909	-
Total	47,039	39,277	785,302	655,717

The anticipated expense corresponds to the insurance policy relating to D&O (protection for the company's executives and administrators). Its validity started on 09/15/2023 and will end on 09/15/2024. It also corresponds to the acquisition of an extended warranty for fixed asset items and the IPTU of a rental contract.

10. Deferred taxes

	2023	2022	2023	2022
	Reais	Reais	INR	INR
(+) Deferred CSLL	861,467	-	14,381,924	-
(+) Deferred IRPJ	2,288,023	-	38,197,834	-
Total	3,149,490	-	52,579,758	-

Deferred taxes were recognized on temporary differences.

11. Right of use

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Opening balance	-	-	-	-
Acquisitions	636,099	-	10,619,475	-
Interest provision	(316,398)	-	(5,282,166)	-
Accounting balance, net	319,701	-	5,337,309	-

12. Refundable deposits

The refundable deposits correspond to the security deposit related to the leasing of real estate. The same may be used to offset debts upon termination of the contract. Include the office property and the expatriate's property.

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13. Fixed Assets

	Property and Equipment	Vehicles	Computers and Software	<i>Amt. in REAIS</i> Total
On December 31, 2022				
Opening balance	-	-	-	-
Acquisitions	21,216	-	23,268	44,484
Depreciation	-	-	(697)	(697)
Accounting balance, net	21,216	-	22,571	43,787
On December 31, 2022				
Cost	21,216	-	23,268	44,484
Accumulated depreciation	-	-	(697)	(697)
Accounting balance, net	21,216	-	22,571	43,787
On December 31, 2023				
Opening balance	21,216	-	22,571	43,787
Acquisitions	31,011	139,332	32,291	202,634
Depreciation	(4,189)	(11,549)	(6,499)	(22,237)
Accounting balance, net	48,038	127,783	48,363	224,184
On December 31, 2023				
Cost	52,227	139,332	55,559	247,118
Accumulated depreciation	(4,189)	(11,549)	(7,196)	(22,934)
Accounting balance, net	48,038	127,783	48,363	224,184

In the Cash Flow Statement, the total depreciation of fixed assets was added to the depreciation line. For acquisitions, the same item was also considered.

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	Property and Equipment	Vehicles	Computers and Software	Amt. in INR Total
On December 31, 2022				
Opening balance	-	-	-	-
Acquisitions	354,195	-	388,451	742,646
Depreciation	-	-	(11,636)	(11,636)
Accounting balance, net	354,195	-	376,815	731,010
On December 31, 2022				
Cost	354,195	-	388,451	742,646
Accumulated depreciation	-	-	(11,636)	(11,636)
Accounting balance, net	354,195	-	376,815	731,010
On December 31, 2023				
Opening balance	354,195	-	376,815	731,010
Acquisitions	517,719	2,326,104	539,089	3,382,912
Depreciation	(69,934)	(192,807)	(108,499)	(371,240)
Accounting balance, net	801,980	2,133,297	807,405	3,742,682
On December 31, 2023				
Cost	871,914	2,326,104	927,540	4,125,558
Accumulated depreciation	(69,934)	(192,807)	(120,135)	(382,876)
Accounting balance, net	801,980	2,133,297	807,405	3,742,682

In the Cash Flow Statement, the total depreciation of fixed assets was added to the depreciation line. For acquisitions, the same item was also considered.

