

**BAJAJ AUTO SPAIN, S.L.**  
**(Sociedad Unipersonal)**  
INDEPENDENT AUDIT REPORT  
ON THE FINANCIAL STATEMENTS  
31<sup>ST</sup> DECEMBER 2023

PROTOCOL NUMBER 1.876

The following audit report is a translation of the original. In case of discrepancy, the Spanish version prevails.

## **AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

To the sole shareholder of BAJAJ AUTO SPAIN, S.L. (Sociedad Unipersonal):

### **Opinion**

We have audited the financial statements of BAJAJ AUTO SPAIN, S.L. Unipersonal, (the Company), which comprise the balance sheet as at December 31, 2023, the income statement, the statement of changes in equity, the statement of cash flows and the annual report, for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying annual report) and, specifically, the accounting principles and policies contained therein.

### **Basis for the Opinion**

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described later in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on those matters.



### **Related party transactions**

The Company is the Spanish subsidiary of a multinational group and its management is subject to the economic policies established by the group's parent company. Note 14 of the notes to the financial statements shows the balances and transactions carried out with its parent company. Among other transactions, the Company has provided all of its services to its parent company, which is why we consider that the proper recording of related party transactions is one of the most relevant aspects of auditing.

Our audit procedures to address this issue have included obtaining and analysing documentation to support the reasonableness of the terms applied in relation to those that might apply between independent parties. Among others, we have applied analytical procedures on the evolution of the margin and substantive procedures to confirm the balances and volume of transactions performed with its parent company.

We have also verified that the related disclosures required by the applicable financial reporting framework are included in the related notes to the accompanying financial statements.

Except for the most relevant aspect of the audit which is described in this section, we have determined that there are no other more significant risks found in the audit that should be disclosed in this report.

### **Other Information: Director's Report**

Other information refers exclusively to the 2023 Director's report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the financial statements.

Our audit opinion on the financial statements does not encompass the Director's report. Our responsibility in terms of the Director's report, as required by prevailing audit regulations, is to assess and report on the consistency of the Director's report with the financial statements, based on the knowledge of the entity we obtained while auditing the aforementioned accounts, as well as assess and report on whether the content and presentation of the Director's report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose them.

Based on the work carried out, as described in the above paragraph, we have verified that the specific information contained in the Director's report is consistent with that provided in the financial statements for the year 2023 and their content and presentation are in conformity with the applicable regulations.

### **Directors' Responsibility for the Financial Statements**

The Company's Directors are responsible for the preparation of the accompanying financial statements in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the business as a going concern, unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that contains our opinion. Reasonable assurance is a high degree of certainty, but does not guarantee that an audit conducted in accordance with auditing regulations currently in force in Spain always detects a material misstatement when it exists. Misstatements may be due to 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 made on the basis of these financial statements.

As part of an audit in accordance with auditing regulations currently in force in Spain, we exercise our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:


- We identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response 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 due to fraud is higher than one resulting from error, as fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous statements, or the override of internal control.
- We obtain 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 entity's internal control.
- We assess the appropriateness of accounting policies applied and the reasonability of accounting estimates and related disclosures made by the Directors.
- We conclude on the appropriateness of the Directors' 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 does exist we are required to draw attention in our audit 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 issue of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's Directors 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.

From the significant risks that have been reported to the entity's Directors, we determine those risks that were of most significance in the audit of the financial statements of the current period and that are, therefore, the key audit risks.

We describe these risks in our audit report unless legal or regulatory provisions preclude public disclosure about the matter.



  
AUDITIA INTERNATIONAL, S.L.P. (S0776)  
**Lluís Guerra Vidiella** (15606)  
Barcelona, February 16, 2024

**BAJAJ AUTO SPAIN, S.L.U.**

Financial statements and directors' report for the year ended 31 December 2023

## BAJAJ AUTO SPAIN, S.L. (Sole Proprietorship)

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## BAJAJ AUTO SPAIN, S.L. (Sole Proprietorship)

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**BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Balance sheet for the years ended 31 December 2023 (expressed in euro)

ACTIVE		NOTES	2023 Euro	2022 Euro	2023 INR	2022 INR
<b>A)</b>	<b>NON-CURRENT ASSETS</b>		<b>683.858,02</b>	<b>452.566,53</b>	<b>61,463,449</b>	<b>40,675,549</b>
<b>II.</b>	<b>Tangible fixed assets</b>	<b>5</b>	<b>641.963,73</b>	<b>410.670,13</b>	<b>57,698,095</b>	<b>36,910,005</b>
2.	Technical installations and other tangible fixed assets		205.735,72	5.289,16	18,491,012	475,376
3.	Fixed assets under construction and advances		436.228,01	405.380,97	39,207.083	36,434,628
<b>V.</b>	<b>Long-term financial investments</b>	<b>7</b>	<b>41.894,29</b>	<b>41.896,40</b>	<b>3,765,354</b>	<b>3,765,544</b>
5.	Other financial assets		41.894,29	41.896,40	3,765,354	3,765,544
<b>B)</b>	<b>CURRENT ASSETS</b>		<b>105.309,53</b>	<b>341.108,69</b>	<b>9,464,956</b>	<b>30,657,996</b>
<b>III.</b>	<b>Trade and other receivables</b>	<b>7</b>	<b>(31.847,93)</b>	<b>(70.104,59)</b>	<b>(2,862,414)</b>	<b>(6,300,826)</b>
2.	Customers, group companies and associates		(141.412,99)	(144.873,82)	(12,709,847)	(13,020,897)
6.	Other receivables from general government		109.565,06	74.769,23	9,847,433	6,720,071
<b>VI.</b>	<b>Short-term accruals</b>	<b>7</b>	<b>23.340,70</b>	<b>5.385,33</b>	<b>2,097,804</b>	<b>484,020</b>
<b>VII.</b>	<b>Cash and cash equivalents</b>	<b>7</b>	<b>113.816,76</b>	<b>405.827,95</b>	<b>10,229,566</b>	<b>36,474,802</b>
1.	Treasury		113.816,76	405.827,95	10,229,566	36,474,802
<b>TOTAL ASSETS (A + B)</b>			<b>789.167,55</b>	<b>793.675,22</b>	<b>70,928,405</b>	<b>71,333,545</b>

EQUITY AND LIABILITIES		NOTES	2023 Euro	2022 Euro	2023 INR	2022 INR
<b>A)</b>	<b>NET WORTH</b>		<b>697.099,28</b>	<b>624.802,82</b>	<b>62,653,539</b>	<b>56,155,716</b>
<b>A-1)</b>	<b>Own funds</b>	<b>7</b>	<b>697.099,28</b>	<b>624.802,82</b>	<b>62,653,539</b>	<b>56,155,716</b>
<b>I.</b>	<b>Capital</b>	<b>7</b>	<b>600.000,00</b>	<b>600.000,00</b>	<b>53,926,500</b>	<b>53,926,500</b>
1.	Assessed capital		600.000,00	600.000,00	53,926,500	53,926,500
<b>III.</b>	<b>Reservations</b>		<b>24.802,82</b>	<b>-</b>	<b>2,229,215</b>	<b>-</b>
1.	Legal and statutory		5.269,70	-	-	-
2.	Other reservations		19.533,12	-	-	-
<b>V.</b>	<b>Results of previous years</b>	<b>7</b>	<b>-</b>	<b>(27.894,20)</b>	<b>-</b>	<b>(2,507,061)</b>
2.	(Negative results of previous years)		-	(27.894,20)	-	(2,507,061)
<b>VII.</b>	<b>Result for the year</b>	<b>3,7</b>	<b>72.296,46</b>	<b>52.697,02</b>	<b>6,497,824</b>	<b>4,736,277</b>
<b>B)</b>	<b>NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C)</b>	<b>CURRENT LIABILITIES</b>		<b>92.068,27</b>	<b>168.872,40</b>	<b>8,274,866</b>	<b>15,177,829</b>
<b>III.</b>	<b>Short-term debts</b>		<b>2.988,31</b>	<b>-</b>	<b>268,582</b>	<b>-</b>
2.	Amounts owed to credit institutions		2.988,31	-	268,582	-
<b>V.</b>	<b>Trade and other payables</b>	<b>7</b>	<b>89.079,96</b>	<b>168.872,40</b>	<b>8,006,284</b>	<b>15,177,829</b>
3.	Sundry creditors		3.066,51	113.199,43	275,610	10,174,082
5.	Current tax liabilities		21.122,48	8.267,61	1,898,436	743,072
6.	Other debts to public administrations		64.890,97	47.405,36	5,832,238	4,260,675
<b>TOTAL EQUITY AND LIABILITIES (A + B + C)</b>			<b>789.167,55</b>	<b>793.675,22</b>	<b>70,928,405</b>	<b>71,333,545</b>

**BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Profit and Loss Account for the years ended 31 December 2023 (expressed in euro)

	NOTES	2023 EURO	2022 EURO	2023 INR	2022 INR
<b>A) CONTINUING OPERATIONS</b>					
1. <b>Net turnover</b>	11	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>
b) <b>Service provision</b>		1.473.427,92	931.887,99	132,428,018	83,755,763
6. <b>Staff costs</b>	11	<b>(1.050.094,17)</b>	<b>(756.305,87)</b>	<b>(94,379,839)</b>	<b>(67,974,881)</b>
a) <b>Wages, salaries and similar</b>		(980.935,33)	(702.063,77)	(88,164,015)	(63,099,736)
b) <b>Social charges</b>		(69.158,84)	(54.242,10)	(6,215,824)	(4,875,145)
7. <b>Other operating expenses</b>	11	<b>(275.766,95)</b>	<b>(114.375,61)</b>	<b>(24,785,244)</b>	<b>(10,279,794)</b>
a) <b>External services</b>		(275.766,95)	(114.375,61)	(24,785,244)	(10,279,794)
8. <b>Depreciation of fixed assets</b>	11	<b>(51.274,83)</b>	<b>(962,76)</b>	<b>(4,608,454)</b>	<b>(86,530)</b>
13. <b>Other results</b>	11	<b>(978,01)</b>	-	<b>(87,901)</b>	-
<b>A.1) OPERATING INCOME</b>		<b>95.313,96</b>	<b>60.243,75</b>	<b>8,566,580</b>	<b>5,414,558</b>
14. <b>Financial income</b>	11	<b>1.081,32</b>	<b>720,88</b>	<b>97,186</b>	<b>64,791</b>
b) <b>Marketable securities and other financial instruments</b>		1.081,32	720,88	97,186	64,791
b1) <i>From group and associated companies</i>		1.081,32	720,88	97,186	64,791
<b>A.2) FINANCIAL RESULT</b>		<b>1.081,32</b>	<b>720,88</b>	<b>97,186</b>	<b>64,791</b>
<b>A.3) PROFIT BEFORE TAX</b>		<b>96.395,28</b>	<b>60.964,63</b>	<b>8,663,766</b>	<b>5,479,349</b>
20. <b>Taxation of profits</b>		<b>(24.098,82)</b>	<b>(8.267,61)</b>	<b>(2,165,942)</b>	<b>(743,072)</b>
<b>A.4) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>72.296,46</b>	<b>52.697,02</b>	<b>6,497,824</b>	<b>4,736,277</b>
<b>B) DISCONTINUED OPERATIONS</b>					
<b>A.5) RESULT FOR THE YEAR</b>		<b>72.296,46</b>	<b>52.697,02</b>	<b>6,497,824</b>	<b>4,736,277</b>

**BAJAJ AUTO SPAIN, S.L. (Sole Proprietorship)**

Statement of changes in equity for the year ended 31 December 2023

A) Statements of recognised income and expenditure (expressed in euros)

	NOTES	2023 EURO	2022 EURO
<b>A) PROFIT AND LOSS ACCOUNT RESULT</b>		<b>72.296,46</b>	<b>52.697,02</b>
Income and expenses recognised directly in equity			
<b>B) TOTAL INCOME AND EXPENSES CHARGED DIRECTLY TO NET ASSETS</b>		<b>-</b>	<b>-</b>
Transfers to the profit and loss account			
<b>C) TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT</b>		<b>-</b>	<b>-</b>
<b>TOTAL RECOGNISED INCOME AND EXPENDITURE</b>		<b>72.296,46</b>	<b>52.697,02</b>

	NOTES	2023 INR	2022 INR
<b>A) PROFIT AND LOSS ACCOUNT RESULT</b>		<b>6,497,824</b>	<b>4,736,277</b>
Income and expenses recognised directly in equity			
<b>B) TOTAL INCOME AND EXPENSES CHARGED DIRECTLY TO NET ASSETS</b>		<b>-</b>	<b>-</b>
Transfers to the profit and loss account			
<b>C) TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT</b>		<b>-</b>	<b>-</b>
<b>TOTAL RECOGNISED INCOME AND EXPENDITURE</b>		<b>6,497,824</b>	<b>4,736,277</b>

**BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Statement of changes in equity for the year ended 31 December 2023

B) Statement of total changes in equity (expressed in euro)

