BAJAJ
Distinctly Ahead

Bajaj Auto Limited
Akurdi Pune 411 035 India

Tel +91 20 27472851
Fax +91 20 27407380
www.bajajauto.com

27 July 2017

Corporate Relations Department.
BSE Limited
1st Floor, New Trading Ring
Rotunda Building, P J Tower
Dalal Street,
Mumbai 400 001

BSE Code: 532977

Corporate Listing Department.
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C-1, G Block
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051

NSE Code: BAJAJ-AUTO

Dear Sir/s:

Sub: **Submission of Annual Report (including Business Responsibility Report) under Regulation 34 of SEBI Listing Regulations, 2015**

Pursuant to Regulation 34(1), we submit herewith a soft copy of the Annual Report for the year 2016-17, including the Business Responsibility Report and other necessary documents and disclosures as stated under Regulation 34(2) and 34(3) of the above referred Regulations.

Kindly acknowledge receipt and take the same on record.

Thanking you,

Yours faithfully,
For **Bajaj Auto Limited**,

J Sridhar
Company Secretary

Encl. A/a



10th
ANNUAL REPORT
2016-17

BAJAJ

Bajaj Auto Limited

Since 1945


DOMINAR
ABS

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Board of Directors

Rahul Bajaj, Chairman
Madhur Bajaj, Vice Chairman
Rajiv Bajaj, Managing Director
Pradeep Shrivastava, Executive Director
Sanjiv Bajaj
Kantikumar R Podar (Up to 15.3.2017)
Shekhar Bajaj
D J Balaji Rao
D S Mehta
J N Godrej (Up to 10.4.2017)
Naresh Chandra
Nanoo Pamnani
Manish Kejriwal
P Murari
Niraj Bajaj
Dr. Gita Piramal
Dr. Naushad Forbes (w.e.f 18.5.2017)
Dr. Omkar Goswami (w.e.f 18.5.2017)

Audit Committee

Nanoo Pamnani, Chairman
D J Balaji Rao
Naresh Chandra

Stakeholders Relationship Committee

D J Balaji Rao, Chairman
J N Godrej (Up to 10.4.2017)
Naresh Chandra
Dr. Gita Piramal

Nomination & Remuneration Committee

D J Balaji Rao, Chairman
Naresh Chandra
Rahul Bajaj
Dr. Gita Piramal

Corporate Social Responsibility Committee

Rahul Bajaj, Chairman
Rajiv Bajaj
Nanoo Pamnani
Pradeep Shrivastava

Risk Management Committee

Nanoo Pamnani, Chairman
D J Balaji Rao
Kevin D'sa, CFO

Duplicate Share Certificate Issuance Committee

Rahul Bajaj, Chairman
Rajiv Bajaj
Sanjiv Bajaj

Management

Rahul Bajaj
Chairman

Rajiv Bajaj
Managing Director

Pradeep Shrivastava
Executive Director

Abraham Joseph
Chief Technology Officer

Rakesh Sharma
President (International Business)

R C Maheshwari
President (Commercial Vehicle Business)

Eric Vas
President (Motorcycle Business)

Kevin D'sa
President (Finance)-CFO

S Ravikumar
President
(Business Development and Assurance)

Amit Nandi
President (Probiking)

Ravi Kyran Ramasamy
President (Human Resources)

Subash Rao
President (Retail Finance)

C P Tripathi
Advisor (CSR)

Company Secretary

J Sridhar

Auditors

Dalal & Shah LLP
Chartered Accountants

Secretarial Auditor

Shyamprasad D Limaye
Practising Company Secretary

Bankers

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

Registered under the Companies Act, 1956

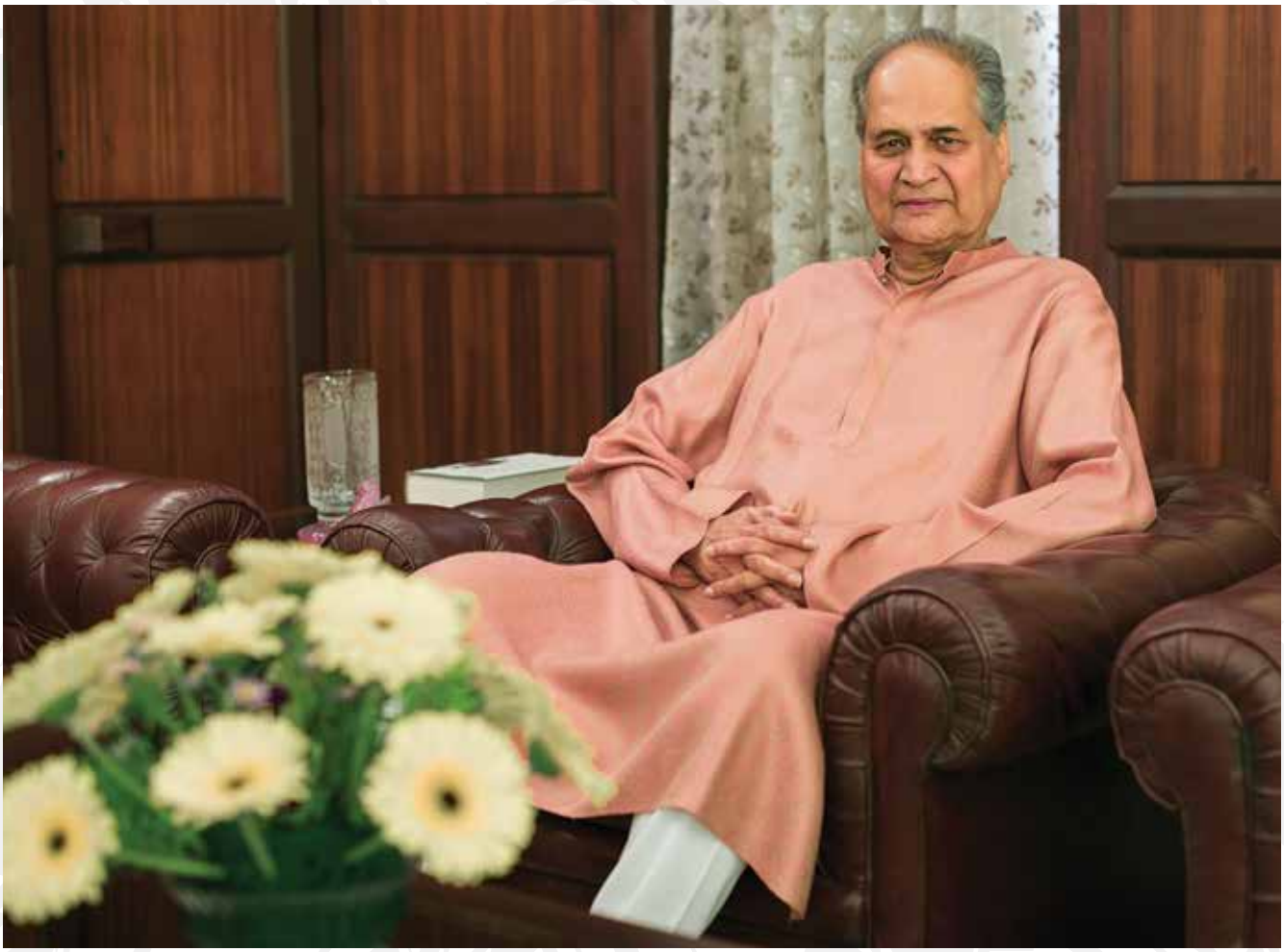
Registered Office

Mumbai-Pune Road,
Akurdi, Pune 411 035.

CIN: L65993PN2007PLC130076

Works

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

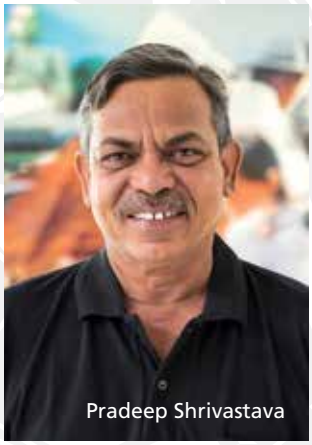


Rahul Bajaj
Chairman

Management Team



Rajiv Bajaj
Managing Director


Pradeep Shrivastava


Abraham Joseph


Rakesh Sharma


R C Maheshwari


Eric Vas

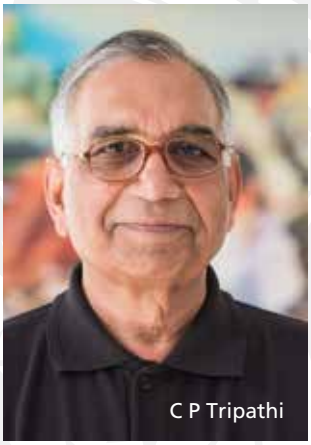

Kevin D'sa

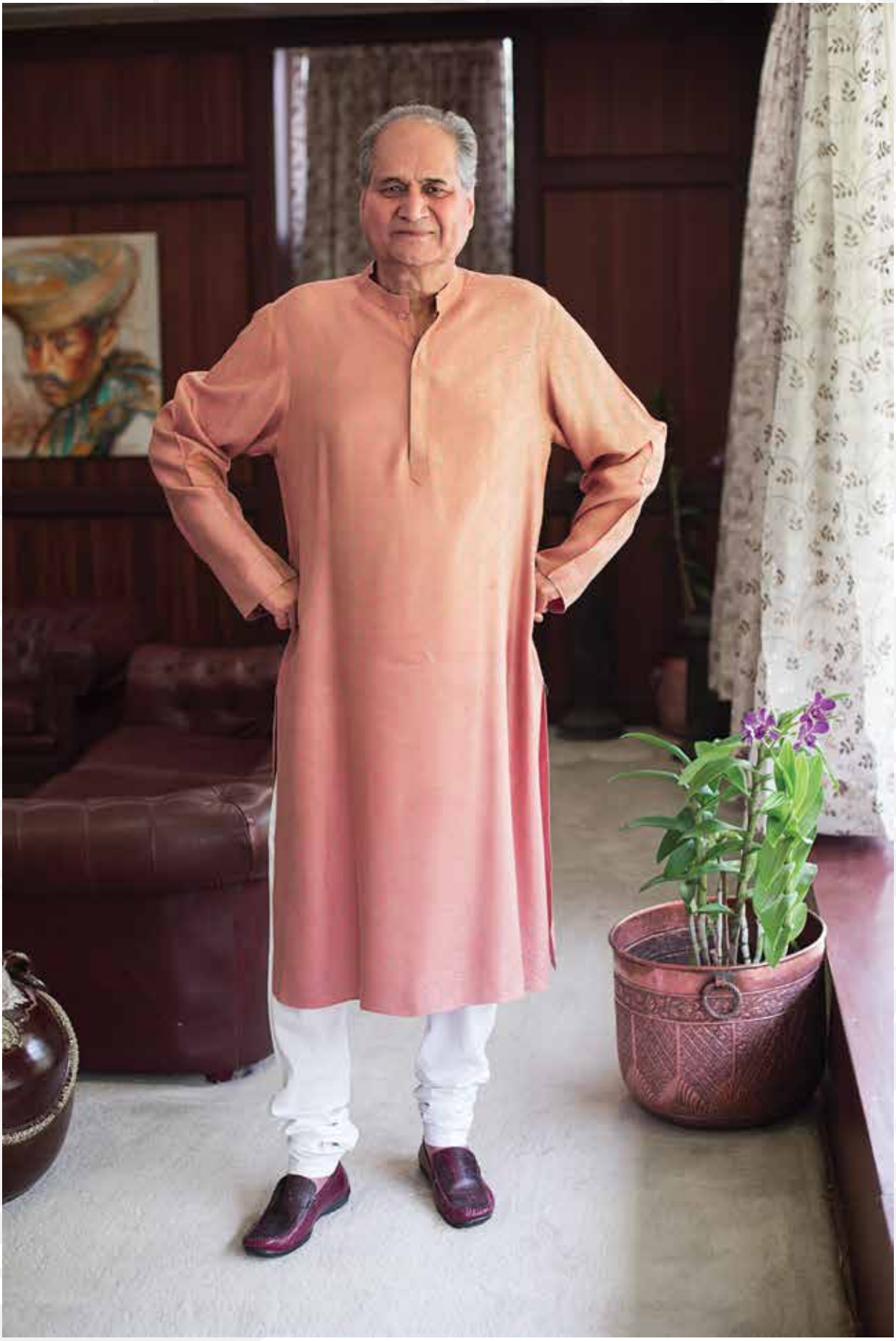

S Ravikumar


Amit Nandi


Ravi Kyran Ramasamy


Subash Rao


C P Tripathi



Chairman's Letter

Dear Shareholder,

I thought of starting with encouraging news about India's economic growth in 2016-17 (FY2017). But as I started looking at the latest evidence, it didn't seem as encouraging as I believed it might be. In its latest advance estimate, the Central Statistical Organisation of the Government of India has pegged India's real GDP growth for FY2017 at 7.1%. No doubt it is better than all developed countries and most emerging markets including China. However, it is not as good as the 7.9% GDP growth achieved in FY2016.

So, we have grown; but not as much as last year. And we possibly have a longer way to go to attain a steady state annual growth rate between 7.5% and 8%, which is what we need to create a launchpad for greater employment, a more significant global economic presence and accelerated poverty reduction.

In my view three factors have played a role in dampening growth this year. The first is the lack of significant investments over the last four to five years. Of late, there has been a serious effort at government investments in some key infrastructure areas. But that takes time to translate into additional income and employment. And truth be told, there is hardly any private sector investment worth the name.

The second is also related to private sector investments but linked to the state of our banks, especially many of those under government ownership. The data for the quarter ended 31 December 2016 shows that for the 27 public sector banks which account for the vast majority of the nation's loans and advances, bad loans, called gross non-performing assets (NPAs), were estimated at ₹ 647,759 crore, or 88% of the total recorded NPAs across all banks. This represents a 140% increase over what it was two years earlier, and constitutes 12% of total loans and advances. With these banks being badly stressed, there seems to be no appetite for advancing term loans without which it is virtually impossible to envisage the kind of investment spends needed for getting us securely on to a higher growth path.

The third is a shorter term aberration related to FY2017. I refer to the temporary negative effects of demonetising ₹ 500 and ₹ 1,000 notes on 8 November 2016. Although the estimates for October-December 2016 show no appreciable dip in either real GDP or GVA, there seems to be enough evidence on the ground that removing over four-fifth of the value of currency in circulation almost overnight and substituting it with a much slower injection of the new ₹ 500 and ₹ 2,000 notes created constraints across various sectors of the economy. It remains to be seen what the overall effect of this will be on growth for the first half of FY2018. If at all, I hope it will be moderate.