14. Suppliers

	2023 Reais	2022 Reais	2023 INR	2022 INR
National suppliers	3,702,675	1,014,880	61,815,010	16,943,107
Total	3,702,675	1,014,880	61,815,010	16,943,107

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15. Taxes and contributions to collect

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Social Security Financing Contribution (COFINS)	435,101	122,811	7,263,876	2,050,292
Tax on circulation of goods and services – Tax substitution (ICMS – ST) to be collected	221,748	-	3,702,014	-
Income Tax withheld at source on salaries	173,499	54,700	2,896,512	913,199
Social Integration Program (PIS)	93,956	26,570	1,568,566	443,578
Social Contribution withheld at source (CRF)	20,205	7,339	337,316	122,522
Income Tax withheld at source on third parties	5,550	1,938	92,656	32,354
National Institute of Social Security for third-party social security to be collected	1,563	1,032	26,094	17,229
Municipal Service Tax withheld at source (ISS RF)	301	200	5,025	3,339
Total	951,923	214,590	15,892,059	3,582,513

16. Salaries and social charges

	2023	2022	2023	2022
	Reais	Reais	INR	INR
National Institute of Social Security Payable	132,173	51,178	2,206,587	854,401
Guarantee Fund on Length of Service Payable	47,867	16,349	799,125	272,941
Total	180,040	67,527	3,005,712	1,127,342

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17. Provisions

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Provision of employee bonuses	781,603	179,410	13,048,620	2,995,194
Vacation provision	447,697	92,230	7,474,162	1,539,751
Vacation provision INSS (social security tax)	124,796	25,640	2,083,430	428,052
Vacation provision FGTS (guarantee fund tax)	35,817	7,378	597,954	123,174
Provision of employee benefits	-	22,416		374,228
Total	1,389,913	327,074	23,204,166	5,460,399

The bonus provision is related to 100% of the employees' offer letter.

The Provision for benefits refers to Bradesco, which documentation had not been received on the balance sheet closing date for the 2022 financial year.

18. Other provisions

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Provision for services provided	547,870	248,390	9,146,520	4,146,794
Provision for guarantees	333,040	18,200	5,559,999	303,843
Provision of benefits	162,000	-	2,704,540	-
Total	1,042,910	266,590	17,411,059	4,450,637

The provision for services provided is inherent to marketing, storage, shipping and auditing expenses. Until December 31, 2022, the amount of R\$100.00 per motorcycle sold was recorded as a provision. From 2023 onwards, due to the adaptation of motorcycles on Brazilian soil, it was necessary to increase the value of the recorded provision, which became R\$ 200.00 per motorcycle sold. The warranty provided by the Company is 3 years. The provision for dispute is related to the annual salary adjustment determined by collective agreement.

19. Leasing

	Reais	INR
On December 31, 2022	-	-
Opening balance	-	-
Acquisitions	636,099	10,619,475
Interest provision	87,117	1,454,391
Interest paid	(356,392)	(5,949,854)
Accounting balance, net	366,824	6,124,012

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20. Related parts

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Bajaj Auto Limited	516,432	-	8,621,672	-
Total	516,432	-	8,621,672	-

On December 31, 2023, Bajaj Auto Limited, which holds 100% of the shares of the Company, also produces CKD kits (Completed Knock-Down - term for kits completely disassembled to be assembled) of motorcycles that are produced by Dafra and marketed by Company in Brazil. Dafra is not an exclusive supplier to the Company and also has no influence on the management of the Company. Bajaj Auto Limited, as it holds 100% of the shares of the Company, has control over and determines the Company's management guidelines, in addition to making contributions when necessary.

The outstanding values are related to imported parts that are available at the branch in Barueri - SP. For payment, 120 days are agreed upon from the date of the B/L (bill of landing).

21. Share capital and reserves

On December 31, 2023, the share capital is represented by 52,000,000 shares, fully subscribed and paid in, representing a nominal value of R\$ 52,000,000.00 (fifty two million reais).