*All amounts in EURO in table below :*

	Capital Deeded	Reservations	Result of previous years	Result for the year	TOTAL
A) BALANCE, END OF THE FINANCIAL YEAR 2021*	600.000,00	-	-	(27.894,20)	572.105,80
B) ADJUSTED BALANCE, START OF FINANCIAL YEAR 2022	600.000,00	-	-	(27.894,20)	572.105,80
I. Total recognised income and expenses	-	-	-	52.697,02	52.697,02
C) BALANCE, END OF FINANCIAL YEAR 2022	600.000,00	-	(27.894,20)	52.697,02	624.802,82
D) ADJUSTED BALANCE, START OF FINANCIAL YEAR 2023	600.000,00	-	(27.894,20)	52.697,02	624.802,82
I. Total recognised income and expenses	-	-	-	72.296,46	72.296,46
III. Other changes in equity		24.802,82	27.894,20	(52.697,02)	0,00
E) BALANCE, END OF FINANCIAL YEAR 2023	600.000,00	24.802,82	-	72.296,46	697.099,28

*\* Unaudited figures*

*All amounts in INR in table below :*

	Capital Deeded	Reservations	Result of previous years	Result for the year	TOTAL
A) BALANCE, END OF THE FINANCIAL YEAR 2021*	53,926,500	-	-	(2,507,061)	51,419,439
B) ADJUSTED BALANCE, START OF FINANCIAL YEAR 2022	53,926,500	-	-	(2,507,061)	51,419,439
I. Total recognised income and expenses	-	-	-	4,736,276	4,736,276
C) BALANCE, END OF FINANCIAL YEAR 2022	53,926,500	-	(2,229,215)	4,736,276	56,155,715
D) ADJUSTED BALANCE, START OF FINANCIAL YEAR 2023	53,926,500	-	(2,229,215)	4,736,276	56,155,715
I. Total recognised income and expenses	-	-	-	6,497,824	6,497,824
III. Other changes in equity		2,229,215	2,229,215	(4,736,276)	0,00
E) BALANCE, END OF FINANCIAL YEAR 2023	53,926,500	2,229,215	-	6,497,824	62,653,539

**BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Statement of cash flows for the years ending 31 December 2023

(expressed in euro)

	NOTES	2023 EURO	2022 EURO	2023 INR	2022 INR
<b>A)</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
1.	Profit for the year before tax	96.395,28	60.964,63	8,663,767	5,479,349
2.	Adjustments to the result	50.193,51	241,88	4,511,267	21,740
a)	Depreciation of fixed assets	51.274,83	962,76	4,608,454	86,530
g)	Financial income	(1.081,32)	(720,88)	(97,186)	(64,791)
3.	Changes in working capital	(148.859,34)	197.429,85	(13,379,105)	17,744,501
a)	Stocks	-	-	-	-
b)	Debtors and other receivables	(38.256,66)	70.104,59	(3,438,413)	6,300,825
c)	Other current assets	(17.955,37)	(5.385,33)	(1,613,784)	(484,020)
d)	Creditors and other accounts payable	(92.647,31)	132.710,59	(8,326,909)	11,927,696
4.	Other cash flows from operating activities	(10.162,63)	720,88	(913,392)	64,791
d)	Payments (receipts) Profit taxes	(11.243,95)	-	(1,010,578)	-
e)	Other payments (receipts)	1.081,32	720,88	97,186	64,791
5.	Cash flows from operating activities (+/-1 +/-2 +/-3 +/-4)	(12.433,18)	259.357,24	(1,117,463)	23,310,380
<b>B)</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
6.	Investment payments	(282.568,43)	(453.529,29)	(25,396,544)	(40,762,079)
c)	Tangible fixed assets	(282.568,43)	(411.632,89)	(25,396,544)	(36,996,535)
e)	other financial assets		(41.896,40)	-	(3,765,543)
7.	Divestment proceeds	2,11	-	190	-
e)	Other financial assets	2,11	-	190	-
8.	Cash flows from investing activities (6+7)	(282.566,32)	(453.529,29)	(25,396,354)	(40,762,078)
<b>C)</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
10.	Proceeds and payments for financial liability instruments	2.988,31	-	268,582	-
a)	Broadcast	2.988,31	-	268,582	-
2.	Amounts owed to credit institutions	2.988,31	-	268,582	-
12.	Cash flows from financing activities (+/-9 +/-10 -11)	2.988,31	-	268,582	-
<b>D)</b>	<b>Effect of exchange rate changes</b>	-	-	-	-
<b>E)</b>	<b>NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS</b>	(292.011,19)	(194.172,05)	(26,245,236)	(17,451,698)
	Cash or cash equivalents at beginning of the year	405.827,95	600.000,00	36,474,802	53,926,500
	Cash or cash equivalents at year end	113.816,76	405.827,95	10,229,566	36,474,802

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

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

1 Euro = Rs. 89.8775

### **1. COMPANY'S BUSINESS ACTIVITY**

Bajaj Auto Spain, S.L. Sociedad Unipersonal (hereinafter the Company) was incorporated in Spain on 5 August 2021 as a limited company for an unlimited period of time. Its registered office and tax domicile is located in Sant Just Desvern (08960), calle Pont Reixat, number 3, floor 1B. It is registered in the Mercantile Register of Barcelona, in volume 47991, folio 115, page B 568600. Its tax identification number is B-16854481. The closing date for the fiscal year is 31 December of each year.

Its corporate purpose is as follows:

- a) The provision of services to its group of companies and to third parties, related to the automotive and engineering sector in the field of engineering design, graphic design, product design, sketches, digital models or mock-ups, research and development activities, as well as innovation and product development of models of two, three and four-wheeled vehicles, motorised or not, as well as their parts.
- b) The performance of studies, works, measurements, inspections, tests, market studies, identification and execution of projects, including but not limited to projects for the identification of areas for improvement, support services in the area of product design and development, as well as other auxiliary services in the automotive and engineering sector for all types of entities, both public and private, both in Spain and abroad.
- c) The provision of various business support services in the automotive sector such as market research, market analysis, sales promotion, marketing, distribution, supply chain management, organisation, promotion and/or management of events, exhibitions, trade fairs, conferences, meetings, organisation of campaigns, organisation of training, advertising services and all kinds of technical, advisory, consultancy, administrative and management services, both to its group of companies and to third parties both in Spain and abroad.
- d) Any ancillary and preparatory services related to the aforementioned services, including the purchase, sale, import, export of parts, components, automotive products, engineering products, or any type of goods or services necessary for the execution of the aforementioned services within the Company's corporate purpose.

On 5 August 2021, Soumen Ray, Ravi Kumar Srinivasan and Gianandrea Fabbro were appointed as members of the Board of Directors of the Company. In turn, Soumen Ray was removed on 7 February 2022, according to a deed executed before the notary public of Barcelona Mr. Miquel Tarragona Coromina dated 31 May 2022, number 552 of his protocol. On 31 May 2022, Mr. Dinesh Thapar was appointed as a new member of the Board of Directors of the Company.

On 19 January 2023, the decision taken by the Board of Directors of the Company on 29 September 2022 to transfer the registered office to Sant Just Desvern (08960), calle Pont Reixat, number 3, floor 1B, was notarised before the notary public of Barcelona, Mr. Miquel Tarragona Coromina, by means of deed number 101 of his protocol.

The Company belongs to a group whose parent company is BAJAJ AUTO LTD. With N.I.F. N0098938-D, registered office at 51st, Corporate Building, Mumbai Pune Road, Akurdi, Pune, 411035 Maharashtra (India), which is also the Sole Shareholder of the Company and files consolidated financial statements in India.

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

At 31 December 2023, the Company does not form a decision-making unit in accordance with Rule 13 of the Rules for the Preparation of Consolidated Financial Statements with other companies domiciled in Spain.

The end of the fiscal year is 31 December of each year.

The financial statements are presented in euro, which is the Company's functional and presentation currency.

### **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

#### **2.1. FAIR PRESENTATION**

The Board of Directors is of the opinion that the annual accounts for the financial year 2023, which have been prepared on 31 March 2024, will be approved by the General Meeting of Shareholders without modification.

The annual accounts have been prepared on the basis of the accounting records for 2023. The annual accounts for the financial year 2023 have been prepared in accordance with current mercantile legislation and with the rules established in the General Accounting Plan and its sectorial adaptations based on Royal Decree 1/2021, of 12 January, amending the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November and subsequent amendment by Royal Decree 602/2016 of 2 December, in order to give a true and fair view of the Company's equity and financial position at 31 December 2023 and of the results of its operations, changes in equity and cash flows for the year then ended.

#### **2.2. NON-MANDATORY ACCOUNTING PRINCIPLES APPLIED**

No non-mandatory accounting principles have been applied.

#### **2.3. KEY ISSUES IN RELATION TO THE MEASUREMENT AND ESTIMATION OF RELEVANT UNCERTAINTY AND JUDGEMENTS IN THE APPLICATION OF ACCOUNTING POLICIES**

The preparation of the annual accounts requires the application of significant accounting estimates and the making of judgements, estimates and assumptions in the process of applying the Company's accounting policies. In this regard, the following is a summary of the aspects that have involved a greater degree of judgement, complexity or in which the assumptions and estimates are significant for the preparation of the annual accounts.

In preparing the accompanying financial statements, estimates made by the Board of Directors have been used to assess some of the assets, liabilities, income, expenses and commitments shown in them and the situation in 2023, the increase in costs arising from inflation and war, as well as their possible effects on the economy in general and on the company in particular, and there is no risk of continuity in its activity.

Although these estimates have been made on the basis of the best information available at year-end 2023, future events may make it necessary to change these estimates (upwards or downwards) in the coming years, which would be done prospectively.

#### **2.4. COMPARATIVE INFORMATION**

The annual accounts present for comparative purposes, with each of the items of the balance sheet, the profit and loss account, the statement of changes in equity, the cash flow statement and the notes to the financial statements, in addition to the figures for the financial year 2023, the figures for the previous year, which formed part of the annual accounts for the financial year 2022 approved by the Sole Shareholder on 31 May 2023.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

### 2.5. GROUPING OF ITEMS

Certain items in the balance sheet, income statement, statement of changes in equity, statement of recognised income and expense and cash flow statement are grouped together for ease of understanding, although, to the extent material, the information is disclosed in the relevant notes to the financial statements.

### 2.6. ITEMS SHOWN IN SEVERAL SECTIONS

There are no asset and liability items recorded or included in two or more balance sheet items.

### 2.7. CORRECTION OF ERRORS

There were no errors during the year.

## 3 DISTRIBUTION OF PROFIT

The distribution of the Company's profit for the year ended 31 December 2022 was approved by the Sole Shareholder on 31 May 2023. The proposed appropriation of the profit for the year ended 31 December 2023 made by the Company's Management Body and to be submitted to the Sole Shareholder for approval is as follows (in Euro):

<b>Delivery basis</b>	<b>Amount Euro</b>	<b>Amount INR</b>
Balance of the profit and loss account. . . . .	72.296,46	6,497,825
<b>Total. . . . .</b>	<b>72.296,46</b>	<b>6,497,825</b>
<b>Delivery basis</b>	<b>Amount Euro</b>	<b>Amount INR</b>
A legal reserve . . . . .	7.229,65	649,783
To voluntary reserves. . . . .	65.066,81	5,848,042
<b>Total. . . . .</b>	<b>72.296,46</b>	<b>6,497,825</b>

## 4 RECOGNITION AND MEASUREMENT

### 4.1 FIXED ASSETS

#### *Initial recognition*

The assets included in property, plant and equipment are stated at acquisition or production cost, following the same principles as those established for determining the production cost of inventories. Property, plant and equipment incorporated prior to 1 January 2013 include the revaluations made in accordance with Law 16/2012, of 27 December, adopting various tax measures aimed at consolidating public finances and boosting economic activity.

Advances on account of fixed assets are initially recognised at cost. In subsequent years, provided that the period between payment and receipt of the asset exceeds one year, advances bear interest at the supplier's incremental rate.

The capitalisation of the cost of production is made through the heading "Capitalised costs" in the profit and loss account. Ancillary income earned during the testing and commissioning period is recognised as a reduction of the costs incurred. Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

Fixed assets received as a non-monetary capital contribution are measured at their fair value at the time of the contribution.



## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

Investments are depreciated over the shorter of their useful life or the term of the lease contract.

### **Depreciation**

Property, plant and equipment are depreciated by allocating their depreciable amount on a systematic basis over their useful lives. For these purposes, the depreciable amount is taken to be the acquisition cost less the residual value. The Company determines the depreciation expense separately for each component that has a significant cost in relation to the total cost of the item and a useful life that differs from that of the rest of the item.

Depreciation of property, plant and equipment is determined by applying the following criteria:

	Depreciation method	Years of estimated useful life
Information processing equipment	Linear	4

The Company reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each reporting period. Changes in the initially established criteria are recognised as a change in estimate.

### **Subsequent costs**

Subsequent to initial recognition of the asset, costs incurred are capitalised only to the extent that they result in increased capacity, productivity or a lengthening of the useful life of the asset, and the carrying amount of the replaced items is written off. In this respect, the costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Replacements of items of property, plant and equipment eligible for capitalisation result in a reduction in the carrying amount of the replaced items. Where the cost of the replaced items has not been depreciated separately and it is not practicable to determine their carrying amount, the cost of the replacement is used as an indication of the cost of the items at the time of acquisition or construction.

### **Impairment of assets**

The Company assesses and determines impairment losses and reversals of impairment losses on property, plant and equipment at least at year-end.

## **4.2. LEASES**

### **Lessee's accounts**

Lease contracts, which, at inception, transfer substantially all the risks and rewards incidental to ownership of the assets to the Company, are classified as finance leases, otherwise they are classified as operating leases.