In such a milieu, how has your Company fared? I would say this: Bajaj Auto could have possibly done better, but given the circumstances, it has done reasonably well to be where it is. Here are the key financials:

- Net sales de-grew by 3.5% to ₹ 21,374 crore. Total operating income (net sales plus other operating income) decreased by 3.2% to ₹ 22,026 crore.
- Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) reduced by 5.3% to ₹ 4,778 crore.
- The operating EBITDA margin was 21.7% of net sales and other operating income. This continues to remain the highest in the industry.
- Operating profit reduced by 5.6% to ₹ 4,470 crore.
- At 20.3%, the operating profit margin to net sales plus other operating income was also the highest in the industry.
- Profit before tax (PBT) de-grew by 3.8% to ₹ 5,336 crore.
- Profit after tax (PAT) declined by 2.6% to ₹ 3,828 crore.
- Surplus cash and cash equivalents as on 31 March 2017 was up by 36% to ₹ 12,368 crore.

At a time of sluggish domestic growth and credit constraints coupled with political, economic and currency problems in many countries that are your Company's leading importers of motorcycles and three-wheelers, it requires considerable effort to fight against a strong negative under-current and stay profitable. That is what Bajaj Auto has done in FY2017.

Let me give you two examples. Consider the domestic market for motorcycles. Last year, despite an overall de-growth of 0.4% in the number of motorcycles sold in India, Bajaj Auto grew its sales by 7.2%. This year, while the industry as a whole grew its domestic sales by 3.7%, your Company's sales increased by 5.4% in terms of volume to over 2 million motorcycles. I need to emphasise that in FY2017, your Company's motorcycle sales grew faster than its major competitors.

Similarly, in a year when domestic three-wheeler sales for the industry as a whole dropped by 5%, Bajaj Auto ended FY2017 by selling 253,226 vehicles, just 0.7% below its all-time record sales of FY2016. Consequently, in the domestic three-wheeler segment (passenger as well as goods), your Company's market share increased from 47.4% last year to 49.5% in FY2017. In the domestic three-wheeler passenger vehicle industry, BAL expanded its market share by 2.2 percentage points, from 57.5% last year to 59.7% in FY2017.

Moreover, despite sluggish growth, Bajaj Auto's operating EBITDA was at 21.7%, which continues to be the highest in the industry.

To me, the more significant problem in FY2017 has been the external sector. In my letter to you last year, I had written that "due to external factors, especially poor economic conditions and severe foreign currency constraints in some of the key importing countries, we have not succeeded in equal measure on the export front — both in motorcycles and three-wheelers". Unfortunately, this has been true for FY2017 as well and, if I may say so, worse than in the previous year. Motorcycle exports de-grew by 16.5%; and three-wheeler exports fell by 31.2%. In terms of rupees, your Company's exports fell by over 19% to ₹ 7,880 crore. In US dollars, it shrank by 23% to $1.09 billion.

Even so, Bajaj Auto is still India's largest exporter of both motorcycles and three-wheelers and it enjoys significant market shares. I hope that exports will pick up when some of these markets abroad get into better economic and financial shape. I am no soothsayer, and cannot forecast when.

Bajaj Auto is a sound and profitable company. What we need is a year's uptick to take us on to a new growth trajectory. May that be FY2018.

Let me share with you one more piece of information. Madhur Bajaj, who was the Executive Vice Chairman has, from 1 April 2017, demitted his executive role within the Company. He continues as your Non-executive Vice Chairman. My sincere thanks to him for the role that he has played in Bajaj Auto.

Equally, my sincere thanks to our customers, dealers, vendors and employees who have always done their utmost for your Company. And to you for your continued support.

With best regards,



Rahul Bajaj
Chairman

18 May 2017

Management Discussion and Analysis

On 28 February 2017, the Central Statistical Organisation of the Government of India has pegged its advance estimate of India's real GDP growth for 2016-17 (or FY2017) at 7.1%. While better than all developed and most emerging markets of the world, including China, it was not as good as the 7.9% GDP growth achieved in FY2016. Qualitatively, the results were similar when measured in terms of gross value added (GVA) at constant prices. Real GVA growth for FY2017 is estimated at 6.7% versus 7.8% in FY2016.

There are three main reasons for this deceleration of growth. The first is insufficient investments which translate to additional income and employment. Gross fixed capital formation (GFCF) for FY2017 as a share of GDP has steadily fallen: from 31.7% in FY2015 to 31.1% in FY2016 to a low of 29.2% for FY2017.

The second has to do with the substantial overhang of non-performing loans across the banking system, especially the public sector banks. This has significantly reduced the banks' appetite for making large term loans, without which there can be no investment-led growth.

The third reason may be related to the temporary effects of demonetising ₹ 500 and ₹ 1,000 notes, which came into effect on 8 November 2016. Although the third quarter estimates (for October-December 2016) show no appreciable dip in either real GDP or GVA, there is no doubt that removing over 86% of the value of currency in circulation and substituting it with a slower injection of new notes created demand and cash constraints throughout the economy. It remains to be seen what the overall effect of this will be on growth for the second half of FY2017.

How was FY2017 for India's two-and three-wheeler industry? The market for motorcycles has continued to remain sluggish. Though domestic sales grew by 3.7% in the year, it was after a de-growth of 0.4% in the previous year. Compared to FY2015, the growth in FY2017 was a mere 1.6% per annum — from 10.7 million units two years earlier to 11.1 million in the current year. In fairness, it needs to be told that ungeared scooters have continued to do well. Leveraging urban commuter demand especially among younger women, these have grown at 11.5% in FY2017 and currently account for almost 30% of total two-wheeler domestic sales and exports.

Not surprisingly, given the sluggish growth of economy and the impact of cash shortages due to demonetisation, overall three-wheeler sales have been negatively affected: domestic sales were down by almost 5% to 511,658 units in FY2017. Exports, too, were lower on account of major depreciation of currencies of key importing nations plus the fact that many of them faced acute shortage of hard currencies. More of this is discussed in the section on exports.

In such a difficult scenario, how did Bajaj Auto Ltd. ('Bajaj Auto' or 'BAL') perform? Sales and profits fell, but BAL continued to earn the highest operating margins in the industry and grew its net surplus by 36%. This is best seen by a quick look at the financials.

Bajaj Auto's Financial Performance for FY2017

- Net sales de-grew by 3.5% to ₹ 21,374 crore. Total operating income (net sales plus other operating income) decreased by 3.2% to ₹ 22,026 crore.
- Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) reduced by 5.3% to ₹ 4,778 crore.
- The operating EBITDA margin was 21.7% of net sales and other operating income, which continues to remain the highest in the industry.
- Operating profit reduced by 5.6% to ₹ 4,470 crore.
- At 20.3%, the operating profit margin to net sales plus other operating income was also the highest in the industry.
- Profit before tax (PBT) de-grew by 3.8% to ₹ 5,336 crore.
- Profit after tax (PAT) declined by 2.6% to ₹ 3,828 crore.
- Surplus cash and cash equivalents as on 31 March 2017 was up by 36% at ₹ 12,368 crore.
- Consolidated Profit after tax remained flat at ₹ 4,079 crore.


AGVSPORT

Charts A and B illustrate Bajaj Auto's financial performance. The data for FY2016 and FY2017 is as per Indian Accounting Standards (Ind-AS).

Chart C shows the overall industry's sale of two-wheelers.

Chart A: EBITDA and EBITDA %

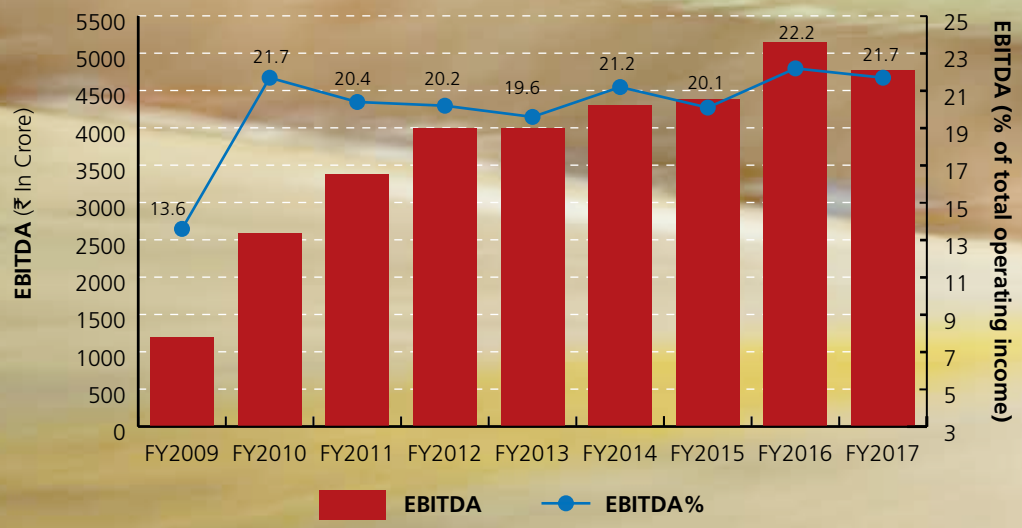


Chart B: Net Sales and Operating Income, Net Operating Profit and PAT

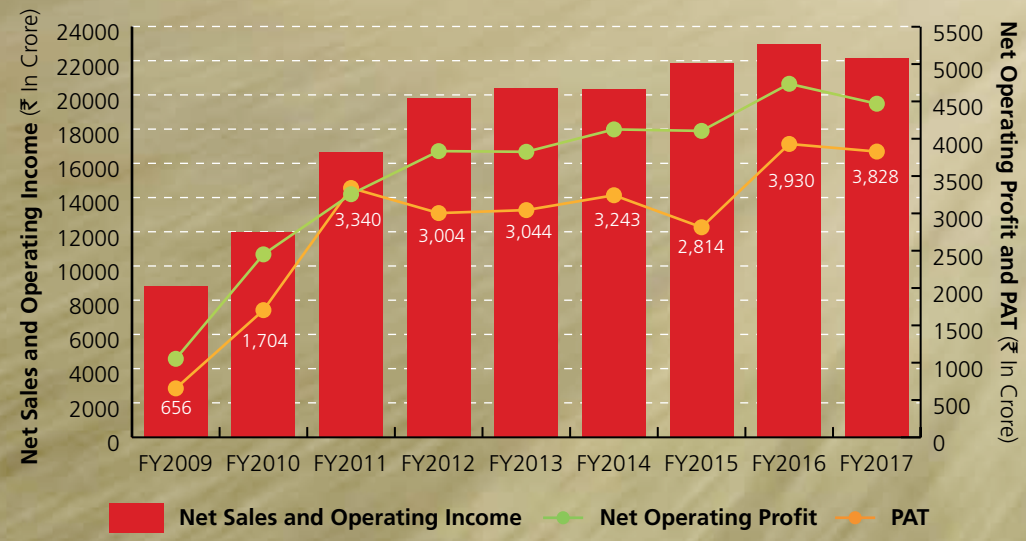
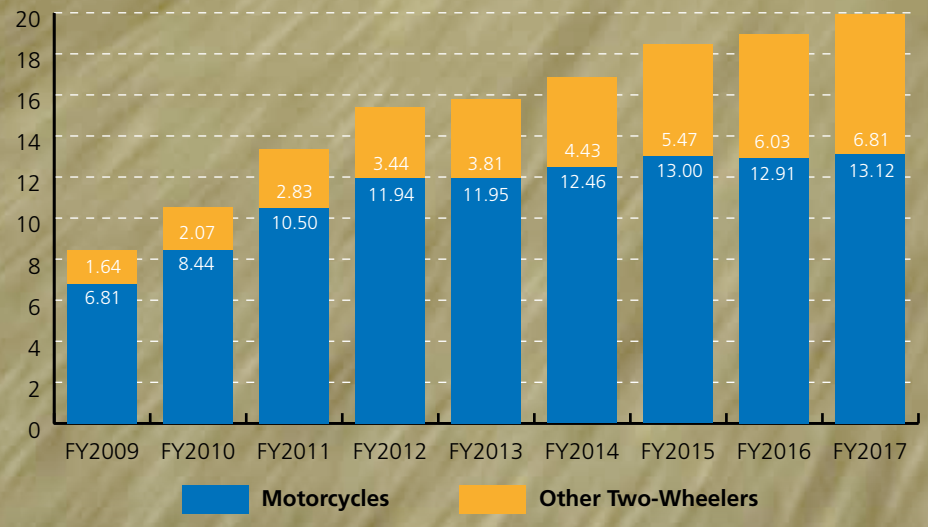


Chart C: Industry Sale of Two-Wheelers, Domestic + Exports (In Million Units)





Motorcycles

As is evident from Chart C, there has been hardly any growth in motorcycle sales for the last four years.

Table 1 gives the data on Bajaj Auto's sales of motorcycles, both domestic and exports, over the last five years. Consider the domestic market. Last year, when the overall domestic market had shrunk by 0.4%, Bajaj Auto grew its motorcycle sales by 7.2%. And in FY2017, it also grew faster than the market: at 5.4% versus an overall market growth of 3.7%. This outperformance can be partly attributed to the success of new and differentiated products launched during the year — such as the V-series which sold over 234,000 units, and the Dominar 400, launched in January 2017, which has sold more than 9,300 units in just three months.

Table 1: Bajaj Auto's Sale of Motorcycles, Domestic and Exports (in numbers)

	Domestic Sales		Exports	
Year ended 31 March	BAL (nos.)	BAL's growth	BAL (nos.)	BAL's growth
2013	2,463,874	(4.0%)	1,293,231	2.0%
2014	2,099,230	(14.8%)	1,323,173	2.3%
2015	1,770,778	(15.6%)	1,521,306	15.0%
2016	1,898,957	7.2%	1,459,295	(4.1%)
2017	2,001,391	5.4%	1,218,541	(16.5%)

In FY2017, Bajaj Auto sold over 2 million motorcycles in India, which was 5.4% higher than in the previous year. This was driven by:

a) The CT and the Platina in the entry or utility segment. By creating a new value proposition for the Platina and through aggressive marketing of the CT 100, the Company sold 836,304 units in FY2017, and earned a healthy market share of 32%.

b) The 'V' in the commuter segment. Through its creatively differentiated offering, the V15 sold 203,262 units. In addition, the newly launched sibling in this category — the V12 — has sold over 31,000 units. Bajaj Auto is confident that the V family will occupy a white space where the traditional commuter segment ends (100 cc to 125 cc) and the sports / performance segment begins (150 cc and above); and, in doing so, increase its market presence in the commuter category.

c) The Pulsar and the Avenger in the sports or performance segment. For the year, Bajaj Auto sold 734,590 units and continued to reinforce its leadership position in this segment, with a market share of 45% versus 43% in the previous year.

d) The KTM, the Pulsar RS200 and the Dominar 400 in the niche super-sports segment. KTM is India's fastest growing sports motorcycle brand. Its sale of 34,970 units in FY2017 was 15% higher than the previous year. Together, KTMs, the Pulsar RS200 and the Dominar 400 sold 63,575 units.