The Company's share capital is 52,000,000 shares with a nominal value of R\$ 1.00 each, distributed as follows:

	Share Capital	Share Capital	No. of shares
	Reais	INR	
Quotistas			
Bajaj Auto Limited	52,000,000	868,123,862	52,000,000
Total	52,000,000	868,123,862	52,000,000

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Foreign subscribed share capital	52,000,000	15,000,000	868,123,862	250,420,345
AFAC - Advance for future capital increase	-	15,000,000	-	250,420,345
Accumulated losses	(3,891,124)	-	(64,961,108)	-
Losses for the year	(3,474,975)	(3,891,124)	(58,013,629)	(64,961,108)
Total	44,633,901	26,108,876	745,149,125	435,879,582

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22. Liquid revenue of sales

The reconciliation of gross revenue from services provided to net revenue is as follows:

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Gross revenue from sales				
Sales to third parties - domestic market	87,210,188	3,367,400	1,455,947,023	56,217,697
	87,210,188	3,367,400	1,455,947,023	56,217,697
Returns and taxes on sales				
Social Security Financing Contribution (COFINS)	(6,314,947)	(255,342)	(105,426,080)	(4,262,855)
Tax on circulation of goods and services (ICMS)	(2,562,692)	-	(42,783,348)	-
Tax on circulation of goods and services - Tax substitution (ICMS - ST)	(1,583,237)	-	(26,431,650)	-
Social Integration Program (PIS)	(1,371,008)	(55,436)	(22,888,553)	(925,487)
Tax on industrialized product (IPI)	(30,565)	-	(510,273)	-
Return of sales to third parties - domestic market	(21,991)	-	(367,133)	-
	(11,884,440)	(310,778)	(198,407,037)	(5,188,342)
Liquid revenue of sales	75,325,748	3,056,622	1,257,539,986	51,029,355

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23. Cost of services provided

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Cost of goods sold				
Goods resale cost	(62,195,039)	(2,577,981)	(1,038,326,874)	(43,038,593)
Warehousing	(1,005,537)	(29,960)	(16,787,128)	(500,173)
Costs of warranty good	(653,647)	-	(10,912,434)	-
Runway rental - cost	-	(21,450)	-	(358,101)
Warranty cost*	-	(18,200)	-	(303,843)
	(63,854,223)	(2,647,591)	(1,066,026,436)	(44,200,710)
Cost of services provided				
Consulting services	(220,850)	(59,700)	(3,687,022)	(996,673)
	(220,850)	(59,700)	(3,687,022)	(996,673)
Overall costs				
Driving and transport	(2,253,845)	(71,502)	(37,627,243)	(1,193,704)
Forwarding agent - costs	(10,198)	-	(170,252)	-
Vehicle maintenance and repair-costs	(6,482)	-	(108,215)	-
Vehicles - prod	(11,549)	-	(192,807)	-
Furniture and utensils - prod	(4,189)	-	(69,934)	-
	(2,286,263)	(71,502)	(38,168,451)	(1,193,704)
Total	(66,361,336)	(2,778,793)	(1,107,881,909)	(46,391,087)

* The breakdown cost presented in 2022 was transferred to costs of goods under warranty, with the aim of improving the nature of the expense

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24. Personnel expenses

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Salaries	(2,869,191)	(791,919)	(47,900,253)	(13,220,842)
National Institute of Social Security (INSS)	(1,194,514)	(265,023)	(19,942,041)	(4,424,477)
Provision of employee bonuses	(730,546)	(179,410)	(12,196,239)	(2,995,194)
Vacation	(389,923)	(92,230)	(6,509,643)	(1,539,751)
Guarantee Fund on Length of Service (FGTS)	(342,836)	(76,266)	(5,723,541)	(1,273,237)
13th salary	(248,434)	(69,173)	(4,147,529)	(1,154,822)
Health care	(514,344)	(49,217)	(8,586,813)	(821,663)
Meal ticket	(63,872)	(25,400)	(1,066,323)	(424,045)
Temporary employment	(180,423)	(9,985)	(3,012,106)	(166,696)
Occasional bonuses	(517,594)	-	(8,641,071)	-
Advance notice-expense	(6,533)	-	(109,066)	-
Group life insurance	(20,114)	-	(335,797)	-
Other personnel expenses	(162,000)	-	(2,704,540)	-
Total	(7,240,324)	(1,558,623)	(120,874,962)	(26,020,727)

25. Business Expenses

Commercial expenses reflect strategic investments made during the first effective year of building and establishing the Bajaj brand in Brazil. These investments included significant events related to the launch of the brand in the Brazilian market, highlighting Dominar Rides, Midia Digital, Radio, Duas Rodas em Interlagos events, among other actions as a fundamental part of the marketing and promotional activities for the introduction of the Bajaj brand in the country.