#### *a) Operating leases*

Lease payments under operating leases, net of incentives received, are recognised as an expense on a straight-line basis over the lease term unless another systematic basis of allocation is more representative of the time pattern of lease income.

Contingent lease payments are expensed when it is probable that they will be incurred.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

### 4.3. FINANCIAL INSTRUMENTS

The Company records under financial instruments those contracts that give rise to a financial asset in one company and, simultaneously, to a financial liability or equity instrument in another company. Therefore, this standard applies to the following financial instruments:

a) Financial assets:

- Cash and cash equivalents.
- Trade receivables: trade receivables and sundry debtors;
- Receivables from third parties: such as financial loans and receivables, including those arising from the sale of non-current assets;
- Debt securities of other companies purchased: such as bonds, debentures and notes;
- Equity instruments of other companies acquired: shares, units in collective investment undertakings and other equity instruments;
- Derivatives with favourable valuation for the company: including futures or forward transactions, options, swaps and forward foreign exchange contracts; and
- Other financial assets: such as deposits with credit institutions, advances and loans to staff, guarantees and deposits given, dividends receivable and calls on own equity instruments.

b) Financial liabilities:

- Trade payables: suppliers and sundry creditors;
- Debts to credit institutions;
- Bonds and other negotiable securities issued: such as bonds and notes;
- Derivatives with an unfavourable valuation for the company: these include futures or forward transactions, options, swaps and forward foreign exchange contracts;
- Debts with special features, and
- Other financial liabilities: liabilities to third parties, such as financial loans and credits received from persons or companies other than credit institutions, including those arising on the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on equity investments.

(c) own equity instruments: all financial instruments that are included in own funds, such as issued ordinary shares or equity participations.

#### **Classification of Financial Assets:**

a) *Financial assets at fair value through profit or loss.*

All financial assets are included in this category unless they are classified in one of the other categories. Financial assets held for trading are mandatorily included in this category.

For equity instruments that are neither held for trading nor measured at cost, the Company may make an irrevocable election at initial recognition to present subsequent changes in fair value directly in equity.

In any case, the Company may, on initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement inconsistency or asymmetry.

- Initial measurement: they are measured at fair value. Transaction costs directly attributable to them are recognised in the income statement for the year.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

- Subsequent valuation: Fair value through profit and loss.
- Impairment: They are not impaired as they are at all times valued at fair value, with changes in value being taken to profit or loss for the year.

### *b) Financial assets at amortised cost*

A financial asset is included in this category, even when it is admitted to trading on an organised market, if the Company holds the investment for the purpose of receiving cash flows from the performance of the contract and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding. Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in an arrangement that is in the nature of a regular or ordinary loan, notwithstanding that the transaction is arranged at a zero or below-market interest rate. In general, this category includes trade receivables (financial assets arising from the sale of goods and the rendering of services in connection with the Company's business transactions with deferred payment) and non-trade receivables (financial assets which, not being equity instruments or derivatives, are not of a commercial nature and whose collections are of a determined or determinable amount and which arise from loans or credit operations granted by the Company). In other words, this category includes loans and receivables, as well as debt securities with a fixed maturity date and fixed or determinable payments, which are traded in an active market and which the Company intends and has the ability to hold to maturity.

- Initial measurement: They are initially measured at fair value plus directly attributable transaction costs. However, trade receivables maturing in less than one year and which do not have an explicit contractual interest rate, as well as receivables from personnel, dividends receivable and payments due on equity instruments, the amount of which is expected to be received in the short term, may be measured at nominal value when the effect of not discounting cash flows is not material.
- Subsequent measurement: at amortised cost and accrued interest is recognised in the profit and loss account using the effective interest method.

However, loans and advances falling due in less than one year which, in accordance with the provisions of the preceding paragraph, are initially valued at their nominal value shall continue to be valued at that amount, unless they are impaired.

When the contractual cash flows of a financial asset change due to the issuer's financial difficulties, the Company shall analyse whether an impairment loss should be recognised.

- Impairment: The Company records impairment losses for the difference between the recoverable amount of receivables and the carrying amount at which they are recognised.

At least at the end of each reporting period, impairment losses are recognised whenever there is objective evidence that a financial asset in this category, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after initial recognition and that result in a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.

The impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, where applicable, those arising from the enforcement of collateral and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition.

Impairment losses, and their reversal when the amount of the impairment loss decreases due to a subsequent event, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the asset that would have been recognised at the date of reversal had no impairment loss been recognised.

### *c) Financial assets at cost.*

This category includes, inter alia, equity investments in Group companies, jointly controlled entities and associates, as well as other equity investments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or a reliable estimate thereof cannot be obtained.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

Also included in this category are participating loans whose interest is contingent and any other financial assets that were initially classified in the fair value through profit or loss portfolio when it is not possible to obtain a reliable estimate of their fair value.

- Initial measurement: they are measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs.
- Subsequent measurement: equity instruments included in this category are measured at cost less any accumulated impairment losses.
- Impairment: At least at year-end, the necessary valuation adjustments are made whenever there is objective evidence that the carrying amount of an investment is not recoverable. The Company recognises impairment losses for the difference between the carrying amount and the recoverable amount, the latter being the higher of fair value less costs to sell and the present value of the future cash flows arising from the investment, which in the case of equity instruments is calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the unrealised gains existing at the valuation date, net of the tax effect. In determining this value, and provided that the investee has in turn invested in another investee, the equity included in the consolidated annual accounts prepared using the criteria of the Commercial Code and its implementing regulations is taken into account.

The recognition of impairment losses and, where applicable, their reversal, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the investment that would have been recognised at the date of reversal had no impairment loss been recognised.

### *d) Financial assets at fair value through equity.*

A financial asset is included in this category when the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding, and it is not held for trading or classified as a financial asset at amortised cost. Also included in this category are investments in equity instruments that should have been included in the fair value through profit or loss category but for which an irrevocable option to classify in this category has been exercised.

- Initial valuation: Fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given, plus directly attributable transaction costs.
- Subsequent measurement: fair value, without deducting any transaction costs that may be incurred on disposal. Changes in fair value are recognised directly in equity until the financial asset is derecognised or impaired, at which time the amount so recognised is taken to the income statement.
- Impairment: At least at the end of the reporting period, impairment write-downs are made whenever there is objective evidence that a financial asset is impaired as a result of one or more events that occurred after its initial recognition and that cause the asset to become impaired:
  - delay in estimated future cash flows; or
  - the lack of recoverability of the carrying amount of the asset, evidenced, for example, by a prolonged or significant decline in its fair value.

The impairment loss on these financial assets is the difference between their cost or amortised cost less any impairment loss previously recognised in the income statement and the fair value at the time of measurement. Cumulative losses recognised in equity due to a decrease in fair value, provided that there is objective evidence of impairment in the value of the asset, are recognised in the income statement.

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

If the fair value is increased in subsequent periods, the valuation adjustment recognised in prior periods is reversed with a credit to the profit and loss account of the period. However, if the fair value of an equity instrument is increased, the fair value adjustment recognised in prior periods is not reversed with a credit to the income statement and the increase in fair value is recognised directly in equity.

### ***Reclassification of financial assets***

When the Company changes the way in which it manages its financial assets to generate cash flows, it shall reclassify all affected assets in accordance with the criteria set out in the preceding sections of this standard. A reclassification is not a derecognition but a change in measurement basis.

The following reclassifications are possible:

- Reclassification of financial assets at amortised cost to the category of financial assets at fair value through profit or loss and vice versa.
- Reclassification of financial assets at amortised cost to the category of financial assets at fair value through equity and vice versa.
- Reclassification of financial assets at fair value through profit or loss to the category of financial assets at fair value through equity and vice versa.
- Reclassification of investments in equity instruments measured at cost to financial assets at fair value through profit or loss and vice versa.

### ***Interest and dividends received from financial assets***

Interest and dividends on financial assets accrued after the time of acquisition are recognised as income in the income statement. Interest on financial assets measured at amortised cost is recognised using the effective interest method and dividend income from investments in equity instruments is recognised when the Company's rights to receive it have arisen.

In the initial measurement of financial assets, the amount of explicit interest accrued but not yet due at that time and the amount of dividends declared by the competent body at the time of acquisition are recognised separately on the basis of their maturity.

Also, if the dividends distributed clearly arise from profits generated prior to the acquisition date because amounts in excess of the profits generated by the investee since acquisition have been distributed, they are not recognised as income and reduce the carrying amount of the investment.

The judgement as to whether profits have been generated by the investee is made solely on the basis of the profits recognised in the individual income statement since the date of acquisition, unless it is clear that the distribution out of those profits is to be regarded as a recovery of the investment from the perspective of the entity receiving the dividend.

### ***Derecognition of financial assets***

The Company derecognises financial assets when the rights to the cash flows from the financial asset expire or have been transferred and the risks and rewards of ownership have been substantially transferred. In the specific case of receivables, this is generally considered to be the case if the risks of insolvency and default have been transferred.

When the financial asset is derecognised, the difference between the consideration received net of attributable transaction costs and the carrying amount of the asset, plus any cumulative amount recognised directly in equity, determines the gain or loss arising on derecognition, which forms part of the profit or loss for the period in which the gain or loss arises.

Conversely, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, on transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

### e) *Cash and cash equivalents*

This item in the accompanying balance sheet includes cash on hand and at banks, demand deposits and other short-term highly liquid investments with a maturity of less than three months, which are readily realisable in cash and are not subject to a risk of changes in value.

### **Classification of financial liabilities**

Financial liabilities, for valuation purposes, are included in one of the following categories:

#### a) *Financial liabilities at amortised cost or cost.*

All financial liabilities are classified in this category except when they are to be measured at fair value through profit or loss. In general, trade payables and non-trade payables are included in this category.

Participating loans that have the characteristics of an ordinary or common loan are also included in this category without prejudice to the fact that the transaction is agreed at a zero or below-market interest rate.

- Initial measurement: They are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is the fair value of the consideration received adjusted for directly attributable transaction costs. However, trade payables maturing in less than one year and not bearing a contractual interest rate, as well as disbursements required by third parties on equity investments, the amount of which is expected to be paid in the short term, may be measured at nominal value when the effect of not discounting cash flows is not material.
- Subsequent measurement: at amortised cost. Accrued interest is recognised in the profit and loss account using the effective interest rate method. However, debts maturing in less than one year which, in accordance with the provisions of the previous paragraph, are initially valued at their nominal value, continue to be valued at that amount.

#### b) *Financial liabilities at fair value through profit or loss.*

Financial liabilities that meet some of the following conditions are classified in this category:

- They are liabilities that are held for trading;
- These are liabilities that, from initial recognition, have been irrevocably designated by the entity to be carried at fair value through profit or loss, provided that the designation meets the objective set out in the accounting policy.
- Optionally and irrevocably, hybrid financial liabilities may be included in their entirety in this category subject to the requirements of the PGC.
- Initial measurement: fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration received. Directly attributable transaction costs are recognised in the income statement for the year.
- Subsequent valuation: Fair value through profit and loss.

### ***Derecognition of financial liabilities***

The Company derecognises a financial liability, or part of a financial liability, when the obligation is extinguished, ie when it is discharged, cancelled or expires.

### ***Bonds given and received***

Deposits or guarantees provided as security for certain obligations are measured at the amount actually paid, which does not differ significantly from their fair value.

For deposits given or received under operating leases or for the provision of services, the difference between their fair value and the amount paid is treated as an advance payment or collection for the lease or the provision of the service, which is taken to profit or loss during the period of the lease or during the period in which the service is provided, in accordance with the standard on revenue from sales and services.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

In estimating the fair value of the collateral, the remaining period is taken as the minimum committed contractual period during which the collateral cannot be repaid, without taking into account the statistical behaviour of repayment.

When the bond is short-term, discounted cash flows are not required if their effect is not material.

### **Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In general, in the valuation of financial instruments measured at fair value, the Company calculates fair value by reference to a reliable market value, with the quoted price in an active market being the best reference for fair value. For those instruments for which there is no active market, the fair value is obtained, where appropriate, by applying valuation models and techniques.

The carrying amount of trade receivables and payables is assumed to approximate fair value.

### *c) Derivative financial instruments and hedge accounting*

The Company classifies hedging transactions into the following categories:

- a) Fair value hedge: hedges the exposure to changes in the fair value of recognised assets or liabilities or unrecognised firm commitments, or a specific portion thereof, attributable to a particular risk that could affect the profit and loss account (e.g. entering into a swap to hedge the risk of fixed rate financing).

Changes in the value of the hedging instrument and the hedged item attributable to the hedged risk shall be recognised in the profit and loss account.

When the hedged item is an unrecognised firm commitment or a component of a firm commitment, the cumulative change in the fair value of the hedged item subsequent to its designation shall be recognised as an asset or a liability and the related gain or loss shall be reflected in the profit or loss account.

Changes in the carrying amount of hedged items that are measured at amortised cost shall imply an adjustment, either from the time of the change or (at the latest) from the time hedge accounting ceases, to the effective interest rate of the instrument.