Export is a different story altogether. As mentioned earlier, many of the key markets where Bajaj Auto sells its motorcycles have been badly affected by sharp currency devaluations, often accompanied by very strict quantitative restrictions on the repatriation of 'hard' currency. These began in FY2016 and intensified throughout FY2017. We discuss this later in the section on exports.

Commercial Vehicles: Three-Wheelers

Bajaj Auto continues to be the world's largest three-wheeler manufacturer. Its performance in this segment is given in Table 2.

Table 2: Three-Wheeler Sales, Industry and Bajaj Auto (in numbers)

	Total sales		Domestic sales		Exports	
Particulars	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
Passenger sales						
Industry sales	671,034	842,588	402,034	441,091	269,000	401,497
Bajaj Auto sales	431,022	533,670	240,064	253,670	190,958	280,000
Bajaj Auto market share	64.2%	63.3%	59.7%	57.5%	71.0%	69.7%
Goods carriers						
Industry sales	112,518	99,945	109,624	97,001	2,894	2,944
Bajaj Auto sales	13,440	1,325	13,162	1,325	278	–
Bajaj Auto market share	11.9%	1.3%	12.0%	1.4%	9.6%	–
Total Three-wheelers						
Industry sales	783,552	942,533	511,658	538,092	271,894	404,441
Bajaj Auto sales	444,462	534,995	253,226	254,995	191,236	280,000
Bajaj Auto market share	56.7%	56.8%	49.5%	47.4%	70.3%	69.2%

In a year when domestic three-wheeler sales for the industry as a whole dropped by 5%, Bajaj Auto ended FY2017 with 253,226 vehicles, just 0.7% below its all-time record sales of FY2016. Consequently, in the domestic three-wheeler segment (passenger as well as goods), BAL's market share increased from 47.4% last year to 49.5% in FY2017. In the domestic three-wheeler passenger vehicle industry, BAL expanded its market share by 2.2 percentage points, from 57.5% last year to 59.7% in FY2017.

Bajaj Auto continues to dominate the petrol and alternate fuel market with a domestic market share of 88%. In the small diesel category, its market share now stands at 71%. In the larger diesel segment, the market share is up from 20% to 23%. Thus, in the overall diesel category, BAL's market share now stands at 34%.

It may be recalled that Bajaj Auto entered the goods carrier business last year. In the course of a single year it increased its domestic sales from 1,325 units last year to 13,162 units in FY2017, and accounted for 12% of that market — a creditable achievement for a newcomer.

As in the case of motorcycles, Bajaj Auto saw a drop in the volume of exports, from 280,000 units last year to 191,236 three-wheelers in FY2017. The reasons, as mentioned in the case of motorcycles, were the economic difficulties and currency as well as payment constraints of several importing countries.

International Business

Bajaj Auto's international business was somewhat muted in FY2017, for reasons that have been touched upon earlier — specifically, continuing economic and political uncertainties in several importing countries, often accompanied by sharp devaluation of currencies and the inability of many to repatriate dollars because of acute currency and balance of payment crises. Consequently, motorcycle exports de-grew by 16.5%; while three-wheeler (including quadricycle) exports fell by 31.2%. In terms of US dollars, exports shrank by 23.2% to $1.09 billion. Table 3 gives the data.

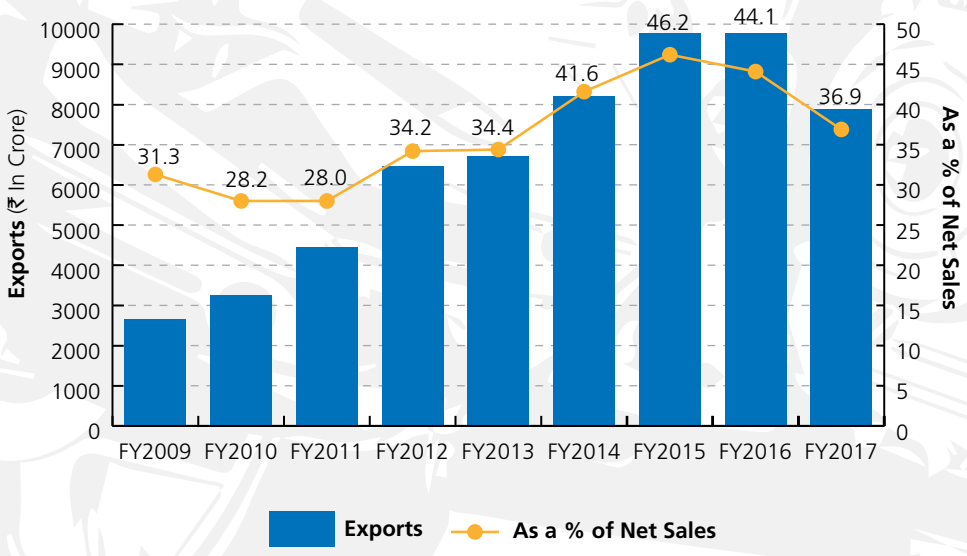
Table 3: Export, in Units and Revenue, for Bajaj Auto

Particulars	FY2017	FY2016
Units		
Motorcycles	1,218,541	1,459,295
Three-wheelers + Quadricycles	192,792	280,334
Total numbers	**1,411,333**	**1,739,629**
Exports in ₹ (crore)	**7,880**	**9,774**
Exports in USD (million)	**1,089**	**1,418**

Despite this downturn, it is necessary to mention a noteworthy feature of the key export markets. In motorcycles, of the 18 markets which contributed to 85% of its exports, BAL gained market share in 16, reaching a healthy 40%+ in South Asia and the Middle East and 25% in Latin America. It is worth noting that over 85% of its sales come from 21 countries where Bajaj Auto is either No.1 or No.2. In three-wheelers, it continues to remain the dominant player and has actually improved its competitive position. Moreover, BAL continues to enter new markets. In FY2017, it entered four new markets each for motorcycles and three-wheelers, three of which were in the ASEAN.

Chart D plots the growth of exports of the Company.

Chart D: Bajaj Auto's Export Performance



R&D

Bajaj Auto's R&D had a very productive year, helping the Company launch one product after another and meeting the new regulatory requirements. The key highlights are given below.

New Products

Dominar 400



Inspired by the stance of a lion, the distinctive design principles of the Dominar 400 are visible from the aggressive naked face to the large contoured tank. It incorporates advanced LED lighting technology, with a first of its kind, mosaic shaped, full LED headlamp with a vertical Auto Headlamp On feature.

The Dominar 400's engineering highlight is its massive perimeter frame which provides exceptional torsional rigidity and lateral strength and the wide rear tyre gives the bike a dominating look and latches on to the tarmac with superior grip.

The 373 cc, fuel injected, triple-spark four-valve DTS-i engine has been designed for a refined performance across the entire revolution band. With an enormous 35PS of power and 35Nm of torque, the Dominar 400 propels itself from 0 to 100 km/h in just 8.23 seconds. Its slipper clutch provides precise gear shifts at any rpm and a complete rider control whilst decelerating.

KTM Duke & RC



KTM models have been upgraded with several enhanced features such as optimal illumination of the near field with maximum light output, use of the latest open-cartridge technology in upside-down fork for easy maintenance, light weight, ruggedness and a broad spectrum of use for all demands – from relaxed cruising to hammering around on closed circuits.

Use of Drive-by-Wire, CAN system, LED headlamp, additional DRL features, auto lamp control based on ambient light setting and connectivity feature with Bluetooth in mobile adds to its customer friendliness.

Adjustable clutch and brake levers added to suit different persons' hand reach in Duke 390 cc and 125 cc. It comes with larger tank capacity for longer distance coverage. The models have been upgraded to meet the Euro 4 regulatory requirement.

V12

The 'neo retro' styling of the Bajaj V15 has a new sibling on the same platform. The V12 comes with an all new 125 cc, air cooled single-cylinder DTS-i engine which offers a maximum output of 10.6PS power at 7,500 rpm and a peak torque of 1.12 Kg-m at 5,500 rpm. Its power train consists of five-speed gear box.
The throaty exhaust note differentiates this vehicle from others and gives it a unique character. The double cradle frame combined with
30 mm dia fork gives an edge
to the handling of the bike.



Pulsar NS 160

The Pulsar NS 160 is developed on the platform of NS 150 and is powered by an all-new 160 cc oil-cooled single-cylinder engine with an improved low end torque for better drivability and generates maximum power of 15.5 PS at 8,500 rpm and maximum torque of 14.3 Nm at 6,500 rpm.



BM 125

The BM 125 is a new variant of Boxer family. This entry level commuter bike with its 124.6 cc engine, produces 9.0 PS power at 7,500 rpm and torque of 1.02 Kg-m at 5,000 rpm. It meets the customer expectations of comfort and reliability, with a strong visual appeal comprising a flat, longer and comfortable seat and round head lamp. The bike has a conventional telescopic suspension in the front and SNS suspension at the rear.



CT 125

The CT 125 is designed with tubular semi double cradle fame. Its SNS suspension is carried from the proven model of the CT 100. The 125 cc engine delivers 10PS power and solid torque of 1.02 Kg-m. It comes with additional twin shocker mounting provision and specifically built for side-car application in the Philippines. It meets the latest Euro 3 regulation of the Philippines.

Platina UG

Platina ES is upgraded to achieve 'ComforTec' with superior front and rear suspensions. The unique foam structure of the seat provides better cushioning and comfort. The pillion footrest is modified to platform type from rod type to improve pillion comfort. It is made to provide the best-in-class mileage.



Meeting Regulatory Requirements

Domestic regulations

Bajaj Auto is committed to compliance with regulatory requirements. In keeping up with this commitment, the complete range of two-and three-wheeler models has been upgraded to comply with the Bharat Stage 4 (BS4) emission norm. The changeover in production for all BS4 compliance vehicles was completed at least two months before the norm implementation schedule to ensure the availability at sales point well in time and ahead of the competition. To ensure that the critical safety requirement is also available with the customer on time, Bajaj Auto has implemented the Automatic Headlamp On (AHO) in all its two-wheeler models in January 2017. Thus the Company has ensured that the regulatory requirement of AHO from 1 April 2017 is fully met.

Regulatory requirement of European markets

Bajaj Auto has already demonstrated that its five leading models are designed to be fully compliant with the new regulatory requirement of Euro 4 Whole Vehicle Type Approval as per the European standard. These models are: the V15 FI, the Pulsar NS 160 FI, the Pulsar NS 200 FI, the Pulsar RS 200 and the Dominar 400.

Regulatory requirement of Iran

Three of its major models, the BM 150 FI, the V15 FI and the Pulsar NS 160 FI have been freshly incorporated with electronic fuel injection system and have been proven to be satisfactory for meeting the Euro 3 emission norms. This adds to the lineup of models which are already available with electronic fuel injection, namely the Pulsar NS 200, the Pulsar RS 200 and the Dominar 400. This ensures full compliance to the new regulatory requirement of Iran for the two-wheeler models sold in the country, which need to comply with Euro 3 emission norms and be fitted with electronic fuel injection system.

Operations, Productivity and Quality

Bajaj Auto's 'back end' is guided by the principles of TPM to continuously improve the core competency in development, engineering and manufacturing and to imbibe the TPM philosophy in the work culture. Operational excellence is the essential core behind all activities, both internally and with its vendors and dealers.

Last year, the TPM activity was further enhanced towards:

1. 'Deepening TPM', to sustain the ongoing activities and to improve further.
2. 'Evolving TPM', to meet the changing business needs and future challenges. All functions like R&D, materials, operations and engineering are aligned to meet the requirements so as to further improve operational and business parameters.

Bajaj Auto's Vendor TPM is a unique activity. At present, 154 vendors are practising TPM; 112 have qualified for the BAL TPM Award; and 59 further qualified for the BAL TPM Excellence Award. In addition, 14 vendors have worked even further and got qualified for the JIPM TPM Award.

Woman only Assembly Line

Bajaj Auto encourages women empowerment. All its plants have female employees and they operate in all work areas. At Chakan Plant, an assembly line is run by an all-woman team which produces high end bikes like Dominar 400 and Pulsar RS 200.

In FY2017, Waluj – the export hub of Bajaj Auto, produced 1.64 million motorcycles of which over 1.03 million were exported; and 445,563 three-wheelers of which 191,000 were shipped abroad. The Chakan plant has used its core competencies in developing and manufacturing the high end sports bikes, and manufactured 608,974 units in FY2017. The Pantnagar plant manufactured 960,686 motorbikes.





Table 4 gives the Company's plant-wise capacities, and their product range.

Table 4: Plant-wise capacities (in numbers) and Product Range

Plant	As on 31 March 2017		Product range
Waluj	Motorcycles	2,400,000	Boxer, CT100, Platina, Discover, Pulsar, V12, V15, three-wheelers and quadricycles
	Commercial Vehicle	660,000	
Waluj Subtotal		**3,060,000**	
Chakan	Motorcycles	1,200,000	Pulsar, Avenger, Dominar and KTM
Pantnagar	Motorcycles	1,800,000	CT100, Platina, Discover, V12, V15 and Pulsar
Grand Total		**6,060,000**	

As on 31 March 2017, BAL's employee strength stood at 9,509.

Financials

Table 5 gives the summarised standalone Profit and Loss statement of Bajaj Auto. As mandated, these accounts have been cast as per the new Accounting Standards (i.e. Ind AS).

Table 5: Summarised Standalone Profit and Loss Statement

(₹ In Crore)

Particulars	FY2017	FY2016
Operations		
Sales	22,695	23,448
Less : Excise duty	1,321	1,297
Net Sales	**21,374**	**22,151**
Other operating income	652	609
Total operating income	**22,026**	**22,760**
Cost of materials consumed, net of expenditures capitalised	14,602	15,040
	66.3%	66.1%
Stores and tools	115	132
	0.5%	0.6%
Employee cost	995	916
	4.5%	4.0%
Factory, administrative and other expenses	669	679
	3.1%	3.0%
Sales and after sales expenses	867	949
	3.9%	4.1%
Total expenditure	**17,248**	**17,716**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,778**	**5,044**
EBITDA %	**21.7%**	**22.2%**
Interest	1	1
Depreciation and amortisation	307	307
Operating profit	**4,470**	**4,736**
	20.3%	**20.8%**
CSR spends and Donations	95	87
	4,375	**4,649**
Non-operating income	963	899
Less : Non-operating expense	2	1
Non-operating income, net	**961**	**898**
Profit before tax	**5,336**	**5,547**
Tax expense	1,508	1,617
Profit after tax	**3,828**	**3,930**
Surplus cash and cash equivalents at 31 March	**12,368**	**9,086**

Bajaj Auto runs a lean organisation with a tightly controlled cost structure. As Table 5 shows, at 20.3% of total operating income, the Company's operating profit percentage is higher than any other automobile enterprise in India.