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Advertisements and advertisements	(4,247,678)	(746,381)	(70,913,666)	(12,460,598)
Events	(417,470)	(183,063)	(6,969,532)	(3,056,180)
Sales promotion	(376,640)	-	(6,287,888)	-
Gifts	(110,612)	(10,871)	(1,846,633)	(181,488)
Services provided	(61,808)	(55,586)	(1,031,865)	(927,991)
Graphic services	(52,145)	(33,360)	(870,545)	(556,935)
Events equipment	-	(30,721)	-	(512,878)
Marketing materials	-	(31,140)	-	(519,873)
Other marketing expenses	(145,815)	(301,416)	(2,434,336)	(5,032,047)
Total	(5,412,168)	(1,392,538)	(90,354,465)	(23,247,990)

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26. Expenses with services provided

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Accounting service	(1,050,203)	(295,093)	(17,532,813)	(4,926,486)
Advocative hours	(429,839)	(384,493)	(7,176,029)	(6,418,991)
Consulting services	(153,792)	(12,000)	(2,567,510)	(200,336)
Audit services	(117,200)	(32,200)	(1,956,618)	(537,569)
Administrative services	(109,775)	(32,261)	(1,832,657)	(538,587)
IT consultancy	(102,628)	(1,776)	(1,713,343)	(29,650)
Dispatcher services	(102,268)	-	(1,707,333)	-
Advisory services	(53,904)	(17,039)	(899,911)	(284,461)
Translation services	(7,919)	(23,858)	(132,205)	(398,302)
Engineering services	(3,456)	-	(57,697)	-
Graphic services	(3,456)	-	(57,697)	-
Commission and brokerage services	-	(8,500)	-	(141,905)
Recruitment and selection services	-	(44,378)	-	(740,877)
Other services provided by PJ	(17,455)	-	(291,406)	-
Total	(2,151,895)	(851,598)	(35,925,219)	(14,217,164)

27. Travel expenses

During the 2023 financial year, Bajaj do Brasil made significant investments in travel expenses, essential for the strategic development and expansion of the company in Brazil. These expenses are directly related to several essential activities, detailed below:

- Visits to the Headquarters in India: Strategic trips were made to the Bajaj headquarters, located in India, with the aim of aligning Brazilian operations with global guidelines, sharing best practices and strengthening integration between teams;
- Dealer Network Development: The trips related to the network development department focused on prospecting, developing and opening new dealerships. This effort is part of Bajaj's expansion strategy to ensure presence in all regions of Brazil;
- Commercial Area Visits: The commercial team made trips throughout the country with the purpose of developing the market, promoting sales and conducting business with dealerships. These initiatives are essential to strengthen the presence of the Bajaj brand and increase its share in the Brazilian market;
- Prospecting in Manaus for New Plant: Trips were made to Manaus with the aim of prospecting locations for the installation of the new Bajaj plant. This activity is a crucial step in our production and logistics expansion strategy, aiming to optimize the capacity to meet the demands of the national market.

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Explanatory notes to the Financial Statements on December 31, 2023

28. Occupancy expenses

Occupancy expenses come from renting rooms for the administrative staff.

29. Expenses with utilities and services

Expenses with utilities and services correspond to the D&O insurance policy (protection for the Company's executives and directors). Its term began on 09/15/2023 and will end on 09/15/2024.