- b) Cash flow hedge: hedges the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognised asset or liability (such as entering into a swap to hedge the risk of floating rate financing), or to a highly probable forecast transaction (for example, hedging the foreign currency risk associated with forecast purchases and sales of foreign currency property, plant and equipment, goods and services), and that may affect the profit and loss account. A hedge of the foreign currency risk of a firm commitment may be accounted for as a cash flow hedge or as a fair value hedge.

The Company is exposed to fluctuations in exchange rates in the various countries in which it operates. In order to mitigate this risk, it follows the practice of formalising, on the basis of its forecasts and budgets, hedging contracts for exchange rate risk when the outlook for market trends so advises.

It is also exposed to exchange rate fluctuations in the different currencies in which it has debt with financial institutions, and therefore hedges this type of transaction when the outlook for the market so advises.

On the other hand, it is exposed to variations in interest rate curves as it maintains all its debt with financial institutions at variable interest rates. In this respect, the Company enters into interest rate hedging contracts, basically through contracts with structures that guarantee maximum interest rates.

At year-end the contracts in force were valued by comparing, for each contract individually, the agreed price with the quotation of each currency and, where applicable, with the reference interest rate at the closing date, and the changes in value were recognised in the income statement.

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

### **Compound financial instruments**

The issue of exchangeable bonds by the Company meets the requirements established by the Spanish National Chart of Accounts to be considered as financial liabilities. For this reason, the amount corresponding to the liability element of the equity component, which represents the fair value of the embedded option of this instrument, is distinguished from the net amount received from the issue of the bonds.

#### **4.4. FOREIGN CURRENCY TRANSACTIONS**

##### ***Transactions, balances and flows in foreign currencies***

Transactions in foreign currencies have been translated into euro by applying the spot exchange rate at the dates of the transactions to the foreign currency amount.

Transactions in foreign currencies have been translated into euro by applying to the foreign currency amount the average exchange rate of the period for all transactions that have taken place during that interval.

Monetary assets and liabilities denominated in foreign currencies have been translated into euro at the year-end rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the date on which the transactions took place.

Non-monetary assets measured at fair value have been translated into euro using the exchange rate at the date of quantification.

In the presentation of the cash flow statement, cash flows from foreign currency transactions have been translated into euro by applying to the foreign currency amount the spot exchange rate at the dates on which they occur.

In the presentation of the cash flow statement, flows from foreign currency transactions have been translated into euro by applying to the foreign currency amount the average exchange rate for the period (indicate periodicity) for all flows occurring during that interval.

The effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies is presented separately in the cash flow statement as "Effect of exchange rate changes".

Positive and negative differences arising on the settlement of foreign currency transactions and on the translation of monetary assets and liabilities denominated in foreign currencies into euro are recognised in profit or loss.

Monetary financial assets denominated in foreign currencies classified as available-for-sale and measured at fair value are deemed to be carried at amortised cost in the foreign currency and therefore exchange differences associated with changes in amortised cost are recognised in profit or loss and the remaining change in fair value is recognised as described in section 4.

Foreign exchange gains or losses on non-monetary financial assets and liabilities measured at fair value are recognised together with the change in fair value. However, the foreign exchange component of the change in the exchange rate of non-monetary financial assets denominated in foreign currencies classified as available-for-sale and qualifying as hedged items in fair value hedges of that component is recognised in profit or loss. The remainder of the change in fair value is recognised as described in section 4.

#### **4.5. INCOME TAX**

Income tax expense or income comprises both current tax and deferred tax.



## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

Current income tax assets or liabilities are measured at the amounts expected to be paid to or recovered from the taxation authorities, using tax rates and tax laws in force or enacted and pending publication at the reporting date.

Current or deferred income tax is recognised in profit or loss, unless it arises from a transaction or economic event that is recognised in the same or a different period, against equity or from a business combination.

### ***Recognition of deferred tax liabilities***

The Company recognises deferred tax liabilities in all cases, except when they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the date of the transaction affects neither accounting profit nor taxable profit.

### ***Recognition of deferred tax assets***

The Company recognises deferred tax assets whenever it is probable that sufficient future taxable profit will be available against which the deferred tax asset can be utilised or when tax legislation provides for the possibility of future conversion of deferred tax assets into a receivable from the tax authorities.

The Company recognises the conversion of a deferred tax asset into a receivable from the tax authorities when it is due in accordance with current tax legislation. For this purpose, the deferred tax asset is derecognised with a charge to deferred income tax expense and the receivable with a credit to current income tax. Similarly, the Company recognises the exchange of a deferred tax asset for government debt securities when ownership is acquired.

The Company recognises the payment obligation arising from the provision of the asset as an operating expense with a credit to the receivable from public authorities when it is accrued in accordance with the Corporate Income Tax Act.

However, assets arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and at the date of the transaction affects neither accounting profit nor taxable profit or tax loss are not recognised.

In the absence of evidence to the contrary, it is not considered probable that future taxable profits will be available to the Company when their future recovery is expected to take place more than ten years from the reporting date, irrespective of the nature of the deferred tax asset, or in the case of credits arising from tax credits and other tax benefits not yet available for tax purposes due to insufficient taxable profit, when the activity has been carried out or the income has been obtained that gives rise to the right to the tax credit or tax relief and there is reasonable doubt as to whether the requirements to claim the tax credit or tax relief have been met.

The Company only recognises deferred tax assets arising from tax loss carryforwards to the extent that it is probable that future taxable profits will be available against which they can be utilised within a period not exceeding that established by the applicable tax legislation, subject to a maximum limit of ten years, unless there is evidence that their recovery is probable within a longer period, when the tax legislation allows them to be utilised within a longer period or does not establish time limits on their offset.

Conversely, it is considered probable that the Company has sufficient taxable profits to recover the deferred tax assets, provided that there are sufficient taxable temporary differences relating to the same tax authority and the same taxable entity, the reversal of which is expected in the same tax year in which the deductible temporary differences are expected to reverse or in years in which a tax loss arising from a deductible temporary difference can be offset against earlier or later taxable profits.

The Company recognises deferred tax assets that have not been recognised because they exceed the ten-year recovery period, to the extent that the future reversal period does not exceed ten years from the end of the reporting period or when there are sufficient taxable temporary differences.

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

In determining future taxable profits, the Company takes into account tax planning opportunities where it intends to adopt or is likely to adopt them.

### ***Valuation of deferred tax assets and liabilities***

Deferred tax assets and liabilities are measured at the tax rates that will apply in the years in which the assets are expected to be realised or the liabilities are expected to be settled, based on the tax rates and tax laws in force or approved and pending publication, taking into account the tax consequences that will arise from the manner in which the Company expects to recover the assets or settle the liabilities. For these purposes, the Company has considered the deduction for reversal of temporary measures developed in the thirty-seventh transitory provision of Law 27/2014, of 27 November, on Corporate Income Tax, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of the depreciation and amortisation charged in 2013 and 2014.

### ***Compensation and classification***

The Company only offsets income tax assets and liabilities if there is a legal right to set them off against the tax authorities and it intends either to settle the resulting amounts on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, regardless of the expected date of realisation or settlement.

## **4.6. INCOME AND EXPENSES**

A company recognises revenue in the ordinary course of business when control of the goods or services committed to customers is transferred. At that time, the company measures revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services.

Revenue is not recognised on exchanges of homogeneous items such as exchanges of finished goods, or goods that are interchangeable between two companies in order to be more efficient in their commercial efforts to deliver the product to their respective customers.

### ***Acknowledgement***

A company recognises revenue from a contract when (or as) control over the committed goods or services (ie the obligation(s) to be performed) is transferred to the customer.

Control of a good or service (an asset) refers to the ability to decide fully on the use of that item of property, plant and equipment and to obtain substantially all of its remaining benefits. Control includes the ability to prevent other entities from deciding on the use of the asset and obtaining its benefits.

For each obligation to be fulfilled (delivery of goods or provision of services) that is identified, the company determines at the beginning of the contract whether the commitment undertaken will be fulfilled over time or at a specific point in time.

Revenue from commitments (generally for the rendering of services or the sale of goods) that are fulfilled over time is recognised by reference to the stage of completion or progress towards complete fulfilment of the contractual obligations, provided that the company has reliable information to measure the stage of completion.

The company reviews and, if necessary, revises estimates of revenue to be recognised as it fulfils its commitment. The need for such revisions does not necessarily indicate that the outcome of the transaction cannot be estimated reliably.

When, at a given date, the company is unable to reasonably measure the extent to which the obligation has been fulfilled (for example, in the early stages of a contract), but expects to recover the costs incurred to fulfil the obligation, revenue and the related consideration are recognised only to the extent of the costs incurred to that date.

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

In the case of contractual obligations that are to be performed at a specific point in time, revenue from their performance is recognised at that date. Until such time, costs incurred in the production or manufacture of the product (goods or services) are recognised as inventories.

When there are doubts regarding the collectibility of the receivable previously recognised as revenue from sales or services, the impairment loss is recognised as an impairment expense rather than as a reduction in revenue.

### ***Fulfilment of the obligation over time***

A firm transfers control of an asset (usually a service or product) over time when one of the following criteria is met:

a) The customer simultaneously receives and consumes the benefits provided by the company's activity (usually the provision of a service) as the entity performs it, as is the case with some recurring services (security or cleaning). In such a case, if another company were to take over the contract, it would not need to substantially re-perform the work completed to date.

(b) The company produces or improves an asset (tangible or intangible) that the customer controls as the activity is performed (eg a construction service performed on the customer's land).

(c) The enterprise produces a specific asset for the customer (typically a complex technical facility or service or a particular good with unique specifications) without an alternative use and the enterprise has an enforceable right to payment for the activity that has been completed to date (for example, consultancy services that result in a professional opinion for the customer).

If the transfer of control over the asset does not occur over time, the enterprise recognises revenue using the criteria for obligations that are discharged at a point in time.

### ***Indicators of compliance with the obligation at a moment in time***

In order to identify the specific point in time at which the customer obtains control of the asset (usually an asset), the company considers, among others, the following indicators:

(a) The customer assumes the significant risks and rewards of ownership of the asset. In assessing this, the entity excludes any risk that gives rise to a separate obligation other than a commitment to transfer the asset. For example, the company may have transferred control of the asset but not satisfied the obligation to provide maintenance services for the useful life of the asset.

(b) The company has transferred physical possession of the asset. However, physical possession may not coincide with control of an asset. For example, in some repurchase agreements and some warehouse agreements, a customer or consignee may have physical possession of an asset that is controlled by the company transferring the asset and, therefore, the asset cannot be considered transferred. Conversely, in post-invoicing delivery arrangements, the company may have physical possession of an asset that is controlled by the customer.

(c) The customer has received (accepted) the asset in accordance with the contractual specifications. If a company can objectively determine that control of the good or service has been transferred to the customer in accordance with the agreed-upon specifications, the customer's acceptance is a formality that would not affect the determination of transfer of control. For example, if the acceptance clause is based on compliance with specified size or weight characteristics, the company could determine whether those criteria have been met before receiving confirmation of the customer's acceptance.

However, if the company cannot objectively determine that the good or service provided to the customer meets the specifications agreed in the contract, it cannot conclude that the customer has obtained control until it receives the customer's acceptance.

When products (goods or services) are delivered to a customer on a trial or evaluation basis and the customer has not committed to pay the consideration until the trial period expires, control of the product has not been transferred to the customer until the customer accepts the product or the trial period expires without a statement of non-conformance.

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

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(d) The company has a receivable for transferring the asset.

(e) The customer has ownership of the asset. However, where the firm retains ownership only as protection against default by the customer, this would not prevent the customer from gaining control of the asset.

### **Valuation**

Revenue from the sale of goods and the rendering of services is measured at the monetary amount or, where appropriate, the fair value of the consideration received or expected to be received, which, in the absence of evidence to the contrary, is the agreed price of the assets to be transferred to the customer, less: the amount of any discounts, rebates or other similar items that the company may grant; and interest included in the face value of the receivables. However, embedded interest on trade receivables maturing within one year that do not have a contractual interest rate may be included when the effect of not discounting cash flows is not material.

Taxes levied on the delivery of goods and services which the company must pass on to third parties, such as value added tax and excise duties, as well as amounts received on behalf of third parties, do not form part of income.

The company takes into account the best estimate of the variable consideration in measuring revenue if it is highly probable that there will not be a material reversal of the amount of revenue recognised when the uncertainty associated with the consideration is subsequently resolved.

By way of exception to the general rule, variable consideration related to licensing arrangements, in the form of a share of the sales or use of those assets, is recognised only when (or as) the later of the following events occurs:

(a) the sale or subsequent use takes place; or

(b) the obligation assumed by the undertaking under the contract and to which some or all of the variable consideration has been allocated is satisfied (or partially satisfied).

## **4.7. PROVISIONS AND CONTINGENCIES**

### **General criteria**

Provisions are recognised when the Company has a present legal, contractual, constructive or constructive obligation as a result of a past event; 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.

The amounts recognised in the balance sheet are the best estimate at the reporting date of the expenditure required to settle the present obligation after taking into account the risks and uncertainties related to the provision and, where material, the financial effect of discounting, provided that the expenditure to be made in each period can be reliably determined. The discount rate is determined on a pre-tax basis, taking into account the time value of money as well as the specific risks that have not been considered in the future flows related to the provision at each reporting date.

Single obligations are valued by the most likely individual outcome. If the obligation involves a large population of homogeneous items, the obligation is valued by weighting the possible outcomes by their probabilities. If there is a continuous range of possible outcomes and each point in the range has the same probability as the others, the obligation is valued at the average amount.