Bajaj Auto's **return on operating capital employed stood at 190%**. Surplus cash and cash equivalents as at 31 March 2017 stood at **₹ 12,368 crore** versus ₹ 9,086 crore as at 31 March 2016 — an increase of 36%. Such surplus funds are invested in (i) fixed income securities rated P1+ and equivalent for short-term investments, (ii) AA+ and above rated securities for long-term investments, and (iii) fixed deposits with banks.


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Subsidiary

Bajaj Auto International Holdings BV (BAIH BV)

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

Calendar year 2016 has been another record year for KTM, with highest sales in units and highest turnover in the history of the company. It sold 203,423 motorcycles, a growth of 11% and achieved a turnover of € 1.14 billion, a growth of 12%. Profit after tax was at € 72.1 million (₹ 531crore), a growth of 13%. The proportionate profit to Bajaj Auto Ltd. is € 34.56 million (₹ 255 crore), which has been accounted for in the consolidated results.

In its Annual General Meeting for the calendar year 2016, held on 27 April 2017, KTM AG declared a dividend of € 2.00 per share (same as € 2.00 per share for the year 2015). BAIH BV is entitled to receive € 10.41 million (₹ 72 crore) as its share of dividend.

During the year, Bajaj Auto manufactured 65,955 units of KTM Duke at its Chakan plant. Of these, 34,970 units were sold through the Pro-Biking network in India and 28,723 were exported to KTM / KTM distributors abroad.

Consolidation of accounts and segment reporting

Table 6: Segment Revenue and Segment Results

(₹ In Crore)

Particulars	FY2017	FY2016
Segment Revenue		
Automotive	23,347	24,058
Investment and others	963	810
Total	**24,310**	**24,868**
Segment Results		
Profit from each segment before tax		
Automotive	4,627	4,871
Investment and others	962	809
Total	**5,589**	**5,680**
Less : Interest	1	1
Profit before tax	**5,588**	**5,679**
Profit after tax	**4,079**	**4,061**

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied.

Corporate Governance

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), which were made applicable with effect from 1 December 2015, given below are the corporate governance policies and practices of Bajaj Auto Ltd. ('the Company' or 'BAL') for the year 2016-17.

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

Philosophy

The commitment of the Bajaj Group to the highest standards of good corporate governance practices predates SEBI and the provisions of the recent SEBI Listing Regulations, 2015. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust of the working of the Bajaj Group. Bajaj Auto Ltd. (`BAL' or `the Company' or `Bajaj Auto') maintains the same tradition and commitment.

Board of Directors

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

Composition

As on 31 March 2017, the Board of the Company consisted of fifteen directors, of whom four were executive, seven were non-executive independent (including one woman director) and four were non-executive and non-independent. The Board has no institutional nominee director. The Company has an executive Chairman.

According to regulation 17 (1) (b) of the SEBI Listing Regulations, 2015, where the Chairman is executive or a promoter, at least one half of the Board of the Company should consist of independent directors.

During the year under review, Kantikumar R Podar, an independent director, resigned from the Board w.e.f. 15 March 2017, on health grounds. Hence, the provision of independent directors comprising at least one half of the Board was strictly not met at Bajaj Auto Ltd. as on 31 March 2017.

However, as provided under regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a vacancy caused by the resignation of an independent director may be filled by the Board within three months from the date of resignation or the next Board meeting, whichever is later. The Company had adequate time as on 31 March 2017 to comply with the requirement within the time period stipulated under the Regulations.

Subsequent to the year end, J N Godrej has also resigned from the Board w.e.f. 10 April 2017, due to his preoccupation with his group businesses and his various interests.

The Board at its meeting held on 18 May 2017 has filled the two vacancies by appointing Dr. Naushad Forbes and Dr. Omkar Goswami as independent directors in place of Kantikumar R Podar and J N Godrej respectively.

With the said appointments, the requirement of regulation 17(1) stands fulfilled.

Number of meetings of the Board

During the financial year 2016-17, the Board of Directors met seven times, viz. 25 May 2016, 27 July 2016, 14 September 2016, 28 October 2016, 31 January 2017, 15 March 2017 and 16 March 2017. The gap between any two meetings has been less than one hundred and twenty days.

Non-executive directors' compensation

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

In terms of the said approvals, non-executive directors of the Company are being paid, in addition to the sitting fee of ₹ 100,000 per meeting for every meeting of the Board and its Committees, commission at the rate of ₹ 150,000 per meeting of the Board and its Committees attended by them as a member, subject to the overall ceiling of one percent of net profits.

Further, in terms of the approvals given by the Board of Directors and shareholders, Nanoo Pamnani will be paid ₹ 2,000,000 as additional commission for the year 2016-17 in consideration of the extra services rendered by him at the request of the Management during the year 2016-17.

The Company currently does not have a stock option programme for any of its directors.


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RS 200
RACE SPORT
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Attendance record of directors

Table 1: Composition of the Board and attendance record of directors for 2016-17

Name of director	Category	Relationship with other directors	No. of Board Meetings attended	Whether attended last AGM
Rahul Bajaj	Chairman, executive	Father of Rajiv Bajaj and Sanjiv Bajaj, father-in-law of Manish Kejriwal	7/7	Yes
Madhur Bajaj	Vice Chairman, executive	Brother of Shekhar Bajaj and Niraj Bajaj	7/7	Yes
Rajiv Bajaj	Managing Director, executive	Son of Rahul Bajaj, brother of Sanjiv Bajaj, brother-in-law of Manish Kejriwal	7/7	Yes
Pradeep Shrivastava	Executive Director	–	6/7	Yes
Sanjiv Bajaj	Non-executive	Son of Rahul Bajaj, brother of Rajiv Bajaj, brother-in-law of Manish Kejriwal	7/7	Yes
D S Mehta	Non-executive, independent	–	7/7	Yes
Kantikumar R Podar [1]	Non-executive, independent	–	1/7	No
Shekhar Bajaj	Non-executive	Brother of Madhur Bajaj and Niraj Bajaj	4/7	Yes
D J Balaji Rao	Non-executive, independent	–	6/7	Yes
J N Godrej	Non-executive, independent	–	1/7	No
Naresh Chandra	Non-executive, independent	–	7/7	Yes
Nanoo Pamnani	Non-executive, independent	–	7/7	Yes
Manish Kejriwal	Non-executive	Son-in-law of Rahul Bajaj, brother-in-law of Rajiv Bajaj and Sanjiv Bajaj	4/7	Yes
P Murari	Non-executive, independent	–	5/7	Yes
Niraj Bajaj	Non-executive	Brother of Madhur Bajaj and Shekhar Bajaj	6/7	Yes
Dr. Gita Piramal	Non-executive, independent	–	6/7	Yes

[1] Kantikumar R Podar resigned as a director of the Company w.e.f 15 March 2017.

Information supplied to the Board

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

In terms of quality and importance, the information supplied by the Management to the Board of the Company is far ahead of the list mandated under regulation 17(7) read with Part A of Schedule II to the SEBI Listing Regulations, 2015. As stated elsewhere, the independent directors of the Company at their meeting held on 15 March 2017 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

Orderly succession to Board and Senior Management

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

Directorships and memberships of Board Committees

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

Table 2: Number of directorships/committee positions of directors as on 31 March 2017

Name of director	Directorships			Committee positions in listed and unlisted public limited companies	
	In listed companies	In unlisted public limited companies	In private limited companies	As Chairman	As Member
Rahul Bajaj	4	2	7	–	–
Madhur Bajaj	6	–	3	–	–
Rajiv Bajaj	4	–	2	–	–
Pradeep Shrivastava	1	–	–	–	–
Sanjiv Bajaj	6	4	7	–	6
Shekhar Bajaj	3	5	4	–	1
D J Balaji Rao	7	–	–	3	4
D S Mehta	3	1	4	1	3
J N Godrej	4	2	2	–	1
Naresh Chandra*	9	–	1	1	9
Nanoo Pamnani	4	2	–	5	4
Manish Kejriwal	3	1	1	–	3
P Murari	7	–	1	2	3
Niraj Bajaj	3	4	10	1	–
Dr. Gita Piramal	4	–	2	1	3

* Out of the total directorships, Naresh Chandra held the position of 'non-executive non-independent director' in two companies.

Notes:

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

As per declarations received, none of the directors serves as an independent director in more than seven listed companies. Further, the whole-time directors in the Company do not serve as an independent director in more than three listed companies.

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

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

Review of legal compliance reports

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

Code of Conduct

Regulation 17(5) of the SEBI Listing Regulations, 2015 requires listed companies to lay down a Code of Conduct for its directors and senior management, incorporating duties of directors as laid down in the Companies Act, 2013.

As required under clause 49 of the erstwhile Listing Agreement (now corresponding to regulation 17(5) of the SEBI Listing Regulations, 2015), the Board at its meeting held on 15 September 2014 adopted a revised Code of Conduct for all Directors and Senior Management of the Company and the same has been placed on http://www.bajajauto.com

All Directors and Senior Management personnel have affirmed compliance with the new Code for 2016-17. A declaration to this effect signed by the Managing Director is given in this Annual Report.

Maximum tenure of independent directors

The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and regulation 25(2) of the SEBI Listing Regulations, 2015.

Formal letter of appointment to independent directors

The Company issues a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013. As per regulation 46(2) of SEBI Listing Regulations, 2015, the terms and conditions of appointment of independent directors are placed on the Company's website www.bajajauto.com

Performance evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees and individual directors. The manner in which such formal annual evaluation was made by the Board is given below:

- Performance evaluation criteria for Board, Committees of the Board and Directors were approved by the Board at its meeting held on 14 October 2014 and the same were placed on the Company's website www.bajajauto.com
- Based on the said criteria, rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of the performance of the Board, its Committees and Directors (except for the director being evaluated) for the year under review.
- A consolidated summary of the ratings given by each of the director was then prepared, based on which a report of performance evaluation was prepared by the Chairman in respect of the performance of the Board, its Committees and Directors during the year under review.
- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board at their meetings held on 15 March 2017.
- Under law, as per the report of performance evaluation, the Board shall determine, inter alia, whether to continue the term of appointment of the independent director. During the year under review, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors and hence, the question of taking a decision on their re-appointment did not arise.

Details on the evaluation of Board, Non-Independent directors and Chairperson of the company as carried out by the independent directors at their meeting held in March 2017 have been furnished in a separate para elsewhere in this Report.

During the year under review, SEBI vide its circular dated 5 January 2017 came out with a Guidance Note of Board Evaluation, which was to be adopted by the Company, as considered appropriate. The performance evaluation criteria for the Board, Committees of the Board, Chairperson and Directors were accordingly modified by the Board at its meeting held on 15 March 2017, as approved and recommended by the Nomination and Remuneration Committee. The updated criteria are placed on the Company's website www.bajajauto.com and will be applicable for evaluation from the year 2017-18.


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Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a Remuneration Policy providing (a) criteria for determining qualifications, positive attributes and independence of directors and (b) a policy on remuneration for directors, key managerial personnel and other employees. The detailed Remuneration Policy is placed on http://www.bajajauto.com/remuneration-policy.asp

Board Diversity Policy

In compliance with the provisions of the SEBI Listing Regulations, 2015, the Board through its Nomination and Remuneration Committee has devised a Policy on Board Diversity. The objective of the Policy is to ensure that the Board comprises an adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The Board composition as at present meets with the above objective.

Familiarisation programmes

With a view to familiarising the independent directors with the Company's operations, as required under regulation 25(7) of the SEBI Listing Regulations, 2015, the Company has held various familiarisation programmes for the independent directors throughout the year on an ongoing and continuous basis.

The details of such familiarisation programmes are placed on http://www.bajajauto.com/pdf/Familiarisation_programme-BAL.pdf

Whistle Blower Policy/Vigil mechanism

Pursuant to section 177(9) of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement (now corresponding to regulation 22 of the SEBI Listing Regulations, 2015), the Board at its meeting held on 15 May 2014 amended the existing Whistle Blower Policy.

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

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

Dividend Distribution Policy

As mandated by SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, dated 8 July 2016, for the top 500 companies as on 31 March 2016 by market capitalisation, the Board at its meeting held on 28 October 2016, adopted a Dividend Distribution Policy for the Company. The same is placed on the Company's website www.bajajauto.com

Subsidiary companies

The Company has two overseas subsidiaries, viz. PT. Bajaj Auto Indonesia and Bajaj Auto International Holdings BV, Netherlands, which however, are not 'material subsidiaries' as prescribed under regulation 16(1)(c) of the SEBI Listing Regulations, 2015.

A Policy on 'material subsidiaries' in terms of clause 49 of the erstwhile Listing Agreement had been formulated by the Board at its meeting held on 15 September 2014. Pursuant to regulation 16(1)(c) of the SEBI Listing Regulations, 2015, the Board at its meeting held on 4 February 2016 modified the aforesaid Policy. The same is placed on http://www.bajajauto.com/pdf/bal_policy_on_material_subsidiary_final.pdf

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

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

Related party transactions

All related party transactions (RPTs), which were entered into by the Company during the year under review, were on arms' length basis and in the ordinary course of business and did not attract provisions of section 188 of the Companies Act, 2013 and were also not material RPTs under regulation 23 of the SEBI Listing Regulations, 2015.

During the year 2016-17, as required under section 177 of the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before Audit Committee for approval.

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

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

A Policy on materiality of RPTs and also on dealing with RPTs has been formulated by the Board at its meeting held on 17 July 2014 and amended on 14 October 2014. The same is placed on http://www.bajajauto.com/pdf/final-policy-on-materiality-of-rpts-bajaj-auto-limited.pdf

Disclosures

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

Audit Committee

Constitution and composition

After the demerger of erstwhile BAL in 2008, the new Bajaj Auto set up its Audit Committee in 2008 under the erstwhile Companies Act, 1956 and clause 49 of the erstwhile Listing Agreement. To meet the additional requirement of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement (now corresponding to regulation 18 of the SEBI Listing Regulations, 2015), the terms of reference of the Committee were amended by the Board at its meeting held on 15 May 2014. The said terms of reference are placed on http://www.bajajauto.com/pdf/term-of-reference-ACM.pdf The Board has been reviewing the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

All members of the Audit Committee are independent, non-executive directors and are 'financially literate' as required by regulation 18(1)(c) of the SEBI Listing Regulations, 2015. Moreover, the Chairman and members of the Audit Committee have 'accounting or related financial management expertise'.

Meetings, attendance and topics discussed

During 2016-17, the Audit Committee met four times: 25 May 2016, 27 July 2016, 28 October 2016 and 31 January 2017. The meetings were scheduled well in advance and not more than one hundred and twenty days elapsed between any two meetings.

In addition to the members of the Audit Committee, these meetings were attended by the heads of finance, internal audit functions and the statutory auditor of the Company and those executives who were considered necessary for providing inputs to the Committee. Further, on invitation, directors who are not members of the Committee also attended the meetings of the Committee.