30. Expenses with/taxes, fees and contributions

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Tax on financial operations (IOF)	(116,235)	(118,722)	(1,940,507)	(1,982,026)
Other municipal taxes and fees	(25,579)	-	(427,034)	-
ICMS on other inputs and outputs	(16,994)	-	(283,710)	-
Income Tax withheld at source(IRRF)	(15,459)	-	(258,083)	-
CIDE on import	(10,251)	-	(171,137)	-
COFINS on import	(8,585)	-	(143,324)	-
Other federal taxes and fees	(5,394)	(8,667)	(90,051)	(144,693)
ISS on import	(4,373)	-	(73,006)	-
Social Integration Program on import	(1,864)	-	(31,119)	-
IPTU	-	(244)	-	(4,074)
Total	(204,734)	(127,633)	(3,417,971)	(2,130,793)

31. Other expenses

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Other non-deductible expenses	(608,222)	(121,350)	(10,154,078)	(2,025,901)
Expatriate expenses	(146,280)	-	(2,442,099)	-
Expenses without receipts	(18,578)	(234)	(310,154)	(3,907)
Other expenses	(16,909)	(31,015)	(282,291)	(517,786)
Total	(789,989)	(152,599)	(13,188,622)	(2,547,594)

The other non-deductible expenses refer to the reimbursement of DAFRA expenses inherent to the PPB process - (Basic Production Process and Tooling).

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Explanatory notes to the Financial Statements on December 31, 2023

32. Financial result

	2023	2022	2023	2022
	Reais	Reais	INR	INR
Financial income				
Income on financial investments	1,396,874	160,048	23,320,377	2,671,952
Discounts obtained	22,434	-	374,529	-
Active monetary variation	5,592	-	93,357	-
Active exchange variation	3,439	-	57,413	-
	1,428,339	160,048	23,845,676	2,671,952
Financial expenses				
COFINS on financial income	(56,910)	(6,402)	(950,095)	(106,879)
Passive exchange rate variation realized	(14,436)	-	(241,005)	-
PIS on financial income	(9,248)	(1,040)	(154,392)	(17,362)
Commissions and bank charges	(6,976)	(1,384)	(116,462)	(23,105)
Fines and interest on late payment	(1,262)	(1,251)	(21,069)	(20,886)
Leasing	(47,123)	-	(786,704)	-
Discounts given	(627)	-	(10,467)	-
	(136,582)	(10,077)	(2,280,194)	(168,232)
Financial expenses, net	1,291,757	149,971	21,565,482	2,503,720

33. Objectives and policies for financial risk management

The main financial liabilities of Bajaj do Brasil Comércio de Motocicletas Ltda., refer to accounts payable and suppliers. Bajaj do Brasil Comércio de Motorcicletas Ltda. it has accounts receivable from customers, other accounts receivable and demand and short-term deposits that result directly from its operations. The Company is exposed to market risk. Not exposed to credit and liquidity risk.

34. Insurance Coverage

In 2023, the Company contracted Civil Liability insurance for all its intellectual properties, with a limit of BRL 10,000,000.00

The risk assumptions adopted, given their nature, are not part of the scope of an audit of Financial Statements, consequently they were not analysed by the independent auditors.

Approval of Financial Statements

The undersigned, members of the Board of Directors and Accountant responsible for Bajaj do Brasil Comércio de Motocicletas Ltda., in the exercise of their legal and statutory functions, examined the balance sheet and the Financial Statements, accompanied by the Independent Auditors' Report, referring to the financial year 31 December 2022 and having received all the requested information, declare that the figures reflect the economic situation of the Company and approve them.

The Financial Statements were prepared in accordance with the accounting practices adopted in Brazil and the rules issued by the Federal Accounting Council (CFC), which cover the Corporate Legislation, Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee (CPC).

São Paulo, March 11, 2023.

**Waldyr Roma de Almeida
Ferreira**

Administrative Director
028.796.947-95

**Marilia Luciana Macedo da
Siva**

Accountant
CRC -SP-222927/O-9

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