The financial effect of provisions is recognised as financial expenses in the profit and loss account.

Provisions do not include the tax effect, nor expected gains on the disposal or abandonment of assets.

Reimbursement claims receivable from third parties to settle the provision are recognised as a separate asset when there are no doubts about their effective collection. The reimbursement is recognised as

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

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income in the profit and loss account in accordance with the nature of the expense, up to the amount of the provision.

In cases where the Company has externalised the hedged risk to a third party through a legal or contractual agreement, the provision is recognised only for the portion of the risk assumed.

Provisions are reversed through profit or loss when it is not probable that an outflow of resources will be required to settle the obligation.

### ***Provisions for taxes***

The amount of provisions for taxes corresponds to the estimated amount of tax liabilities determined in accordance with the general criteria set out above. Provisions are charged to income tax for the tax payable for the year, to financial expenses for late payment interest and to other income for the penalty. The effects of changes in the estimate of provisions for prior years are recognised in the items by their nature, unless it is a correction of an error.

### ***Provisions for onerous contracts***

The amount of provisions for onerous contracts is determined on the basis of the present value of the unavoidable costs, which are calculated as the lower of the costs to be incurred in relation to the contract, net of any revenue that might be earned, and the costs of any compensation or penalties relating to non-performance. However, prior to the recognition of the provision, the Company recognises the impairment loss on non-current assets directly related to the contracts.

### ***Provisions for severance payments and restructurings***

Involuntary termination benefits are recognised at the point where a detailed formal plan exists and a valid expectation has been generated among the affected staff that the termination of employment will occur, either by having started to implement the plan or by having announced its main features.

Compensation to be paid over a period of more than 12 months is discounted at the interest rate determined on the basis of market rates for high quality corporate bonds.

The Company has made offers in the form of short term early retirement plans to selected groups of employees. These plans have been accounted for as severance payments as they are not available to all current employees.

Voluntary severance payments are recognised when they have been announced, with no realistic possibility of withdrawing the offer, and are assessed on the basis of the best estimate of the group of employees who will benefit from the plan.

Provisions related to restructuring processes are recognised when the Company has a constructive obligation due to the existence of a detailed formal plan and the generation of valid expectations among those affected that the process will be carried out, either by having started to implement the plan or by having announced its main features.

Restructuring provisions only include disbursements directly related to restructuring that are not associated with the Company's continuing operations.

### ***Provisions for decommissioning, restoration and similar activities***

The provisions referred to in this section are recognised in accordance with the general criteria for recognition of provisions and are recorded as an increase in the cost of the tangible fixed assets to which they relate when they arise from their acquisition or construction. However, if provisions are incurred for the production of inventories, they are recognised in the profit and loss account.

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Changes in the provision arising from changes in the amount, timing of disbursements or discount rate at year-end increase or decrease the cost value of fixed assets up to the limit of the carrying amount of this component and the excess is recognised in the profit and loss account.

Changes in the amount of the provision that have become apparent after the useful life of the fixed asset are recognised in the profit and loss account as they occur.

The Company has entered into certain operating leases for which it has a contractual obligation to carry out major repairs on a regular basis. The Company recognises a provision at the end of each reporting period for the estimated amount of the obligation incurred at that date with a charge to the income statement.

### **4.8. STAFF COSTS**

#### ***Defined benefit plans***

The Company includes in defined benefit plans those funded by the payment of insurance premiums where there is a legal or constructive obligation to pay the committed benefits directly to employees when they become due or to pay additional amounts if the insurer fails to pay benefits for services rendered by employees in the year or in prior years.

The defined benefit liability recognised in the balance sheet corresponds to the present value of vested obligations at the balance sheet date, less the fair value at that date of plan assets, less unrecognised past service costs. The Company recognises actuarial gains and losses in recognised income and expense in the period in which they arise.

Where the result obtained as a result of the transactions referred to in the preceding paragraph is negative, i.e. an asset arises, the Company recognises the asset up to the amount of the unrecognised past service cost plus the present value of any available economic benefits in the form of refunds from the plan or reductions in future contributions to the plan. As a result, the Company recognises past service cost immediately in the current period to the extent that it exceeds any reduction in the present value of the economic benefits referred to above. If there is no change or an increase in the present value of the economic benefits, the amount of the past service cost for the current period is recognised immediately.

The Company recognises revocable past service cost as an expense for the year at the amount of the total past service cost divided by the average remaining period until the employees' rights vest, unless the provisions of the preceding paragraph apply. If the benefits become vested immediately on the introduction or amendment of the plan, the past service cost is recognised immediately in profit or loss.

The present value of the defined benefit obligation, the service cost and the past service cost are calculated annually by independent actuaries using the projected unit credit method.

The discount rate is determined on the basis of market rates for bonds or corporate bonds of high credit quality, denominated in the currency in which the benefits will be paid and with maturities similar to those of the corresponding benefits.

The fair value of plan assets is determined in the case of real estate on the basis of independent expert appraisals and for all other assets on the basis of available market prices or discounted future cash flows if no market can be identified. Insurance policies considered as plan assets, the cash flows of which correspond exactly, both in amounts and timing of payments, to some or all of the benefits payable under the plan, are measured at the present value of the related payment obligations.

Rights to reimbursement of some or all of the defined benefit obligation are recognised as a separate asset when collection is virtually certain.

The Company does not offset assets and liabilities between different plans except where there is a legally enforceable right to set off the surpluses and deficits generated by the different plans and it

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intends either to settle the obligations on a net basis or to realise the surplus to settle the obligations of the plans with deficits at the same time.

Defined benefit assets or liabilities are recognised as current or non-current depending on the term to realisation or maturity of the related benefits.

### **Defined contributions**

The Company records contributions to be made to defined contribution plans as employees render services. The amount of accrued contributions is recognised as an employee benefits expense and as a liability after deducting any amounts already paid. In the event that amounts paid exceed the accrued expense, the corresponding assets are only recognised to the extent that they can be applied to reductions in future payments or result in a cash refund.

If the contributions are to be paid over a period of more than twelve months, they are discounted using market yields on high quality corporate bonds and notes.

### **Other long-term employee benefits**

Long-term benefit obligations are recognised as for defined benefit plans, except that past service cost and actuarial gains and losses are recognised in the profit and loss account when they arise.

### **Short-term employee benefits**

The Company recognises the expected cost of short-term employee benefits in the form of accrued paid leave entitlements as employees render the services that entitle them to the benefits. If the leave is not accrued, the expense is recognised as the leave is taken.

The Company recognises the expected cost of profit-sharing or employee incentive plans when a present legal or constructive obligation exists as a result of past events and a reliable estimate of the obligation can be made.

## **4.9. RELATED PARTY TRANSACTIONS**

Transactions between group companies, except those related to mergers, spin-offs and non-monetary contributions of businesses, are recognised at the fair value of the consideration given or received. The difference between this value and the agreed amount is recognised in accordance with the underlying economic substance.

## **5. PROPERTY, PLANT AND EQUIPMENT**

The composition of and movements in the accounts included in property, plant and equipment were as follows:

In Euros

2023	Furniture	Information processing equipment	Tangible fixed assets under construction	Advances for tangible fixed assets	Total
<b>Cost</b>					
<i>Opening balance</i>	-	6.251,92	258.769,72	146.611,25	411.632,89
<i>Acquisitions</i>	34.593,67	203.898,29	1.918,67	42.157,80	282.568,43
<i>Disposals</i>					-
<i>Transfers</i>	13.229,43		133.381,82	(146.611,25)	-
<i>Closing balance</i>	47.823,10	210.150,21	394.070,21	42.157,80	694.201,32
<b>Accumulated depreciation</b>					
<i>Opening balance</i>	-	(962,76)			(962,76)
<i>Allocations / Reversals</i>	(3.437,47)	(47.837,36)			(51.274,83)

**BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

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<i>Closing balance</i>	(3.437,47)	(48.800,12)			(52.237,59)
<b>Net value</b>	<b>44.385,63</b>	<b>161.350,09</b>	<b>394.070,21</b>	<b>42.157,80</b>	<b>641.963,73</b>

*In Euros*

<b>2022</b>	<b>Information processing equipment</b>	<b>Tangible fixed assets under construction</b>	<b>Advances for tangible fixed assets</b>	<b>Total</b>
<b>Cost</b>				
<i>Additions or acquisitions</i>	6.251,92	258.769,72	146.611,25	<b>411.632,89</b>
<i>Closing balance</i>	6.251,92	258.769,72	146.611,25	<b>411.632,89</b>
<b>Accumulated depreciation</b>				
<i>Allocations / Reversals</i>	(962,76)	-	-	<b>(962,76)</b>
<i>Closing balance</i>	(962,76)	-	-	<b>(962,76)</b>
<b>Net value</b>	<b>5.289,16</b>	<b>258.769,72</b>	<b>146.611,25</b>	<b>410.670,13</b>

*In INR*

<b>2023</b>	<b>Furniture</b>	<b>Information processing equipment</b>	<b>Tangible fixed assets under construction</b>	<b>Advances for tangible fixed assets</b>	<b>Total</b>
<b>Cost</b>					
<i>Opening balance</i>	-	561,907	23,257,576	13,177,053	36,996,536
<i>Acquisitions</i>	3,109,193	18,325,868	172,445	3,789,038	25,396,544
<i>Disposals</i>					-
<i>Transfers</i>	1,189,028	-	11,988,025	(13,177,053)	-
<i>Closing balance</i>	4,298,221	18,887,775	35,418,045	3,789,038	62,393,079
<b>Accumulated depreciation</b>					
<i>Opening balance</i>	-	(86,530)			(86,530)
<i>Allocations / Reversals</i>	(308,951)	(4,299,502)			(4,608,453)
<i>Closing balance</i>	(308,951)	(4,386,032)			(4,694,983)
<b>Net value</b>	<b>3,989,270</b>	<b>14,501,743</b>	<b>35,418,045</b>	<b>3,789,038</b>	<b>57,698,096</b>

*In INR*

<b>2022</b>	<b>Information processing equipment</b>	<b>Tangible fixed assets under construction</b>	<b>Advances for tangible fixed assets</b>	<b>Total</b>
<b>Cost</b>				
<i>Additions or acquisitions</i>	561,907	23,257,576	13,177,053	<b>36,996,536</b>
<i>Closing balance</i>	561,907	23,257,576	13,177,053	36,996,536
<b>Accumulated depreciation</b>				
<i>Allocations / Reversals</i>	(86,530)	-	-	<b>(86,530)</b>
<i>Closing balance</i>	(86,530)	-	-	<b>(86,530)</b>
<b>Net value</b>	<b>475,377</b>	<b>23,257,576</b>	<b>13,177,053</b>	<b>36,910,006</b>

**General**

Details of the residual depreciation period, depreciation for the year, accumulated depreciation and net book value of individually significant property, plant and equipment as at 31 December 2023 and 2022 are as follows:



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**Euros**

<b>2023</b>	<b>Remaining useful life (Years)</b>	<b>Amortisation year</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
<b>Active</b>				
Furniture	10	3.414,01	3.414,01	40.684,09
Rexel Momentum XP422+ Paper Shredder	10	2,15	2,15	772,85
White magnetic whiteboard 150cm x 250cm	10	21,31	21,31	2.928,69
Computer	3	725,04	1.268,82	1.631,10
Laptop Computer	3	476,76	715,14	1.191,86
Tablet	3	361,20	541,80	903,20
Scanner	4	11.587,56	11.587,56	34.762,44
Projector	4	33.196,12	33.196,12	100.703,88
Monitors	4	633,85	633,85	2.541,94
HP E27m G4 Laptop Computer	4	70,47	70,47	283,91
Toshiba Canvio Basics	4	16,94	16,94	68,51
HP EliteOne 870 G9	4	232,75	232,75	1.027,18
Laptop Computers	4	426,00	426,00	4.817,12
Interactive and videoconferencing panel	4	110,67	110,67	5.200,95
HP Work station Z8G5XEON Laptop Computer	4	-	-	8.218,00
<b>Total</b>		<b>51.274,83</b>	<b>52.237,59</b>	<b>205.735,72</b>

**Euros**

<b>2022</b>	<b>Remaining useful life (Years)</b>	<b>Amortisation year</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
<b>Active</b>				
Computer	4	543,78	543,78	2.356,14
Laptop Computer	4	238,38	238,38	1.668,62
Tablet	4	180,60	180,60	1.264,40
<b>Total</b>		<b>962,76</b>	<b>962,76</b>	<b>5.289,16</b>

**INR**

<b>2023</b>	<b>Remaining useful life (Years)</b>	<b>Amortisation year</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
<b>Active</b>				
Furniture	10	306,843	306,843	3,656,584
Rexel Momentum XP422+ Paper Shredder	10	193	193	69,462
White magnetic whiteboard 150cm x 250cm	10	1,915	1,915	263,223
Computer	3	65,165	114,038	146,599
Laptop Computer	3	42,850	64,275	107,121
Tablet	3	32,464	48,696	81,177
Scanner	4	1,041,461	1,041,461	3,124,361
Projector	4	2,983,584	2,983,584	9,051,013
Monitors	4	56,969	56,969	228,463
HP E27m G4 Laptop Computer	4	6,334	6,334	25,517
Toshiba Canvio Basics	4	1,523	1,523	6,158
HP EliteOne 870 G9	4	20,919	20,919	92,320
Laptop Computers	4	38,288	38,288	432,951
Interactive and videoconferencing panel	4	9,947	9,947	467,448
HP Work station Z8G5XEON Laptop Computer	4	-	-	738,613
<b>Total</b>		<b>4,608,454</b>	<b>4,694,984</b>	<b>18,491,012</b>

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Notes to the annual accounts for the year ended 31 December 2023

### INR

2022	Remaining useful life (Years)	Amortisation year	Accumulated depreciation	Net book value
<b>Active</b>				
Computer	4	48,874	48,874	211,764
Laptop Computer	4	21,425	21,425	149,971
Tablet	4	16,232	16,232	113,641
<b>Total</b>		<b>86,531</b>	<b>86,531</b>	<b>475,376</b>

## 6. LEASES AND OTHER SIMILAR OPERATIONS

### 6.1. OPERATING LEASES

#### *Tenant*

The Company has leased premises and four parking spaces at calle Pont Reixat 3, Sant Just Desvern (Barcelona) under an operating lease.