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

Table 3: Composition of the Audit Committee and attendance record of members for 2016-17

Name of director	Category	Meetings attended
Nanoo Pamnani	Chairman, non-executive, independent	4/4
D J Balaji Rao	Non-executive, independent	3/4
Naresh Chandra	Non-executive, independent	4/4

Nanoo Pamnani, Chairman of the Audit Committee, was present at the annual general meeting of the Company held on 27 July 2016, to answer shareholders' queries.

Nomination and Remuneration Committee

Bajaj Auto Ltd. constituted the Remuneration Committee of the Board in January 2008. Subsequently, the Board extended the terms of reference of the said Committee to include nomination functions and restyled the said Committee as 'Remuneration and Nomination Committee' in January 2009.

The Board, at its meeting held on 15 May 2014, renamed the Committee as Nomination and Remuneration Committee and also revised the terms of reference for this Committee at its meeting held on 15 September 2014, in compliance with section 178 of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement. The terms of reference of the committee are placed on http://www.bajajauto.com/pdf/terms-of-preference-nrc.pdf

During the year under review, the Committee met on 27 July 2016 and 15 March 2017.

Table 4: Composition of the Nomination and Remuneration Committee and attendance record of members for 2016-17

Name of director	Category	Meetings attended
D J Balaji Rao	Chairman, non-executive, independent	2/2
Naresh Chandra	Non-executive, independent	2/2
Rahul Bajaj	Executive Chairman of Board	2/2
Dr. Gita Piramal	Non-executive, independent	2/2

Further, on invitation, directors who are not members of the Committee also attended the meeting of the Committee.

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

i) Revision in the remuneration of Managing Director.
ii) Noting and approval of Executive Director's remuneration.
iii) Review of change in remuneration payable to senior managerial personnel one level below the Board.
iv) Evaluation of the Board, Committees and the Directors.

v) Change of status of Madhur Bajaj from whole-time director to non-executive director.
vi) Resignation of Kantikumar R Podar, independent director.
vii) Payment of additional commission to Nanoo Pamnani.
viii) Approval of revised Board Evaluation criteria.

D J Balaji Rao, Chairman of the Nomination and Remuneration Committee, was present at the annual general meeting of the Company held on 27 July 2016, to answer shareholders' queries.

Risk Management Committee

SEBI vide its circular dated 15 September 2014, revised clause 49 of the erstwhile Listing Agreement (now corresponding to regulation 21 of the SEBI Listing Regulations, 2015) making risk management committees applicable to the top 100 listed companies by market capitalisation as at the end of the immediate previous financial year. The list includes Bajaj Auto Ltd. in the top 100 companies.

In light of the above, the Board at its meeting held on 14 October 2014 constituted the Risk Management Committee, consisting of the following members:

1. Nanoo Pamnani, Chairman
2. D J Balaji Rao
3. Kevin D'sa

The Committee met on 16 March 2017. All the members attended the meeting. Further, on invitation, directors who are not members of the Committee also attended the meeting of the Committee.

At the meeting, inter alia, the statement on Risk Management Policy, including identification therein of elements of risk, which may threaten the existence of the Company, was discussed at length.

Further, at the same meeting, various aspects of cyber-attack risk, including cyber threats to data, and protection measures and applicability of Place of Effective Management (PoEM) to the Company and its wholly owned subsidiary companies were also discussed.

The Committee and Board have laid down procedures to inform it of the Company's risk assessment and minimisation procedures. These are periodically reviewed to ensure that the Management identifies and controls risk through a properly defined framework.

Stakeholders Relationship Committee

The Board of Directors of the Company constituted its Shareholders' and Investors' Grievance Committee at its meeting held on 30 January 2008. This Committee was constituted to specifically look into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends, etc.

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

In compliance with the provisions of section 178 of the Companies Act, 2013 and clause 49 of the erstwhile Listing Agreement (now corresponding to regulation 20 of the SEBI Listing Regulations, 2015), the Board re-named the Committee as 'Stakeholders Relationship Committee' and revised the terms of reference of said Committee as follows:

1. To look into the redressal of complaints of security-holders on matters relating to transfer of shares, dematerialisation of shares, non-receipt of annual report, non-receipt of dividend, matters relating to issue of new share certificates, etc.

2. To look into matters that can facilitate better security-holders services and relations.

During the year under review, the Committee met on 15 March 2017 to, inter alia, review the status of investors' services rendered.

Table 5: Composition of the Stakeholders Relationship Committee and attendance record of members for 2016-17

Name of director	Category	Meeting attended
D J Balaji Rao	Chairman, non-executive, independent	Yes
J N Godrej	Non-executive, independent	No
Naresh Chandra	Non-executive, independent	Yes
Dr. Gita Piramal	Non-executive, independent	Yes

J Sridhar, Company Secretary and Compliance Officer acted as the secretary to the committee.

On invitation, directors who are not members of the Committee also attended the meeting of the Committee. The secretarial auditor was also present.

The Committee expressed its satisfaction on the overall status of compliances and actions taken on various matters.

D J Balaji Rao, Chairman of the Stakeholders Relationship Committee, was present at the annual general meeting of the Company held on 27 July 2016, to answer shareholders' queries.

Table 6: Investors' complaints attended and resolved during 2016-17

Investor complaints	No. of complaints attended/resolved during 2016-17
Pending at the beginning of the year	Nil
Received during the year	13
Disposed of during the year	13
Remaining unresolved at the end of the year	Nil

Pursuant to circular issued by SEBI in December 2010 (now corresponding to regulation 39(4) of the SEBI Listing Regulations, 2015) for dealing with physical unclaimed shares, the Company has a demat account with HDFC Bank titled 'Bajaj Auto Ltd.-Unclaimed Suspense Account', to which all the unclaimed shares stand transferred in terms of the said circular.

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

Independent Directors' meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, the independent directors held their separate meeting on 15 March 2017, without the attendance of non-independent directors and members of the Management, inter alia, to discuss the following:

i) review the performance of non-independent directors and the Board as a whole;

ii) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;

iii) assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties; and

iv) review of informal meetings with Senior Management.

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The independent directors present elected D S Mehta as Chairman for the meeting.

All independent directors, except J N Godrej and P Murari, were present at the meeting, deliberated on the above and expressed their satisfaction on each of the matters.

Duplicate Share Certificate Issuance Committee

The Board of Directors at its meeting held on 3 February 2016, to meet requirement of section 46 of the Companies Act, 2013 read with rule 6 of the Companies (Share Capital and Debentures) Rules, 2014 and regulation 39 of SEBI Listing Regulations, 2015, constituted a Committee of the Board to approve the issuance of duplicate share certificate in lieu of original share certificate lost or misplaced.

During the year under review, the Committee met for the first time on 6 February 2017.

Table 7: Composition of the Duplicate Share Certificate Issuance Committee and attendance record of members for 2016-17

Name of director	Category	Meeting attended
Rahul Bajaj	Executive Chairman of Board	Yes
Rajiv Bajaj	Managing Director, executive	Yes
Sanjiv Bajaj	Non-executive, non-independent	Yes

Remuneration of directors

Pecuniary transactions with non-executive directors

During the year under review, there were no pecuniary transactions with any non-executive director of the Company.

The register of contracts is maintained by the Company under section 189 of the Companies Act, 2013. The register is signed by all the directors present at the respective Board meetings.

Criteria of making payments to non-executive directors

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

As stated earlier, the Remuneration Policy, inter alia, disclosing the criteria of making payments to directors, key managerial personnel and employees is placed on the Company's website http://www.bajajauto.com/remuneration-policy.asp

Non-executive directors

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

Executive directors

Executive directors are entitled to superannuation benefits payable in the form of an annuity from an approved life insurance company, which forms part of the perquisites allowed to them. No pension is paid by the Company.

Details of remuneration to directors

The Company has no stock option plans for the directors and hence, it does not form a part of the remuneration package payable to any executive and/or non-executive director. During the year under review, none of the directors was paid any performance-linked incentive.

In 2016-17, the Company did not advance any loans to any of the executive and/or non-executive directors. Details of remuneration paid/payable to directors during 2016-17 are provided in an annexure to the Directors' Report in section VI of Form MGT-9, i.e., extract of the Annual Return.

Shareholding of directors

Information on shares held by directors in the Company as on 31 March 2017 is provided in the annexure to the Directors' Report in section IV (v) of Form MGT-9, i.e., extract of the Annual Return.

Management

Management discussion and analysis

This is given as a separate chapter in the Annual Report.

Disclosure of material transactions

Under regulation 26(5) of SEBI Listing Regulations, 2015, the Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. The same was Nil.

Compliances regarding insider trading

The Company had in place a 'Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices', in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended. These regulations have been substituted by SEBI (Prohibition of Insider Trading) Regulations, 2015, with effect from 15 May 2015.

Accordingly, the Board at its meeting held on 24 March 2015, approved and adopted:

a) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and

b) Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons.

The said codes are being adhered to with effect from 15 May 2015.

The code referred to in (a) above is placed on the Company's website www.bajajauto.com

The said codes were adhered to during the year under review.

Means of communication

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

The Company has its own website www.bajajauto.com which contains all important public domain information including presentations, if any, made to the media, analysts and institutional investors. The website contains information as prescribed under the Companies Act, 2013 and SEBI Listing Regulations, 2015, including details of the corporate contact persons and share transfer agent of the Company, shareholding pattern, etc.

Section 20 and 129 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically on the registered members'/shareholders' email addresses. The Company, during the year under review, sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report, credit of dividend intimation letters, etc. in electronic form at the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get the same in physical form, upon request.

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

Information on general body meetings and details of special resolutions passed

During the preceding three years, the annual general meetings of the Company were held at the registered office of the Company at Mumbai-Pune Road, Akurdi, Pune 411 035 on the following dates and time and special resolutions were passed thereat as under:

Details of AGM	Date and time of AGM	Details of special resolutions(s) passed at the Annual General Meetings, if any
7th AGM	17 July 2014 at 12.15 p.m.	No special resolutions were passed
8th AGM	23 July 2015 at 12.15 p.m.	Re-appointment of Rahul Bajaj as the Chairman of the Company for a five year term commencing from 1 April 2015 to 31 March 2020
		Re-appointment of Madhur Bajaj as the Vice Chairman of the Company for a five year term commencing from 1 April 2015 to 31 March 2020
		Re-appointment of Rajiv Bajaj as the Managing Director of the Company for a five year term commencing from 1 April 2015 to 31 March 2020
9th AGM	27 July 2016 at 12.15 p.m.	Approval of appointment of Pradeep Shrivastava (DIN 07464437) as a Whole-time Director, with the designation of Executive Director
		Approval for payment of commission to non-executive directors for a period of five years commencing from 1 April 2016

No resolution of shareholders was passed through postal ballot during the year under review.

Details of capital market non-compliance, if any

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

Compliance certificate

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


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Report on corporate governance

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on Corporate Governance during 2016-17. The Company has been regularly submitting the quarterly compliance report to the stock exchanges, as required under regulation 27 of the SEBI Listing Regulations, 2015.

Auditors' certificate on corporate governance

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

Compliance of mandatory and non-mandatory requirements

Mandatory

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

Discretionary

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

1) The Board

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

2) Shareholder rights

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

3) Modified opinion(s) in audit report

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

4) Separate posts of Chairperson and Chief Executive Officer

The Company has appointed separate persons to the post of Chairman and Managing Director.

5) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

General Shareholder Information

10th Annual General Meeting

Date	20 July 2017
Time	12.15 p.m.
Venue	Registered office at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035.

Financial calendar

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

Dividend

The Board of Directors of Bajaj Auto has proposed a dividend of ₹ 55 per equity share (550%) for the financial year 2016-17, subject to approval by the shareholders at the annual general meeting.

Dividend in the previous year was inclusive of ₹ 50 per equity share (500%) as an interim dividend, which was declared by the Board on 9 March 2016 and a further final dividend of ₹ 5 per equity share (50%), which was declared by the shareholders on 27 July 2016.

Total dividend (including interim dividend), paid to the shareholders for the year 2015-16 was also ₹ 55 per equity share (550%).

Dates of book closure

The register of members and share transfer books of the Company will remain closed from Saturday, 8 July 2017 to Thursday, 20 July 2017, both days inclusive.

Date of dividend payment

Dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched between 24 July 2017 and/or 25 July 2017 as under:

a) to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on Friday, 7 July 2017; and

b) to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent (i.e., Karvy Computershare Pvt. Ltd.) on or before the closing hours on Friday, 7 July 2017.

Payment of dividend

As per the SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. Where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on the warrants.

For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish updated particulars of their bank account to the share transfer agent of the Company i.e., Karvy along with a photocopy of a 'cancelled' cheque of the bank account and self-attested copy of PAN card.

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

Unclaimed dividends

As per section 205-C of the Companies Act, 1956, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called the Investor Education and Protection Fund (Fund) set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the financial year 2008-09 was transferred to the Fund in September 2016.

The Ministry of Corporate Affairs (MCA) on 5 September 2016 notified 7 September 2016 as the commencement date for section 124 and few sub-sections of section 125 of the Companies Act, 2013 and also notified the new Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016'), to come into effect from 7 September 2016, outlining the detailed procedure for implementation regarding the Fund and Authority under the Companies Act, 2013.

As previously provided under the IEPF Rules, 2012 and now under the IEPF Rules, 2016, the Company filed the necessary e-form with MCA on 26 November 2016 for the financial year ended 31 March 2016 and the details of unpaid and unclaimed dividends for the financial years 2008-09 to 2015-16 were uploaded on the Company's website on www.bajajauto.com

Unpaid/unclaimed dividend for 2009-10 shall become due for transfer to the Fund in August 2017. Members are requested to verify their records and send their claim, if any, for the financial year 2009-10, before the amount becomes due for transfer to the Fund. Communication has been sent to the members, who have not yet claimed dividend for the financial year 2009-10, requesting them to claim the same as well as unpaid dividends, if any, for the subsequent years.

Under section 124(6) of the Companies Act, 2013, as amended, there is a further provision that all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF.

Accordingly, in due compliance of the provisions of rule 6(3) of the aforesaid IEPF Rules, 2016, the Company sent individual letters through Speed Post to such shareholders, in respect of whom dividend for a consecutive period of 7 years had remained unpaid and public notice was released in newspapers on 10 December 2016. These details have been made available on the Company's website.

Subsequently, MCA vide its notification dated 28 February 2017 amended the said rules, stating that due date for transfer of shares under the said Rules shall be 31 May 2017 and hence another public notice was released in newspapers on 25 April 2017 giving such shareholders a fresh opportunity to claim the unpaid dividends, up to such date of transfer. The Company is accordingly in the process of taking appropriate steps with regard to transfer of such shares in accordance with the amended Rules, in line with the necessary guidelines being issued by MCA in this regard.


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As provided under these Rules, the shareholder shall be allowed to claim such unpaid dividends and shares transferred to the funds by following the required procedure. The said IEPF Rules, 2016 and IEPF Amendment Rules, 2017 are available on the Company's website www.bajajauto.com

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

Share transfer agent

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

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

Share transfer system

Share transfers received by the share transfer agent/Company are registered within 15 days from the date of receipt, provided the documents are complete in all respects. The total number of shares transferred in the physical category during 2016-17 was 9,378,430 shares versus 74,004 shares during 2015-16. The details thereof were placed before the Board on a quarterly basis.

Dematerialisation/rematerialisation of shares

During 2016-17, 690,131 shares were dematerialised, compared to 3,735,256 shares during 2015-16.

Total number of shares rematerialised during 2016-17 was 5,844,896.

Shares held in physical and electronic mode as on 31 March 2017 are as given in Table 1.

Table 1: Shares held in physical and electronic mode

	Position as on 31 March 2017		Position as on 31 March 2016		Net change during 2016-17	
Particulars	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	18,699,114	6.46	13,544,349	4.68	5,154,765	1.78
Demat						
NSDL	265,053,207	91.60	270,578,151	93.51	(5,524,944)	(1.91)
CDSL	5,614,699	1.94	5,244,520	1.81	370,179	0.13
Sub-total	270,667,906	93.54	275,822,671	95.32	(5,154,765)	(1.78)
Total	**289,367,020**	**100.00**	**289,367,020**	**100.00**	–	–

Outstanding convertible instruments/ ADRs/GDRs/Warrants

The Company issued and allotted GDRs on 3 April 2008 to the shareholders of BHIL (formerly BAL) pursuant to the scheme of demerger sanctioned by the Hon'ble High Court vide its order dated 18 December 2007 and the underlying shares against each GDR were issued in the name of the overseas depository, i.e., Deutsche Bank Trust Company Americas (DB). The Company entered into a deposit agreement with DB on 21 August 2008 in respect of these GDRs.

During the year under review, considering the substantial reduction in number of GDRs, the Company decided to terminate its GDR programme. Accordingly, a notice of termination was issued by DB to the holders of GDRs on 1 December 2016 to be effective from 1 February 2017.

With the closure of the GDR programme effected during the financial year 2016-17, outstanding GDRs at the close of the year are Nil (52,844). The Company did not have any other outstanding convertible instruments/ADRs/GDRs/warrants as on 31 March 2017.

Stock code

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

Listing on stock exchanges

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

Name	Address
1. BSE Ltd.	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001
2. National Stock Exchange of India Ltd. (NSE)	Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051

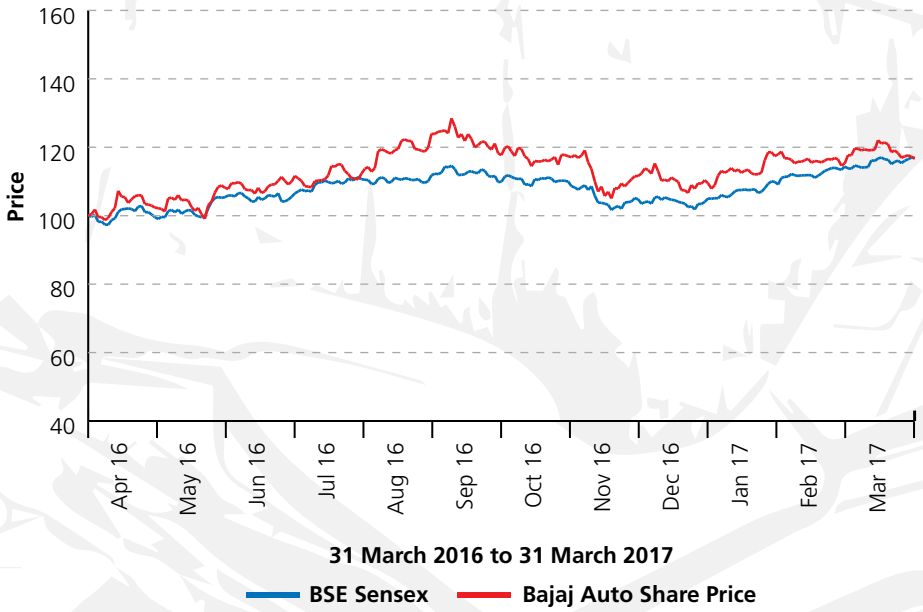
Pursuant to the SEBI Listing Regulations, 2015, the Company has entered into uniform Listing Agreement with BSE and NSE. For the year 2016-17, the listing fees payable to these stock exchanges have been paid in full.

Market price data

Table 2: Monthly highs and lows of Company's shares during 2016-17 (₹ vis-à-vis BSE Sensex)

	BSE		NSE		
Month	High	Low	High	Low	Closing BSE Sensex
Apr 16	2,611.70	2,350.15	2,614.50	2,350.50	25,606.62
May 16	2,642.00	2,366.00	2,642.00	2,364.35	26,667.96
Jun 16	2,702.55	2,549.00	2,703.00	2,550.00	26,999.72
Jul 16	2,801.05	2,590.55	2,801.85	2,590.00	28,051.86
Aug 16	3,038.00	2,708.00	3,037.75	2,705.00	28,452.17
Sep 16	3,122.00	2,820.60	3,120.00	2,816.80	27,865.96
Oct 16	2,916.05	2,749.00	2,917.00	2,743.65	27,930.21
Nov 16	2,910.00	2,510.00	2,875.25	2,510.00	26,652.81
Dec 16	2,787.90	2,554.55	2,789.25	2,551.00	26,626.46
Jan 17	2,917.05	2,556.00	2,919.00	2,552.00	27,655.96
Feb 17	2,873.00	2,747.20	2,872.00	2,751.00	28,743.32
Mar 17	2,945.35	2,758.25	2,948.70	2,752.05	29,620.50

Bajaj Auto Ltd. stock performance Vs BSE Sensex, during 2016-17 indexed to 100 on 31 March 2016



Distribution of shareholding

Table 3 gives details about the pattern of shareholding across various categories as on 31 March 2017, while Table 4 gives the data according to size classes.

Table 3: Distribution of shareholdings across categories as on

Categories	31 March 2017		31 March 2016	
	No. of shares	% to total capital	No. of shares	% to total capital
Promoters	142,657,982	49.30	142,623,082	49.29
Friends and associates of promoters	30,455,906	10.53	30,618,070	10.58
GDRs*	–	–	52,844	0.02
Foreign Institutional Investors	50,464,921	17.44	33,813,603	11.68
Public Financial Institutions	16,332,729	5.64	17,581,354	6.08
Mutual Funds	5,289,344	1.83	4,188,141	1.45
Nationalised and other banks	442,325	0.15	138,618	0.05
NRIs and OCBs	1,019,009	0.35	951,731	0.33
Others	42,704,804	14.76	59,399,577	20.52
Total	**289,367,020**	**100.00**	**289,367,020**	**100.00**

* GDR programme got closed during the year 2016-17.

Table 4: Distribution of shareholding according to size class as on 31 March 2017

	No. of shareholders		Shares held in each class	
Category	**Number**	**%**	**Number**	**%**
1 to 500	73,681	91.68	3,827,381	1.32
501 to 1000	2,273	2.83	1,680,612	0.58
1001 to 2000	1,395	1.74	2,038,458	0.71
2001 to 3000	680	0.85	1,697,323	0.59
3001 to 4000	360	0.45	1,268,082	0.44
4001 to 5000	300	0.37	1,366,035	0.47
5001 to 10000	630	0.78	4,583,214	1.58
10001 and above	1,047	1.30	272,905,915	94.31
Total	**80,366**	**100.00**	**289,367,020**	**100.00**

Shareholders' and investors' grievances

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

Routine queries/complaints received from shareholders are promptly attended to and replied. Queries/complaints received during the period under review related to non-receipt of dividend by warrants as well as through electronic clearing service, non-receipt of annual report, non-receipt of transferred shares and change of address and/or bank particulars. As on 31 March 2017, there were no pending issues to be addressed or resolved.

During the year, letters were received from SEBI/ROC/Stock Exchanges/Investors concerning 13 complaints filed by the shareholders on various matters. In respect of each of these complaints, replies were sent to SEBI/ROC/Stock Exchanges/Investors in the prescribed format, as the case may be and no action remained to be taken at the Company's end.

Demat suspense account with HDFC Bank for unclaimed shares

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

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

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

The summary of this account for the year 2016-17 is as follows:

Sr. No.	Particulars	No. of shareholders	No. of shares
i.	Aggregate No. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year, i.e., 1 April 2016	136	24,139
ii.	No. of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year 2016-17	5	820
iii.	No. of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year 2016-17	5	820
iv.	Aggregate No. of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year, i.e., 31 March 2017	131	23,319

Nomination

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

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

Voting through electronic means

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

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

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of annual general meeting, through such e-voting method. Further, in accordance with the Companies (Management and Administration) Rules, 2014, as amended, the Company shall also be making arrangements to provide for e-voting facility at the venue of the annual general meeting.

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

Cut-off date, as per the said Rules, shall be 13 July 2017 and the remote e-voting shall be open for a period of three days, from 17 July 2017 (9.00 a.m.) till 19 July 2017 (5.00 p.m.). The Board has appointed Shyamprasad D Limaye, Practising Company Secretary as scrutiniser for the e-voting process.

Detailed procedure is given in the Notice of the Tenth annual general meeting and is also placed on the Company's website.

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


AVENGER
AVENGER
CRUISE

Plant locations

Bajaj Auto has plants located at the following places:

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

Address for correspondence

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

Share transfer agent

Karvy Computershare Pvt. Ltd.
Unit: Bajaj Auto Ltd.
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli Financial District, Nanakramguda,
Hyderabad 500 032.

Contact persons
M S Madhusudhan
Mohd. Mohsinuddin
Tel. No: (040) 6716 2222
Fax No: (040) 2300 1153
Toll free No: 1800 345 4001
Email: mohsin.mohd@karvy.com
Website: www.karvy.com

Company

Bajaj Auto Ltd.
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035.

Company Secretary and Compliance Officer
J Sridhar
Tel. No: (020) 6610 6503
Fax No: (020) 2740 7380
Email: investors@bajajauto.co.in
Website: www.bajajauto.com

Directors' Report

The Directors present their Tenth Annual report and Audited Financial Statements for the year ended 31 March 2017.

Financial results

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

The highlights of the Financial Results are as under:

Sales in Numbers	FY2017	FY2016
Two-wheelers	3,219,932	3,358,252
Three-wheelers + Quadricycle	446,018	535,329
Total	**3,665,950**	**3,893,581**
Of which Exports	1,411,333	1,739,629

(₹ In Crore)

Particulars	FY2017	FY2016
Total income	24,310.00	24,956.79
Total expenses	18,974.37	19,409.47
Profit before tax	**5,335.63**	**5,547.32**
Tax expense	1,508.07	1,617.65
Profit for the year	**3,827.56**	**3,929.67**
Earnings per share (₹)	**132.3**	**135.8**

Closing balances in reserve/other equity

(₹ In Crore)

Particulars	FY2017	FY2016
General reserve	4,046.60	3,663.60
Retained earnings	12,562.56	9,305.17
Cash flow hedging reserve	200.27	23.86
Costs of hedging reserve	(64.67)	(15.45)
Total	**16,744.76**	**12,977.18**

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

Dividend

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of ₹ 55 per equity share, (550%) for the year ended 31 March 2017.
The amount of dividend and the tax thereon aggregate to ₹ 1,915.51 crore.

For the year ended 31 March 2016, the total dividend paid (including interim dividend), was also ₹ 55 per share of ₹ 10 each (550%) and the total dividend and the tax thereon to the extent applicable also aggregated to ₹ 1,915.51 crore.

Share capital

The paid up equity share capital as on 31 March 2017 was ₹ 289.37 crore. There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares, nor has it granted any stock options.

Operations

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

Capacity expansion and new projects

The Company's current installed capacity is 6.06 million units per annum.

As regards our Quadricycle – QUTE, the product is ready for launch and the Company awaits requisite approvals for sale in the domestic market.

The Qute was sold in various international markets during the year 2016-17.

Research and Development and technology absorption

A) Products

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

B) Process

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

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

C) Technology

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

D) Outgo

The expenditure on research and development during 2016-17 and in the previous year was:

(₹ In Crore)

Particulars	FY2017	FY2016
i. Capital (including technical know-how)	35.26	52.82
ii. Recurring	332.38	282.34
Total	**367.64**	**335.16**
iii. Total research and development expenditure as a percentage of sales	1.62%	1.43%

Conservation of energy

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

Significant reduction in energy consumption has been achieved by:

A) Electrical energy

- Elimination of compressors for pneumatically operated 132 kv circuit breakers; by modifying circuit breakers to spring mechanism.
- Optimisation of centralised coolant system by relocation of production cells.
- Reduction in energy consumption by providing inverter drives with pressure transmitter for hydraulic motors.
- Replacing conventional blower with higher capacity induction motor to achieve optimal design in paint shop-tank cell air supply unit.
- Optimising compressed air pressure by use of portable small compressors on holidays.
- Reduction in hidden loss by providing on-line loss measurement system for transformer.
- Use of HVLS (High volume and Low Speed) fans for fixed load reduction of air circulators.

B) Water

- Rain water harvesting.
- Re-use of treated water for processes like cooling towers, central coolant systems, de-sludge pool and incinerator, compressor cooling tower and AHU, etc.
- Replacing rusty underground hydrant and raw water pipeline with above ground level pipeline to arrest water leakages.
- Installation of second stage reverse osmosis at paint shop.

C) LPG/propane

- Thermal imaging/audit for ovens in paint shop and countermeasure.
- Weight reduction of job fixtures in heat treatment.
- Burner efficiency improvement through efficient burners.
- Upgrade of furnace insulation to reduce heat losses.
- Providing magnetic resonator in gas train pipeline to increase combustion efficiency.
- Usage of low temperature chemicals for pre-treatment process.

D) Utilisation of renewable energy-key initiatives

- Two PV Solar Power Plants, with capacity of 110 KWp and 1100 KWp, are installed at the Company's Akurdi Plant. Recurring saving of 1.57 L KWH and 15.5 L KWH respectively is being realised yearly. Benefit of ₹ 70 lakh per year.

- Additionally 1228 KWp (roof top) solar power plant installation is in progress at the Company's Chakan Plant. Electricity saving to the extent of 17 L KWH per year is expected. Benefit of ₹ 19 lakh per year.

- Installation of natural light transparent roof sheets.

Impact of measures taken

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

	% Reduction w.r.t. previous year	
Description	**FY2017**	**FY2016**
Electricity consumption	1.98	5.96
Water consumption	18.73	16.99
LPG/PNG consumption	8.80	15.65

Investment/savings

(₹ In Crore)

Description	**FY2017**	**FY2016**
Investment for energy conservation activities	3.34	3.76
Recurring savings achieved through above activities	2.18	2.52

Awards and Accolades

Sr. No.	**Details**
1	National Energy Management Award 2016 for 'Excellent Energy Efficient Unit' by CII to Waluj Plant.
2	National Award for Excellence in Water Management 2016 by CII to Waluj Plant.
3	BAL Chakan received 'Certificate of Merit' Award in National Energy Conservation Award, by Bureau of Energy Efficiency.
4	BAL Chakan received ISO 14001 Certification for upgraded standard (2015).