A description of the most relevant leases is as follows:

Pursuant to a lease agreement dated 11 May 2022, the lease was signed for a period of 10 years, commencing on the date of signature and expiring on 11 May 2032.

The first three years of the contract, until 11 May 2025, are mandatory for the lessee. Consequently, if the lessee unilaterally terminates or withdraws from the contract before the end of this mandatory period, she must pay the lessor an amount equivalent to the amount of the rents and expenses until the end of the three-year period, even in the event that the lessor regains possession of the premises and leases them back. This is without prejudice to any compensation that may be due to the lessor for damage to the premises.

After the expiry of this mandatory term, i.e. from 11 May 2025, the lessee may terminate the lease by giving the lessor four months' notice before the date on which the lessee intends to terminate the lease.

The future minimum payments for non-cancellable operating leases as well as the minimum collections for non-cancellable operating sublease payments are as follows:

	2023 EURO	2022 EURO	2023 INR	2022 INR
<i>Up to 1 year</i>	102.331,44	98.928,00	9,197,294	8,891,401
<i>Between 1 and 5 years</i>	409.325,76	395.712,00	36,789,176	35,565,605
<i>More than 5 years</i>	344.231,59	431.710,80	30,938,675	38,801,088
Total future minimum lease payments	855.888,79	926.350,80	76,925,145	83,258,094
<b>Total</b>	<b>855.888,79</b>	<b>926.350,80</b>	<b>76,925,145</b>	<b>83,258,094</b>

The amount of operating lease payments recognised as expenses is as follows:

	2023 Euro	2022 Euro	2023 INR	2022 INR
Lease payments	102.170,40	63.292,45	9,182,820	5,688,567
<b>Total</b>	<b>102.170,40</b>	<b>63.292,45</b>	<b>9,182,820</b>	<b>5,688,567</b>

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

### 7 FINANCIAL INSTRUMENTS

#### 7.1. GENERAL CONSIDERATIONS

A financial instrument is a contract that gives rise to a financial asset in one enterprise and, simultaneously, to a financial liability or equity instrument in another enterprise.

It shall apply to the following financial instruments:

##### ***Financial assets***

- Cash and cash equivalents, as defined in Rule 9 on the preparation of the annual accounts;
- Trade receivables: trade receivables and sundry debtors;
- Receivables from third parties: such as financial loans and receivables, including those arising from the sale of non-current assets;
- Debt securities of other companies purchased: such as bonds, debentures and notes;
- Equity instruments of other companies acquired: shares, units in collective investment undertakings and other equity instruments;
- Derivatives with favourable valuation for the company: including futures, options, swaps and forward foreign exchange contracts, and
- Other financial assets: such as deposits with credit institutions, advances and loans to staff, guarantees and deposits given, dividends receivable and calls on own equity instruments.

##### ***Financial liabilities***

- Trade payables: suppliers and sundry creditors;
- Debts to credit institutions;
- Bonds and other negotiable securities issued: such as bonds and notes;
- Derivatives with unfavourable valuation for the company: including futures, options, swaps and forward foreign exchange contracts;
- Debts with special features, and
- Other financial liabilities: liabilities to third parties, such as financial loans and credits received from persons or companies other than credit institutions, including those arising on the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on equity investments.

##### ***Own equity instruments***

A financial derivative is a financial instrument that meets the following characteristics:

- Their value changes in response to changes in variables such as interest rates, prices of financial instruments and commodities, exchange rates, credit ratings and indices on them and which, if they are not financial variables, need not be specific to a party to the contract.
- It requires no or less upfront investment than other types of contracts where a similar response to changes in market conditions could be expected.
- It is settled at a future date.

This standard also applies to the treatment of accounting hedges and transfers of financial assets, such as trade discounts, factoring and repurchase agreements and securitisations of financial assets.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

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### **Acknowledgement**

An entity recognises a financial instrument on its balance sheet when it becomes an obligor under the terms of the contract or legal transaction.

## **7.2. INFORMATION ON THE RELEVANCE OF FINANCIAL INSTRUMENTS TO THE COMPANY'S FINANCIAL POSITION AND PROFIT/LOSS**

### **Balance sheet related information**

#### *a) Categories of financial assets and financial liabilities*

##### (i) Classification of financial assets by category

The analysis of the movement during the year for each class of non-current financial assets is as follows:

Categories	Classes	Long-Term Financial Instruments	Long-Term Financial Instruments
		Loans, Derivatives and Other Euros	Loans, Derivatives and Other INR
Balance at the beginning of the year	2022	41.896,40	3,765,544
Transfers and other variations(+/-)		(2,11)	(190)
Balance at year-end	2022	41.894,29	3,765,354
Balance at year-end	2023	41.894,29	3,765,354

The classification of long-term financial assets by category and class except for equity investments in Group companies, jointly controlled entities and associates is as follows:

Categories	Classes	Long-Term Financial Instruments		Long-Term Financial Instruments	
		Loans, Derivatives and Other Euros		Loans, Derivatives and Other INR	
	2023	2022	2023	2022	
Assets fair value with changes in P&G		41.894,29	41.896,40	3,765,354	3,765,544
Other		41.894,29	41.896,40	3,765,354	3,765,544
<b>Total</b>		<b>41.894,29</b>	<b>41.896,40</b>	<b>3,765,354</b>	<b>3,765,544</b>

The item "Fair value assets through profit and loss" in the amount of 41,894.29 euros (INR – 3,765,354) corresponds to long-term deposits.

This table does not include balances with general government.

The classification of short-term financial assets by category and class is as follows:

Categories	Classes	Short-Term Financial Instruments		Short-Term Financial Instruments	
		Loans, Derivatives and Other Euros		Loans, Derivatives and Other INR	
	2023	2022	2023	2022	
Financial assets at amortized cost		(141.412,99)	(144.873,82)	(12,709,846)	(13,020,897)
Cash and cash equivalents		113.816,76	405.827,95	10,229,566	36,474,802
<b>Total</b>		<b>(27.596,23)</b>	<b>260.954,13</b>	<b>(2,480,280)</b>	<b>23,453,905</b>

##### (ii) Classification of financial liabilities by category

The classification of financial liabilities by category and class is as follows:

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

Classes	Short-Term Financial Instruments		Short-Term Financial Instruments	
	Derivatives and Others		Derivatives and Others	
	Euros		INR	
Categories	2023	2022	2023	2022
Financial liabilities at amortised cost or cost	3.066,51	113.199,43	275,610	10,174,082
Liabilities fair value with changes in P&G	2.988,31	-	268,582	-
<i>Other</i>	2.988,31	-	268,582	-
<b>Total</b>	<b>6.054,82</b>	<b>113.199,43</b>	<b>544,192</b>	<b>10,174,082</b>

The item "Financial liabilities at amortised cost or cost" amounting to 3,066.51 euros (INR 275,610) corresponds to invoices from suppliers and invoices to be received.

This table does not include balances with general government.

### *Financial assets and liabilities measured at fair value through profit or loss*

The amount of the change in fair value during the year and the cumulative change since designation of financial assets and liabilities measured at fair value through profit or loss is as follows:

Liabilities at fair value through profit or loss	Change in fair value		
	2023 Euro	2023 INR	Since his appointment
<i>Other</i>	(2.988,31)	(268,582)	-
<b>Total</b>	<b>(2.988,31)</b>	<b>(268,582)</b>	<b>0,00</b>

### *(b) Maturity classification*

The amounts of debts with fixed or determinable maturity classified by year of maturity are as follows:

Categories	1 year Euro	1 year INR
<b>Debts</b>	<b>2.988,31</b>	<b>268,582</b>
<b>Amounts owed to credit institutions</b>	2.988,31	268,582
<b>Trade and other payables</b>	<b>3.066,51</b>	<b>275,610</b>
Sundry creditors	3.066,51	275,610
<b>Total</b>	<b>6.054,82</b>	<b>544,192</b>

### *c) Transfers of financial assets*

There were no transfers of financial assets during the year, nor were there any contracts for the assignment of receivables during the year.

### *d) Impairment losses arising from credit risk*

No financial assets were impaired during the year.

### *e) Non-payment and non-compliance with contractual conditions*

The Company is up to date with its contractual obligations in respect of the financial liabilities reflected in the balance sheet at year-end.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

### **Other information to be included in the report**

#### *a) Hedge accounting*

At year-end, the Company has no hedging instrument balances.

#### *b) Fair value*

The carrying amount of financial instruments is an acceptable proxy for fair value.

### **IN Euros**

Asset categories	2023		2022	
	Fair value	Book value	Fair value	Book value
Loans, derivatives and other	41.894,29	41.894,29	-	41.896,40
<b>Total</b>	<b>41.894,29</b>	<b>41.894,29</b>	<b>-</b>	<b>41.896,40</b>

### **IN INR**

Asset categories	2023		2022	
	Fair value	Book value	Fair value	Book value
Loans, derivatives and other	3,765,354	3,765,354	-	3,765,544
<b>Total</b>	<b>3,765,354</b>	<b>3,765,354</b>	<b>-</b>	<b>3,765,544</b>

#### *c) Other information*

##### *(i) Purchase and sale commitments*

There have been no commitments to purchase and sell financial investments.

##### *(ii) Disputed financial investments*

There are no financial investments in dispute.

##### *(iii) Embargos*

At the balance sheet date there were no liens on marketable securities, loans and other financial investments.

### **7.3. INFORMATION ON THE NATURE AND LEVEL OF RISK FROM FINANCIAL INSTRUMENTS**

#### **Qualitative information**

The Company's financial risk management is centralised in the Finance Department, which has the necessary mechanisms in place to control exposure to interest rate and exchange rate fluctuations, as well as credit and liquidity risks. The main financial risks affecting the Company are set out below:

#### *a) Credit risk:*

In general, the Company maintains its cash and cash equivalents with financial institutions with high credit ratings. In addition, there is no significant concentration in the volume of customer transactions.

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

### b) Liquidity risk:

In order to ensure liquidity and to be able to meet all payment commitments arising from its activity, the Company has the cash and cash equivalents shown in its balance sheet.

### c) Market risk (including interest rate, exchange rate and other price risks):

Both the Company's cash and financial debt are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows.

### Quantitative information

The maximum exposure to the main risks as at 31 December 2023, excluding foreign exchange exposure, was as follows:

Equity group	2023	2022	2023	2022
<b>Credit</b>	Euros	Euros	INR	INR
Long-term financial investments	41.894,29	41.896,40	3,765,354	3,765,544
Trade and other receivables	(31.847,93)	(70.104,59)	(2,862,412)	(6,300,8250)
Cash and cash equivalents	113.816,76	405.827,95	10,229,566	36,474,802
<b>Liquidity</b>				
Trade and other payables	89.079,96	168.872,40	8,006,284	15,177,829
<b>Market</b>				
Fixed assets and investment property	641.963,73	410.670,13	57,698,095	36,910,005
<b>Total</b>	<b>854.906,81</b>	<b>957.162,29</b>	<b>76,836,887</b>	<b>86,027,354</b>

Exposure to foreign currency risk arises to the extent that the Company enters into transactions in foreign currencies or holds assets or liabilities denominated in currencies other than the presentation currency.

Therefore, the Company is not exposed to foreign exchange risk as it does not engage in foreign currency transactions.

## 7.4. SHAREHOLDER'S EQUITY

The composition and movement of equity are presented in the statement of changes in equity.

### Capital

At 31 December 2023 the share capital of Bajaj Auto Spain, S.L. Sociedad Unipersonal is represented by 6,000 fully paid-up shares of Euros 100 par value each.

As at 31 December 2023, Bajaj Auto LTD holds 100% of the equity interests and therefore the Company is considered as a Sole Proprietorship.

### Reservations

#### a) Legal reserve

The legal reserve has been appropriated in accordance with article 274 of the Consolidated Text of the Spanish Companies Act, which stipulates that, in any case, an amount equal to 10 per cent of the profit for the year shall be allocated to this reserve until it reaches at least 20 per cent of the share capital.

This reserve is not distributable to members and may only be used to cover, if no other reserves are available, the debit balance of the profit and loss account. The balance of this reserve may be used to increase the share capital.

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At 31 December 2023, the Company has set up this reserve with the minimum limit established in the Consolidated Text of the Spanish Companies Act.