International Business

Bajaj Auto continues to be India's No. 1 exporter of motorcycles and three-wheelers. It exports to 78 countries in Latin America, Africa, South Asia, Middle East and Asia Pacific regions. During the year under review, exports accounted for 36.9% of the Company's net sales. Detailed information on the International Business is given in the Management Discussion and Analysis Report.

Foreign exchange earnings and outgo

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

Total foreign exchange earned by the Company during the year under review was ₹ 7,336.49 crore, compared to ₹ 9,404.68 crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 697.92 crore, as against ₹ 774.90 crore during the previous year.


AVENGER
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Industrial relations

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

During the year, a wage settlement has been signed at Pantnagar on 1 August 2016 for a period of three and half years from 1 June 2016 to 30 November 2019, on expiry of the earlier settlement on 31 May 2016.

For the Akurdi and Chakan plants, periodic wage reviews are due with effect from 1 April 2016, as per the terms of the respective wage settlements signed for a period of 9 years, in the year 2010.

In view of the financial difficulties faced by the workmen, an interim wage raise has been given to all Chakan workmen in October 2016, with effect from 1 April 2016.

The existing settlement at Akurdi Plant has been terminated in November 2016. The wage review process will commence on receipt of a fresh charter of demands from the Union.

With active participation and involvement of employees, the Company has been able to inculcate TPM culture for excellence and continuous improvement across all plants. The plants have received many Awards during the year from Confederation of Indian Industry (CII), Quality Circle Forum of India (QCFI), Indian Institution of Industrial Engineering (IIIE) and National Convention Quality Circle (NCQC).

Waluj Motorcycle Division (MCD) received Gold Awards in QC Circle competitions organised by QCFI at Nagpur and Aurangabad, apart from Excellence Awards in the competitions held by QCFI at Raipur and Mumbai. It also received an Award in Champion of Champions competition organised by CII at Bangalore and in the 3M Kaizen competition organised by TPM Club and Institute of Quality at New Delhi.

Likewise, Waluj Commercial Vehicle Division (CVD) received Gold Medal/Gold Performance/Excellent/ Best of Best Poka Yoke/Best of Manufacturing Support Awards in the Mini/Annual Convention competitions organised by QCFI at Aurangabad and Nagpur. The CVD also received Excellence Awards in the competition organised by NCQC at Raipur, Chhattisgarh.

Chakan Plant received Gold Awards in the National Productivity Competition organised by IIIE at Nagpur. The plant was declared as First Prize Winner in the TPM Circle Competitions organised by CII at Aurangabad and Chennai.

Pantnagar Plant received Gold Award in the TPM Circle Competition organised by QCFI at Rudrapur. The plant was also declared as a Winner in the TPM Circle competition organised by CII at Chennai.

Ramkrishna Shekhaji Hivale, a workman from Central Heat Treatment (MCD) Waluj, has received the National 'Vishwakarma Rashtriya Puraskar' Award from the Labour and Employment Ministry, Government of India, for the year 2014.

Two workmen from Waluj plant, viz. Ratankumar S Kamble from Final Assly-3Wh. and Vishwanath Savta Jadhav from Final Assly-MCD, have received the Prime Minister's 'Shram Bhushan' and 'Shram Shree' Awards respectively for the year 2015.

Subsidiaries and joint ventures

PT. Bajaj Auto Indonesia

Routine business operations of PT. Bajaj Auto Indonesia, a 99.25% subsidiary of Bajaj Auto, have currently stopped.

The Company has an agreement with KTM to establish and distribute the KTM branded bikes in Indonesia, the largest motorcycle market in South-East Asia.

KTM and Bajaj Auto have decided for BAL to manage KTM in the Indonesian market with the jointly developed range of products. Towards this, the joint product range has been introduced in Jakarta through a local distributor. Further plans to build brand network and supply chain are being developed.

During the year under review, a total of 1,598 units of KTM were sold in Indonesia.

It is intended that PT. Bajaj Auto Indonesia will hold the necessary regulatory approvals for the Assembly operations and Product homologation in Indonesia.

Bajaj Auto International Holdings BV, Netherlands (BAIH BV)

Bajaj Auto International Holdings BV is a 100% Netherlands based subsidiary of Bajaj Auto Ltd. Over the years, through this subsidiary, Bajaj Auto has invested a total of € 198.1 million (₹ 1,219 crore), and holds approximately 48% stake in KTM AG of Austria (KTM). Calendar year 2016 has again been a good year for KTM, with highest sales in units and highest turnover in the history of the Company. Detailed information on the developments at the subsidiary and KTM AG is provided in the Management Discussion and Analysis Report.

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

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

Adoption of Confederation of Indian Industry (CII) Charters

The Company has adopted the CII Code of Conduct for Affirmative Action in the year 2006, effective from 1 December 2006.

In addition, during the year under review, CII had come out with a Model Code of Conduct for its member companies with basic principles of doing business ethically. Your Company, being a member of CII, has adopted the said Model Code of Conduct.

Further, with a view to showcasing industry's commitment to fair and ethical practices, CII had also presented two charters on Fair and Responsible Workplace Guidelines viz., Charters on Fair and Responsible Workplace Guidelines for Collaborative Employee Relations and Responsible Workplace Guidelines for Contract Labour to the members of CII. In support of the initiative taken by CII and with a view to striving towards reducing the disparity in treatment between regular and contractual work force, your Company has adopted the above two charters during the year under review.

Extract of annual return

The extract of Annual Return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed form MGT-9 is annexed to this Report.

Number of meetings of the Board

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

Directors' responsibility statement

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

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

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

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

Declaration by independent directors

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in section 149 (6) of the said Act.

Directors' Remuneration Policy and criteria for matters under section 178

Information regarding Directors' Remuneration Policy and criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 are provided in the Corporate Governance Report.

Particulars of loans, guarantees or investments

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

Related party transactions

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


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SPEED BIKING FESTIVAL

During the year 2016-17, pursuant to section 177 of the Companies Act, 2013 and regulation 23 of SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

The Policy on RPTs as approved by the Board is uploaded on the Company's website www.bajajauto.com

Material changes and commitments

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

Risk Management Policy

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

Corporate Social Responsibility (CSR)

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

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

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

Presentation of financial statements

The financial statements of the Company for the year ended 31 March 2017 have been disclosed as per Division II of Schedule III to the Companies Act, 2013.

Indian Accounting Standards, 2015

The financial statements up to year ended 31 March 2016 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

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

These financial statements are the first financial statements of the Company under Ind AS.

Detailed information on the impact of the transition from previous GAAP to Ind AS is provided in the annexed financial statements.

Consolidated financial statements

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

A separate statement containing the salient features of its subsidiaries in the prescribed form AOC-1 is annexed separately.

Statutory disclosures

The summary of the key financials of the Company's subsidiaries (Form AOC-1) is included in this Annual Report. A copy of the audited financial statements for each of the subsidiary companies will be made available to the members of the Company seeking such information at any point of time. The audited financial statements for each of the subsidiary companies will be kept for inspection by any member of the Company at its registered office during business hours. The same are placed on the Company's website www.bajajauto.com

Details as required under the provisions of section 197(12) of the Companies Act, 2013, read with rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are annexed to this Report.

Details as required under the provisions of section 197(12) of the Companies Act, 2013, read with rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, which form part of the Directors' Report, will be made available to any shareholder on request, as per provisions of section 136(1) of the said Act.

A Cash Flow Statement for the year 2016-17 is attached to the Balance Sheet.

Pursuant to the legislation 'The Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Company has a Policy on Prevention of Sexual Harassment at Workplace. There was no case reported during the year under review under the said Policy.

Directors and Key Managerial Personnel-changes

The Board at its meeting held on 16 March 2016 appointed Pradeep Shrivastava, as an additional director and whole-time director with the designation of Executive Director for a period of five years commencing from 1 April 2016. The members at the Ninth annual general meeting have approved the appointment of Pradeep Shrivastava, as a whole-time director with the designation of Executive Director.

During the year under review, Madhur Bajaj, whole-time director and Vice Chairman of the Company informed the Board that due to certain commitments and other pre-occupations, he would be unable to continue as a whole-time director of the Company and that he be relieved of the responsibilities as a whole-time director of the Company with effect from 1 April 2017. He, however, informed that he would be willing to continue as a non-executive director and Vice Chairman of the Company and that his services will continue to be available to the Company on various matters as and when required. The Board, at its meeting held on 15 March 2017, at the recommendation of the Nomination and Remuneration Committee, approved the change in status of Madhur Bajaj from that of Executive Vice Chairman to Non-Executive Vice Chairman with effect from 1 April 2017. The Board placed on record its appreciation of the long and conscientious service rendered by Madhur Bajaj as an Executive Vice Chairman of the Company.

Kantikumar R Podar, an independent director of the Company, after his long distinguished tenure on the Board of the Company (including erstwhile BAL) since 19 August 1983, due to his health condition, tendered his letter of resignation to take effect from 15 March 2017. The Board placed on record its sincere appreciation of the valuable services rendered by him during his long tenure. In his place, pursuant to section 149 and regulation 17 (1) (b) read with regulation 25 (6) of SEBI Listing Regulations, 2015, Dr. Naushad Forbes was appointed as an additional director in the category of non-executive, independent director of the Company, with effect from 18 May 2017, at the meeting of the Board held on 18 May 2017.

J N Godrej, an independent director of the Company, after his distinguished tenure of nearly two decades on the Board of the Company (including erstwhile Bajaj Auto), tendered his letter of resignation to take effect from 10 April 2017. The Board placed on record its sincere appreciation of the valuable services rendered by him during his long tenure. In his place, pursuant to section 149 and regulation 17 (1) (b) read with regulation 25 (6) of the SEBI Listing Regulations, 2015, Dr. Omkar Goswami was appointed as an additional director in the category of non-executive, independent director of the Company, with effect from 18 May 2017, at the meeting of the Board held on 18 May 2017.

In light of the provisions of the Companies Act, 2013, Madhur Bajaj and Shekhar Bajaj retire from the Board by rotation this year and being eligible, offer themselves for re-appointment. The information as required to be disclosed under regulation 36(3) of the SEBI Listing Regulations, 2015 in case of re-appointment of the directors is provided in the Notice of the ensuing annual general meeting.

There was no other change in the directors and KMP during the year under review.

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

Significant and material orders passed by the regulators or courts

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

Global Depository Receipts (GDRs)

During the year under review, the Company terminated its GDR programme w.e.f 1 February 2017. Detailed information about the same is given in the annexed General Shareholder Information.

Details of internal financial controls with reference to the financial statements

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

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

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

Corporate governance

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

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2016-17. A declaration to this effect signed by the Managing Director (CEO) of the Company is contained in this Annual Report.

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

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

Business Responsibility Report

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

Since Bajaj Auto Ltd. is one of the top 500 listed entities, the Company, as in the previous years, has presented its BR Report for the financial year 2016-17, which is part of this Annual Report. As a green initiative, the BR Report has been hosted on the Company's website www.bajajauto.com

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

Secretarial Standards of ICSI

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

Auditors

Statutory Auditor

The current auditors, viz. Dalal & Shah LLP, Chartered Accountants (Firm Registration No. 102021W/W100110) were last re-appointed by the members at their annual general meeting held on 17 July 2014 to hold the office of auditor from the conclusion of the Seventh annual general meeting till the conclusion of this Tenth annual general meeting.

As per the provisions of section 139 of the Companies Act, 2013, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. The Act also provided for an additional transition period of three years from the commencement of the Act i.e. 1 April 2014. The current auditors had completed a period of seven years at the commencement of the said Act and hence on their completing the additional transition period of three years provided under the Act, the term of the current auditors expires at the conclusion of the ensuing annual general meeting.

The Board of Directors at its meeting held on 18 May 2017, based on the recommendation of the Audit Committee has recommended the appointment of S R B C & Co LLP, Chartered Accountants, (Firm Registration No. 324982E/E300003) as the statutory auditors of the Company for approval by the members.

S R B C & Co LLP, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under section 141(3) (g) of the Act and that they are not disqualified to be appointed as statutory auditors in terms of section 143 of the Act.

S R B C & Co LLP, Chartered Accountants will be appointed as the statutory auditors of the Company from the conclusion of the ensuing annual general meeting till the conclusion of the Fifteenth annual general meeting, subject to ratification of their appointment by the members at every intervening annual general meeting on a remuneration, out-of-pocket expenses etc., incurred in connection with the audit as may be decided by the Board in consultation with the auditors from year to year.

The members are therefore requested to appoint S R B C & Co LLP, Chartered Accountants, as statutory auditors of the Company for a term of five years from the conclusion of the ensuing annual general meeting till the conclusion of the Fifteenth annual general meeting, to be scheduled in 2022, subject to ratification at each annual general meeting and to fix their remuneration for the year 2017-18.

The statutory audit report does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditor.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has re-appointed, Shyamprasad D Limaye, Practising Company Secretary (Membership No.1587) to undertake the secretarial audit of the Company. Secretarial audit report for the year 2016-17 issued by him in the prescribed form MR-3 is annexed to this Report.

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

On behalf of the Board of Directors,



Rahul Bajaj
Chairman

Pune: 18 May 2017

Annual Report on CSR activities

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

Introduction

The Corporate Social Responsibility (CSR) activities of Bajaj Group are guided by the vision and philosophy of its Founder, late Jamnalal Bajaj, who embodied the concept of Trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

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

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

Its goodwill resonates in the two simple words that live in the collective consciousness of Indians-Hamara Bajaj.

Guiding Principles

The Bajaj Group believes that social investments should:

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

CSR Policy

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

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















1 . Bajaj Auto Donates ₹ 1 crore to the Armed Forces Flag Day Fund

2. MOU signing with IISER, Pune: Construction of a Hostel for Women Research Scholars

3. Bajaj Drishtee - Eye testing and glasses distribution camp by VisionSpring

4. Bajaj Saksham - A Rural Medical Outreach Project by Corbett Foundation in Uttarakhand

5. Rahul Bajaj visits Sri Aurbindo Society, Puducherry

6. Health Camp by JBGVS

7. Dignitaries viewing the Bajaj Education Initiatives

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

The CSR Policy is placed on http://www.bajajauto.com/pdf/csr-policy-bal.pdf

2. The composition of the CSR Committee

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

Rahul Bajaj, Chairman
Nanoo Pamnani
Rajiv Bajaj
Pradeep Shrivastava (appointed w.e.f 31 January 2017)

During the year under review, the Committee met five times on 17 May 2016, 20 July 2016, 23 November 2016, 25 January 2017 and 1 March 2017.