### b) *Statutory Reserve*

There is no statutory reserve of any kind.

### c) *Statutory revaluation reserves*

There are no statutory revaluation reserves.

### d) *Goodwill reserve*

The Company has no goodwill.

### e) *Treasury shares and parent company share reserve*

The Company does not hold any treasury shares and has no reserve for shares in the parent company.

### f) *Reserve for differences in the redenomination of capital in euros*

This reservation is unavailable.

### g) *Capitalisation reserve*

No capitalisation reserve has been created.

### h) *Voluntary reserves*

Voluntary reserves are freely distributable. There are no voluntary reserves as at 31 December 2023.

## 8 INVENTORIES

The Company does not hold stocks.

## 9 FOREIGN CURRENCY

The Company has no assets or liabilities denominated in foreign currencies.

## 10 TAX MATTERS

The detail of balances with general government is as follows:

The breakdown by company of the credits and debits between group companies as a result of the tax effect generated by the consolidated taxation system is as follows:

**In Euros :**

	2023		2022	
	Debit balances	Credit balances	Debit balances	Credit balances
Value Added Tax	109.565,06	-	74.769,23	-
Social security	-	6.923,04	-	6.275,36
Withholding taxes	-	57.967,93	-	41.130,00
Current tax	-	21.122,48	-	8.267,61
<b>Total balances with general government</b>	<b>109.565,06</b>	<b>86.013,45</b>	<b>74.769,23</b>	<b>55.672,97</b>



## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

### IN INR

	2023		2022	
	Debit balances	Credit balances	Debit balances	Credit balances
Value Added Tax	9,847,434	-	6,720,071	-
Social security	-	622,226	-	564,014
Withholding taxes	-	5,210,013	-	3,696,662
Current tax	-	1,898,436	-	743,072
<b>Total balances with general government</b>	<b>9,847,434</b>	<b>7,730,674</b>	<b>6,720,071</b>	<b>5,003,747</b>

Under current legislation, taxes cannot be considered definitively settled until the returns filed have been inspected by the tax authorities or the four-year statute of limitations period has elapsed. At 31 December 2023, the Company has all years of the main taxes applicable to it pending inspection by the tax authorities for the following years:

	Exercise
Value Added Tax	2021 - 2023
Personal income tax	2021 - 2023
Tax on Economic Activities	2021 - 2023
Social Security	2021 - 2023

However, the Administration's right to check or investigate tax losses offset or pending offset, double taxation deductions and deductions to encourage the performance of certain activities applied or pending application, expires 10 years after the day following the end of the period established for filing the return or self-assessment corresponding to the tax period in which the right to offset or apply them arose. Once this period has elapsed, the company must prove the tax losses or deductions by presenting the tax return or self-assessment and the accounts, with proof that they have been deposited during the aforementioned period at the Mercantile Registry.

As a result, among others, of the different possible interpretations of current tax legislation, additional liabilities could arise as a result of an inspection. In any case, the Parent's Board of Directors considers that such liabilities, should they arise, would not significantly affect the annual accounts.

### 10.1. INCOME TAX

The reconciliation between the net amount of income and expenses for the year and the taxable income that the Company expects to report after approval of the annual accounts is as follows:

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Notes to the annual accounts for the year ended 31 December 2023

2023	Profit and loss account Euros		Profit and loss account INR	
Balance of income and expenditure for the year	72.296,46	-	6,497,824	-
	Increases	Decreases	Increases	Decreases
Corporate income tax	24.098,82	-	2,165,942	-
Tax base (taxable income)	96.395,28	-	8,663,766	-
Tax rate:	25,00%	25,00%	25,00%	25,00%
Full quota	24.098,82	-	2,165,942	-
Semi-liquid quota:	24.098,82	-	2,165,942	-
Liquid quota:	24.098,82	-	2,165,942	-
<b>Liquid payable/ (to be returned)</b>	<b>24.098,82</b>	<b>-</b>	<b>2,165,942</b>	<b>-</b>

2022	Profit and loss account Euros		Profit and loss account INR	
Balance of income and expenditure for the year	52.697,02	-	4,736,276	-
	Increases	Decreases	Increases	Decreases
Corporate income tax	8.267,61	-	743,072	-
Clearing BINs	(27.894,20)	-	(2,507,061)	-
Tax base (taxable income)	33.070,43	-	2,972,288	-
Tax rate:	25,00%	25,00%	25,00%	25,00%
Full quota	8.267,61	-	743,072	-
Semi-liquid quota:	8.267,61	-	743,072	-
Liquid quota:	8.267,61	-	743,072	-
<b>Liquid payable/ (to be returned)</b>	<b>8.267,61</b>	<b>-</b>	<b>743,072</b>	<b>-</b>

### 11 INCOME AND EXPENSES

#### 11.1. NET INCOME

The net turnover at the end of the current financial year amounts to 1,473,427.92 euros (931,887.99 euros in 2022) { INR 132,428,018 & INR 83,755,763 in 2022} and corresponds to the following activities:

	2023 Euros	2022 Euros	2023 INR	2022 INR
Service fee	1.473.427,92	931.887,99	132,428,018	83,755,763
<b>Total</b>	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>

#### ***General considerations and objective (section included for information purposes)***

The objective of the disclosure requirements to be included in this note to the financial statements in relation to revenue is for the Company to provide sufficient information to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. To achieve this objective, the Company provides qualitative and quantitative disclosures on the following matters applicable to it:

- a) Contracts with customers,
- (b) significant judgements, and changes in those judgements, made about those contracts; and
- (c) assets recognised for the costs of obtaining or fulfilling a contract with a customer.

#### **A. Information on contracts with customers**

##### **1. Disaggregation of revenue from ordinary activities.**

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Notes to the annual accounts for the year ended 31 December 2023

(a) The company disaggregates revenue recognised from revenue from contracts with customers into categories that represent how the nature, amount and uncertainty of revenue and cash flows are affected by economic factors.

(b) in selecting the type of category (or categories) to use to disaggregate revenue, the Company considers how revenue information has been presented for other purposes, including the following:

1. Information to be disclosed outside the annual accounts.
  2. Information regularly reviewed by the chief decision maker to assess the financial performance of the operating segments.
- Other information that is similar to the types of information identified in the preceding paragraphs and that is used to assess the Company's financial performance or make decisions on the allocation of resources.

c) Some of the categories that may be appropriate to include could be the following:

- 1st Type of good or service
- 2nd Geographical region
- 3rd Market or type of customer
- 4th Type of contract
- 5th Duration of the contract
- 6th Schedule for the transfer of goods or services
- 7th Sales channels

a) The breakdown of revenue by type of good or service for the financial year 2023 and the financial year 2022 is as follows:

Turnover per good and/or service	2023 Euros	2022 Euros	2023 INR	2022 INR
Mark-up invoice	1.473.427,92	931.887,99	132,428,018	83,755,763
Total Services	1.473.427,92	931.887,99	132,428,018	83,755,763
<b>Total INCN</b>	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>

b) The breakdown of revenue by geographic region for the financial year 2023 and the financial year 2022 is as follows:

Turnover by Geographic Market	2023 Euros	2022 Euros	2023 INR	2022 INR
Outside the EU	1.473.427,92	931.887,99	132,428,018	83,755,763
<b>Total INCN</b>	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>

c) The breakdown of net sales by type of customer for the financial year 2023 and the financial year 2022 is as follows:

Turnover by Customer Category	2023 Euros	2022 Euros	2023 INR	2022 INR
Foreign Customers	1.473.427,92	931.887,99	132,428,018	83,755,763
<b>Total INCN</b>	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>

d) The breakdown of revenue by type of contract for the financial year 2023 and 2022 is as follows:

Turnover by type of contract	2023 Euros	2022 Euros	2023 INR	2022 INR
Variable contracts	1.473.427,92	931.887,99	132,428,018	83,755,763
<b>Total INCN</b>	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>

e) The breakdown of revenue by type of contract according to the duration of the contract for the financial year 2023 and 2022 is as follows:

Turnover by type of contract	2023 Euros	2022 Euros	2023 INR	2022 INR
Variable contracts	1.473.427,92	931.887,99	132,428,018	83,755,763
<b>Total INCN</b>	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>

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- f) The breakdown of the net turnover according to the timing of the transfer of the goods or services for the financial year 2023 and the financial year 2022 is as follows:

Turnover according to the transfer schedule	2023 Euros	2022 Euros	2023 INR	2022 INR
Services transferred in the year	1.473.427,92	931.887,99	132,428,018	83,755,763
<b>Total INCN</b>	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>

- g) The breakdown of revenue by type of contract according to sales channel for the financial year 2023 and the financial year 2022 is as follows:

Turnover by sales channel	2023 Euros	2022 Euros	2023 INR	2022 INR
Transfer pricing	1.473.427,92	931.887,99	132,428,018	83,755,763
<b>Total INCN</b>	<b>1.473.427,92</b>	<b>931.887,99</b>	<b>132,428,018</b>	<b>83,755,763</b>

### 2. Contract balances.

The opening and closing balances of receivables, contract assets and contract liabilities arising from customer agreements for the financial year 2023 and prior are as follows:

Amounts related to Contracts arising from customer agreements	2023 Euros	2022 Euros	2023 INR	2022 INR
Opening balances of accounts receivable	(144.873,82)	-	(13,020,897)	-
Closing balances of accounts receivable	(141.412,99)	(144.873,82)	(12,709,847)	(13,020,897)

In accordance with article 24 of the ICAC Resolution of 10 February 2021, when the Company sells a product with a right of return, the following criteria shall be applied:

- a) Revenue is recognised for products transferred for the amount of consideration the Company expects to receive. Therefore, no revenue is recognised for products that are expected to be returned to the Company,
- b) A reimbursement liability (a provision) will be recognised, and
- c) An asset (and a corresponding adjustment to the change in inventories) is recognised for the right to recover products from customers. The asset (an inventory) shall be measured by reference to the carrying amount of the product sold less any expected costs to recover those products (including the potential diminution in value of returned products).

### 3. Obligations to be fulfilled.

- a) The Company fulfils its obligations to the customer by including the obligations in a post-invoicing delivery agreement at the following times:
  - a.1) The Company at the time it sends/delivers the product to the customer complies with the conditions with the customer.
  - a.2) The Company fulfils its obligations to the customer as the service is provided/completed. In other words, the transfer of control occurs over time and revenue is recognised as the service progresses.
  - a.3) In post-invoicing delivery arrangements, the Company invoices the customer for a product and retains physical possession of the asset. In such contracts, the customer obtains control of the asset (even if the product remains in the Company's physical possession) if it has the full ability to determine the use and obtain substantially all of the benefits of the product. In such a case, on the date such circumstances are met (which may be the date of invoicing), the Company derecognises the asset and recognises the related revenue without prejudice to providing a custodial or depository service to the customer.

In particular, a customer obtains control of a product in a post-invoicing delivery arrangement when all of the following requirements are met:

- i. There is evidence of the customer's willingness to acquire the asset,
- ii. The product is separately identified as belonging to the customer,
- iii. The product is currently ready for physical transfer to the customer, and

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Notes to the annual accounts for the year ended 31 December 2023

- iv. The Company may not use the product, nor does it have the power of disposal to deliver it to another customer.
- b) Significant payment terms have been:
  - b.1) The Company requires payment for its products at the time of delivery, or
  - b.2) The Company's contracts have a significant financing component due to the time between the time the customer pays for the asset and the time the Company transfers the asset to the customer, as well as the magnitude of market interest rates; or
  - b.3) The consideration is variable, so the amount is estimated and included in the transaction price only if it is highly probable that a significant reversal of the amount of revenue recognised will not occur or when the uncertainty associated with the variable consideration is subsequently resolved.
- c) The nature of the goods or services that the Company has undertaken to transfer, highlighting any obligation to arrange for a third party to transfer goods or services, i.e. whether the Company is acting as an agent or commission agent.
- d) Repayment, reimbursement and other similar obligations.

	2023 Euros	2022 Euros	2023 INR	2022 INR
Amount of reimbursement liability (provision)	27.881,41	390.947,55	2,505,911	35,137,388
<b>Total INCN</b>	<b>27.881,41</b>	<b>390.947,55</b>	<b>2,505,911</b>	<b>35,137,388</b>

- e) The types of guarantees and related obligations.

### ***B. Information about significant judgements in applying the recognition and measurement standard.***

1. The timetable in which the obligations assumed by the Company vis-à-vis the customer are expected to be fulfilled.

- a) For assumed obligations that the Company satisfies over time, the Company shall disclose the following:

1. The methods used to determine the stage of completion and recognise revenue from ordinary activities were as follows:

**Product method:** revenue is recognised on the basis of direct measurements of the value to the customer of the goods or services transferred to the customer, relative to the goods or services outstanding. Output methods include, but are not limited to, methods such as identification of units produced or delivered, milestones achieved or time elapsed.

If a fixed consideration is agreed that corresponds to the value of the activity that has been completed to date, revenue is recognised for the amount that is entitled to be invoiced.

**Resource method:** revenue is recognised on the basis of the cost of the factors of production employed by the entity (e.g. cumulative labour hours, other accrued expenses, elapsed time or machine hours used) in relation to the total costs that the Company expects to incur in satisfying the obligation. In this case, revenue recognition on a straight-line basis may be appropriate when the Company's efforts or resources are expended evenly over the period.

- b) For obligations that are satisfied at a point in time, significant judgements made to assess when a customer obtains control of the committed goods or services have been:
  - a. The customer assumes the significant risks and rewards of ownership of the asset.
  - b. The Company has transferred the physical possession of the asset
  - c. The customer has received (accepted) the asset in accordance with the contractual specifications.
  - d. The Company has a receivable for the transfer of the asset.
  - e. The customer has ownership of the asset

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

2. The price of the transaction and the amounts allocated to each obligation.

a) The transaction price, which includes the adjustment to the consideration for the effects of the time value of money and the measurement of the non-cash consideration, has been:

	2023 Euros	2022 Euros	2023 INR	2022 INR
Sales of goods and provision of services for a variable consideration	1.473.427,92	931.887,99	132,428,018	83,755,763

### **C. Information about assets recognised for the costs of obtaining or fulfilling a customer contract.**

#### **a) Incremental costs of winning a contract.**

These are expenditures incurred by the Company to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

These costs are taken to the profit and loss account on a systematic basis consistent with the transfer of the related goods and services and are therefore accrued if the amount is expected to be recovered through the consideration received for the performance of the contract.

The costs of obtaining a contract that would have been incurred whether or not the contract is obtained are recognised as an expense when incurred unless the Company has a claim against the customer for incurring such expenditure.

#### **(b) Costs arising from the performance of a contract.**

These are those that relate directly to an existing or expected contract that can be specifically identified, i.e. they are expenditures that generate or enhance an asset that will be used to fulfil the obligation committed to the customer.

These costs are classified as inventories when they constitute a factor of production linked to the operating cycle. Otherwise they are treated as intangible assets.

These costs are subsequently taken to the profit and loss account on a systematic basis consistent with the transfer of the goods and services to which they relate.

### **11.2. EMPLOYEE BENEFIT COSTS AND PROVISIONS**

Details of social charges and provisions are as follows:

Description	2023 Euros	2022 Euros	2023 INR	2022 INR
Wages and salaries	980.935,33	702.063,77	88,164,015	63,099,736
Social security to be paid by the company	69.158,84	54.242,10	6,215,824	4,875,145
<b>Total</b>	<b>1.050.094,17</b>	<b>756.305,87</b>	<b>94,379,839</b>	<b>67,974,881</b>

### **11.3. OTHER EXPENSES**

The composition of "Other operating expenses" in the profit and loss account for the years 2023 and 2022 is as follows:

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

Description	2023 Euros	2022 Euros	2023 INR	2022 INR
<b>External services</b>	<b>275.766,95</b>	<b>114.375,61</b>	<b>24,785,244</b>	<b>10,279,794</b>
Leases and royalties	103.251,72	64.013,33	9,280,006	5,753,358
Repairs and maintenance	430,00	-	38,647	-
Independent professional services	14.942,39	9.825,40	1,342,985	883,083
Insurance premiums	7.042,90	2.224,54	632,998	199,936
Banking and similar services	4.051,21	1.961,82	364,113	176,323
Other services	146.048,73	36.350,52	13,126,495	3,267,094
<b>Total</b>	<b>275.766,95</b>	<b>114.375,61</b>	<b>24,785,244</b>	<b>10,279,794</b>

### 11.4. OTHER PROFIT/LOSS

The composition of the heading "Other results" in the profit and loss account for the years 2023 and 2022 is as follows:

Description	2023 Euros	2022 Euros	2023 INR	2022 INR
Other extraordinary expenses	978,01	-	87,901	-
<b>Total</b>	<b>978,01</b>	<b>-</b>	<b>87,901</b>	<b>-</b>

### 12 INFORMATION ON THE ENVIRONMENT

At 31 December 2023 and 2022 there are no significant assets dedicated to the protection and improvement of the environment, nor have any significant expenses of this nature been incurred during the year.

The Company's Board of Directors considers that there are no significant contingencies related to the protection and improvement of the environment and does not consider it necessary to record any provision for environmental risks and expenses at 31 December 2023 and 2022.

During the year ended 31 December 2023 and 2022 no grants of an environmental nature have been received.

### 13 EMPLOYEE REMUNERATION

During the years ended 31 December 2023 and 2022, the members of the Board of Management have not received any remuneration, nor have they been granted any advances or loans, and no obligations have been assumed on their behalf by way of guarantee. As at 31 December 2023 and 2022, there are no accrued pension or similar liabilities to members of the Board of Directors, nor are there any receivables or payables from or payables to members of the Board of Directors.

During the years ended 31 December 2023 and 2022, the members of the Board of Directors of the Company have not entered into any transactions with the Company outside the ordinary course of business or on other than arm's length terms.

The members of the Board of Directors of the Company and the persons related to them have not incurred in any situation of conflict of interest that has had to be notified in accordance with the provisions of art. 229 of the TRLSC.

There are no employees with a disability of thirty-three per cent or more during the year ended 31 December 2023.

The average number of employees of the Company during the year ended 31 December 2023, broken down by category, is as follows:

The gender distribution of staff at the end of the year is as follows:

## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

Category	2023		2022	
	Men	Women	Men	Women
Address	4,00		3,47	
<b>Total</b>	<b>4,00</b>	<b>-</b>	<b>3,47</b>	<b>-</b>

### 14 SUBSEQUENT EVENTS

In the opinion of the Governing Body, no significant events have come to light since the end of the financial year.

### 15 RELATED PARTY TRANSACTIONS

#### 15.1. RELATED PARTY BALANCES

Details of the balances receivable from and payable to Group companies, including senior management and the Board of Directors, and their main characteristics, are shown in note 6.

At 31 December 2023 there is a balance with the Sole Shareholder of 113,531.58 euros for an outstanding invoice issued to the Sole Shareholder.

At 31 December 2023 there is a balance with the Sole Shareholder amounting to 27,881.41 euros corresponding to a provision for a rectifying invoice to the Sole Shareholder.

The breakdown of the balances at year-end 2023 and 2022 by category is as follows:

Company name	Type of linkage	Concept	Closing balance financial year 2023 Euro	Closing balance financial year 2023 INR
Bajaj Auto Limited	Partner	Invoice issued (Mark-up)	( 113,531.58 )	(10,203,935)
Bajaj Auto Limited	Partner	Provision for invoice amendment	( 27,881.41 )	(2,505,912)
<b>Total</b>			<b>(141.412,99)</b>	<b>(12,709,847)</b>

Company name	Type of linkage	Concept	Closing balance financial year 2022 Euro	Closing balance financial year 2022 INR
Bajaj Auto Limited	Sole Partner	Invoice issued (Mark-up)	246.073,73	22,116,492
Bajaj Auto Limited	Sole Partner	Provision for invoice amendment	(390.947,55)	(35,137,389)
<b>Total</b>			<b>(144.873,82)</b>	<b>(13,020,897)</b>

#### 15.2. TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

The amounts of the Company's transactions with related parties are as follows:

2023			Amount per type of transaction INR
Concept	Type of linkage	Amount per type of transaction Euro	
Mark-up	Sole Partner	1.473.427,92	132,428,018
<b>Total</b>	<b>-</b>	<b>1.473.427,92</b>	<b>1</b>



## BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)

Notes to the annual accounts for the year ended 31 December 2023

2022			
Concept	Type of linkage	Amount per type of transaction Euro	Amount per type of transaction INR
Service income (Mark-up)	Sole Partner	931.887,99	83,755,763
<b>Total</b>		<b>931.887,99</b>	<b>83,755,763</b>

### ***Transactions of the Company with the Sole Shareholder***

Contracts entered into between the Shareholder and the company shall be recorded in writing or in such documentary form as may be required by law in accordance with their nature, and shall be transcribed in a company record book which shall be legalised in accordance with the provisions for company minute books. The annual report shall refer expressly and individually to these contracts, indicating their nature and conditions.

### ***Information relating to the Company's Board of Directors and senior management personnel***

During the financial years ended 31 December 2023 and 2022, the members of the Board of Directors have not received any remuneration, nor have they been granted any advances or loans, and no obligations have been assumed on their behalf by way of guarantee. As at 31 December 2022 and 2021, there are no accrued pension or similar liabilities to the members of the Board of Directors of the Company, nor are there any receivables or payables from or payables to the members of the Board of Directors of the Company.

During the year ended 31 December 2023 and 2022 the members of the Board of Directors of the Company have not entered into any transactions with the Company outside the ordinary course of business or on other than arm's length terms.

The directors or persons related to them have not reported any situation of direct or indirect conflict that they may have with the Company, as established in article 229 of the Capital Companies Act.

## **16 OTHER DISCLOSURES**

The auditing firm Auditia International, S.L.P. of the Company's annual accounts has invoiced fees and expenses (net fees if expenses are invoiced separately) for professional services during the years ended 31 December 2023 and 2022, as follows:

	2023 Euro	2022 Euro	2023 INR	2022 INR
For auditing services of the accounts	4.190,00	4000	376,587	359,510
<b>Total</b>	<b>4.190,00</b>	<b>4.000,00</b>	<b>376,587</b>	<b>359,510</b>

## **17 SEGMENTED INFORMATION**

In this item, the Company shall report the distribution of revenue from its ordinary activities by category of activity, as well as by geographic market to the extent that, from the point of view of the organisation of the sale of products and the provision of services or other income from the Company's ordinary activities, these categories and markets differ significantly from each other.

The breakdown of net turnover by business category and geographical market is as follows:

2023	Outside the EU (Euro)	Outside the EU (INR)
Income from the provision of services	1.473.427,92	132,428,019
<b>Total</b>	<b>1.473.427,92</b>	<b>132,428,019</b>
2022	Outside the EU	
Income from the provision of services	931.887,99	83,755,763
<b>Total</b>	<b>931.887,99</b>	<b>83,755,763</b>

**BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

**18 INFORMATION ON GREENHOUSE GAS EMISSION ALLOWANCES**

There are no greenhouse gas emission allowances.

Monetary volume and number of invoices paid in a period shorter than the maximum period established in the late payment regulations.	2023		2022	
		%		%
Total payments made	625.49 1,29	81, 41	434.24 8,72	91, 72
Total outstanding payments	30,12	18, 59	28,00	8,2 8

**19 INFORMATION ABOUT DEFERRALS ON PAYMENTS TO SUPPLIERS: "DUTY TO REPORT" UNDER THE THIRD ADDITIONAL PROVISION OF ACT 15/2010, OF 5 JULY**

The information required by the third additional provision of Law 15/2010, of 5 July, prepared in accordance with the Resolution of the ICAC of 29 January 2016, on the information to be included in the notes to the annual accounts in relation to the average period of payment to suppliers in commercial transactions, is detailed below. The information on the average supplier payment period is as follows:

	2023	2022	2023	2022
Concept	Days	Days	Days	Days
Average supplier payment period	38,62	18,76	38,62	18,76
Ratio of paid transactions	99,12%	98,54%	99,12%	98,54%
Ratio of transactions outstanding	0,88%	1,46%	0,88%	1,46%
	Amount (EUR)	Amount (EUR)	Amount (INR)	Amount (INR)
Total payments made	768.314,16	473.470,25	69,054,156	42,554,322
Total outstanding payments	6.839,15	7.009,71	614,686	630,015

In compliance with Law 18/2022, of 28 September, on the Creation and Growth of Companies, the monetary volume and number of invoices paid in a period lower than the maximum established in the regulations on late payment and the percentage that they represent of the total number of invoices and of the total monetary payments to its suppliers is as follows:

## **BAJAJ AUTO SPAIN, S.L. (Sole-Shareholder Company)**

Notes to the annual accounts for the year ended 31 December 2023

### **Management report for the year ended 31 December 2023.**

For the year ended 31 December 2023, the profit and loss account shows a "Net turnover" of EUR 1,473,427.92 (INR 132,428,018) an increase compared to the previous year. The result for the year amounts to a profit of 72,296.46 euros {INR 6,497,824 } (52,697.02 euros in 2022) (INR 4,736,277 in 2022)

### ***Foreseeable development of the Company***

A significant improvement in the Company's activity and business is expected for 2023 compared to 2022, mainly due to the increase in revenues compared to the previous year.

### ***Financial risk management and use of financial instruments***

The Company faces the risks and uncertainties inherent to the industry in which it operates, as described in Note 4 of the Notes to the Financial Statements.

### ***Research and development activities***

The Company has not carried out any research and development activities during the current or previous years.

### ***Acquisition of own shares***

As at 31 December 2023, the Company did not carry out any transactions with own shares during the year.

### ***Significant developments after the closure***

No further significant events have occurred since the end of the year.

**BAJAJ AUTO SPAIN, S.L. (SOLE-SHAREHOLDER COMPANY)**

Formulation of the annual accounts for the financial year 2023

**DILIGENCE OF FORMULATION OF ANNUAL ACCOUNTS:**

On 31 March 2023 and in compliance with the requirements of article 253 of the Spanish Companies Act and article 37 of the Spanish Commercial Code, the Board of Directors has drawn up the annual accounts for the financial year from 1 January 2023 to 31 December 2023. The annual accounts consist of the documents annexed hereto.

Barcelona, 31 March 2024

\_\_\_\_\_  
Don Gianandrea Fabbro

\_\_\_\_\_  
Mr Ravi Kumar Srinivasan

\_\_\_\_\_  
Mr Dinesh Thapar