3. Average net profit of the Company for last three financial years prior to 2016-17: ₹ 4,745.42 crore.

4. Prescribed CSR Expenditure (2% of amount as in item No.3): ₹ 94.91 crore.

5. Details of CSR spent during the financial year:

Particulars	(₹ In Crore)
a. Total amount to be spent:	94.91
b. Amount spent:	94.98
c. Amount unspent, if any (a-b):	Nil
d. Manner in which the amount spent/committed during the financial year: As provided in enclosed Table 1.	

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

In addition to what is stated above, Bajaj Group implements many CSR initiatives of substantial value through its Group Charitable Trusts operating at various locations in the country. Major initiatives that continued and/or that were taken up anew by the Bajaj Group through such entities during the year under review are given in another detailed Report, which is hosted on the Company's website www.bajajauto.com and a physical copy of this report will be made available to any shareholder on request.

7. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company, duly signed by Director and Chairperson of the CSR Committee.

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

Rahul Bajaj
Chairman of CSR Committee

Rajiv Bajaj
Managing Director

Pune: 18 May 2017

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2017

(₹ In Crore)

Sr. No.	Name/details of the implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or state/ district)	Amount outlay/ approved	Amount spent direct/ overheads during the year	Cumulative expenditure up to 31 March 2017
1	Aarohi Society, Satoli (Nainital)	For providing transport vehicles	Promoting education	Nainital	0.08	0.08	0.08
2	All India Movement for Seva	To construct a free student home in Rajgurunagar, Pune	Promoting education	Pune	0.20	0.18	0.18
3	All India Nai Talim Samiti, Sevagram, Wardha	To ensure quality education, to construct building for school, research laboratory and library	Promoting education	Wardha	1.15	0.61	0.81
4	Annamrita-ISKCON Food Relief Foundation, Aurangabad	Purchase of 5 vehicles for delivery of food and other related services by Annamrita.	Eradicating hunger, poverty and malnutrition	Aurangabad	0.25	0.25	0.25
5	Antara Foundation	To tackle malnutrition of mother and child in a pre-determined village	Eradicating hunger and malnutrition	Dhod, Sikar	2.00	0.10	0.10
6	Armed Forces Flag Day Fund, C/o Kendriya Sanik Board (KSB), Ministry of Defence	To provide financial assistance to KSB for implementation of schemes of welfare for ex-servicemen and their families	Measures for the benefit of armed forces veterans	Different Locations	1.00	1.00	1.00
7	Auroville Foundation	To provide financial assistance to Sri Aurobindo International Institute for Education Research (SAIIER) for promotion of education with Auroville	Promoting education	Villupuram, Tamil Nadu	1.00	1.00	1.00
8	Banasthali Vidyapith Tonk, Rajasthan	Centre for automation and Girls' Hostel and corpus for scholarship to students	Hostel for women	Banasthali, Tonk	8.50	4.50	8.50
9	Bharatiya Yuva Shakti Trust (BYST)	Fostering entrepreneurship and creating jobs for the vulnerable youth	Employment enhancing vocation skills and livelihood enhancement projects	Aurangabad	6.00	1.05	1.95
10	Canine Control and Care, Pune	Providing support with three wheelers etc. for Sterilization of stray dogs and cats	Animal welfare	Pune	0.12	0.12	0.12
11	CII Foundation, New Delhi	For conducting project feasibility study for setting up blood storage centre	Promoting health care including preventive health care	Haridwar, Uttarakhand	0.05	0.03	0.03
12	CORD-Chinmaya Organisation for Rural Development, Kangra, Himachal Pradesh.	Towards nurturing community based organisations of women, men, youth, children, etc. of 8 Panchayats in Tamil Nadu and Odisha	Rural development projects	Tamil Nadu and Odisha	0.50	0.50	0.50
13	Development Initiative for Self–Help and Awakening, Pune	Towards SHG training, sanitation, waste management, water provision, health camp and awareness programmes in 10 villages	Rural development projects	Pune	0.15	0.07	0.15
14	Digital Empowerment Foundation	Digital weaver cluster development	Development of traditional arts and handicrafts – DPR	Paithan, Aurangabad	0.04	0.04	0.04
15	Direct-Bajaj YCMH Art Centre	Health care to AIDS patient	Health care	Pune	0.27	0.27	0.27
16	Dr Babasaheb Ambedkar Marathwada University	To build an incubation centre in the university campus at Aurangabad	Technology incubators located within academic institution	Aurangabad	1.50	0.25	0.25

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2017 (Contd.)

(₹ In Crore)

Sr. No.	Name/details of the implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or state/ district)	Amount outlay/ approved	Amount spent direct/ overheads during the year	Cumulative expenditure up to 31 March 2017
17	Dr. Anjali Morris Education and Health Foundation, Pune	Sensitise main stream teachers, train child psychologists and special educators in handling children with learning disabilities	Promoting education, including special education to children	Pune	0.20	0.10	0.20
18	Dr. Babasaheb Ambedkar Vaidyakiya Pratishthan	To establish 18 blood bank centres in districts of Aurangabad	Promoting healthcare	Aurangabad	0.80	0.45	0.45
19	Family of Disabled, New Delhi	Towards rehabilitation of handicapped persons, where 96 handicapped people will be given brief formal training in small businesses	Livelihood enhancement projects	New Delhi	0.25	0.13	0.13
20	Gram Vikas Trust (GVT), Noida	For detailed project report on water conservation	Environmental sustainability	Aurangabad	0.48	0.06	0.06
21	ICRIER-Indian Council For Research on International Economic Relations	To support construction of green building	Ensuring environmental sustainability	New Delhi	1.00	1.00	1.00
22	Indian Institute of Science Education and Research (IISER), Pune	For constructing of hall of residence for girl students	Setting up homes and hostels for women	Pune	50.00	20.00	20.00
23	JBGVS - At Tisgaon - Kham, Near Aurangabad - Nagar road	To build series of bundaras from top to tail, with estimated storage capacity of 283.75 lac ltrs, involving deepening of river bed	Conservation of natural resources, water	Aurangabad	0.50	0.25	0.25
24	JBGVS-Education – Jalgaon	To provide e-learning units to Zilla Parishad schools in Amalner block of Jalgaon District	Promoting education	Jalgoan	0.11	0.11	0.11
25	JBGVS – Education-Sikar	To construct class rooms and a hall in Jamnalal High School	Promoting education	Sikar	1.16	1.16	1.16
26	JBGVS – For upgrading select PCMC schools, Pune	Program to upgrade the schools in PCMC area and to improve education standards in the same schools	Promoting education	Pune	15.00	4.16	4.41
27	JBGVS – Grampanchayat Shrikshetra Mahalunge, Pune	For building an underground RCC water tank	Making available safe drinking water	Mahalunge, Pune	0.60	0.60	0.60
28	JBGVS – Marathwada Environmental Care Cluster-Aurangabad	Towards the cost of tractors deployed to collect and shift garbage.	Sanitation	Aurangabad	0.06	0.06	0.06
29	JBGVS – Water filtration-Pune	To install a water filtration plant	Making available safe drinking water	Near Rajgurunagar, Pune	0.10	0.10	0.10
30	JBGVS –Along with Seva Mandir, Udaipur	Scaling up JBGVS activities in Sikar in partnership with Seva Mandir	Rural development projects	Sikar, Rajasthan	0.10	0.05	0.05
31	JBGVS (Water Conservation Programme)	For conservation of water	Environment sustainability	Aurangabad	31.25	30.75	30.75
32	JBGVS Project – Jamnalal Bajaj Government Senior Secondary School, Sikar, Rajasthan	Purchase of two mini-buses and one auto rickshaw for the school	Promoting education	Sikar	0.14	0.14	0.14

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2017 (Contd.)

(₹ In Crore)

Sr. No.	Name/details of the implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or state/ district)	Amount outlay/ approved	Amount spent direct/ overheads during the year	Cumulative expenditure up to 31 March 2017
33	JBGVS–For Paani Foundation	To communicate, impart knowledge and bring about change in outlook at the grassroots level about water conservation and watershed management	Conservation of natural resources and maintaining quality of water	Maharashtra	2.50	2.50	2.50
34	JBGVS–For school Infrastructure at Waluj	To improve the quality of infrastructure at seven schools in the vicinity of Bajaj Auto Plant, Waluj, Aurangabad	Promoting education	Waluj, Aurangabad	1.71	1.71	1.71
35	Kailash Satyarthi Children's Foundation, New Delhi	To provide assistance for operational expenses for the 'Institute' for 2016-17	Welfare of children/ orphans from socially and economically backward groups	New Delhi	3.00	3.00	3.00
36	Kailash Satyarthi Children's Foundation, New Delhi	To provide assistance for raising awareness and educating people against trafficking and child sexual abuse	Reducing inequality	New Delhi	2.50	2.50	2.50
37	Kalinga Institute of Social Sciences (KISS), Odisha	For conducting feasibility study for establishing Kalinga Institute of Social Science (DPR fee)	Promoting education	Tribal areas of Maharashtra	0.05	0.05	0.05
38	Laxminarayan Devasthan, Wardha	Towards water proofing, painting work, renovation of 8 toilets of Dharmashala, redoing the painting etc.	Restoration of buildings and sites of historical importance	Wardha	0.30	0.20	0.20
39	Mahatma Gandhi Institute of Medical Sciences, Wardha	To give scholarships to students of Nursing at MGIMS, Wardha over 3/4 years	Promoting education	Wardha	0.42	0.08	0.08
40	Nandlala Medical Foundation, Chennai	Purchase of a 12 seater Tempo Traveller for the Dialysis Centre	Promoting health care	Chennai	0.15	0.14	0.14
41	Nari Sewa Samiti	To render skill development and livelihood enhancement	Skill development and livelihood enhancement	Lucknow	0.45	0.15	0.30
42	Omnibus Approval-delegated authority to Steering Committee for preparation of DPRs	For conducting DPRs for various prospective projects	Omnibus – Different projects	Different Locations	0.50	0.12	0.12
43	Paraplegic Rehabilitation Centre, Kirkee, Pune	To provide measures for armed forces veterans injured in military service	Measures for the benefit of armed forces veterans	Pune	0.31	0.16	0.16
44	Prafulla Dahanukar Art Foundation	For promotion of art and culture through art contests	Promotion and development of traditional arts	Mumbai	0.50	0.50	0.50
45	Prashanti Cancer Care Mission (PCCM), Pune	To provide assistance for building a Breast Cancer (BC) Research Centre in Pune	Health	Pune	1.98	–	–
46	Pune Citizens Police Foundation, Pune	To expand the Pune Police Public School by building a floor for 8 classrooms	Education	Pune	0.20	–	0.10
47	Pune City Connect Development Foundation, Pune	Towards cleanliness, environmental-friendliness, and other amenities for a better living for the people of Pune	Promoting health care and sanitation	Pune	0.20	0.20	0.20

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2017 (Contd.)

(₹ In Crore)

Sr. No.	Name/details of the implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or state/ district)	Amount outlay/ approved	Amount spent direct/ overheads during the year	Cumulative expenditure up to 31 March 2017
48	Raja Dinkar Kelkar Museum, Pune	To render financial aid of ₹ 50 lakh for the existing Museum and its proposed Museum City	Protection of national heritage	Pune	0.50	0.10	0.10
49	Rural Development Trust	Towards construction of school building-cum-community centres and causeway-cum-percolation tank	Promoting education	Mumbai	1.00	0.42	0.42
50	Sevagram Ashram Pratishtan, Wardha	Renovation of Bapu Kutir and Yatri Nivas	Protection of national heritage	Wardha	2.40	1.20	1.60
51	Shiksha Mandal Madhya Pradesh Shakha, Jabalpur	To provide financial assistance for acquiring new premises	Promoting education	Jabalpur	2.00	2.00	2.00
52	Social Action for Manpower Creation SAMPARC, Pune	Rehabilitation, care and educational development of orphan children, children of sex workers and all other needy, poor and disadvantaged children	Welfare of orphans and socially and economically backward groups	Pune	0.50	0.40	0.50
53	SOFOSH – Society of Friends of Sassoon Hospitals, Pune	Painting of premises and operating expenses, solar installation, etc., for orphans and differently abled	Home for orphans and differently abled	Pune	0.28	0.05	0.05
54	SOFOSH–Society of Friends of Sassoon Hospitals, Pune	Rehabilitation of abandoned children through adoption	Home for orphans	Pune	0.40	0.12	0.40
55	Sri Aurobindo Society, Puducherry	To set up a centre for Sustainable Rural Transformation and make a model for villages, government, NGOs etc.	Rural development projects	Puducherry	3.50	1.56	2.43
56	Sri Aurobindo Society, Kolkata	To acquire property for setting up an international centre of excellence for integral Yoga	Promoting health care including preventive health care	Puducherry	5.00	5.00	5.00
57	Sri Aurobindo Society, Parganas	Purchase of 4 vehicles, etc. for Sri Aurobindo Siksha Kendra initiative to help children aged between 6-8 years living in villages nearby over 24 months	Promoting education	South 24 Paraganas, West Bengal	0.19	0.19	0.19
58	Swayam Shikshan Prayog	For Pilot project on water filtration	Promoting health care including preventive health care	Villages of Pune, Aurangabad, Latur, Osmanabad and adjoining areas	0.10	0.05	0.05
59	Teach to Lead (Teach for India)	To recruit 30 outstanding university graduates and working professionals, who become dedicated full–time class teachers	Promoting education	Pune	0.99	0.54	0.54
60	The Barefoot College, Tilonia, Ajmer	To provide basic services and solutions to problems in rural communities and make them self–sufficient and sustainable (for corpus)	Rural development projects	Ajmer, Rajasthan	0.25	0.25	0.25

Table 1: Report on manner of expenditure for CSR during the financial year ended 31 March 2017 (Contd.)

(₹ In Crore)

Sr. No.	Name/details of the implementing agency	CSR project/activity identified	Sector in which the project is covered	Location of project/ programme (Local area or state/ district)	Amount outlay/ approved	Amount spent direct/ overheads during the year	Cumulative expenditure up to 31 March 2017
61	The Corbett Foundation (TCF), Mumbai	Purchase of mobile medical units (Pathology Labs) at 3 locations	Conservation of natural resources, water	Multi Location project	0.25	0.12	0.12
62	Valluvar Education Society-Valluvar Orphanage, Thanjavur District, Tamil Nadu	Purchase of auto rickshaw for the Institute	Promoting education	Tamil Nadu	0.02	0.02	0.02
63	Vision Spring, New Delhi	To support the project which includes: (a) Setting up vision camps in two identified districts; (b) Screening of patients and immediate dispensing of eyeglasses; and (c) Referral of complex diseases to KB Hospital	Promoting health care, including preventive health care	Pune and Aurangabad	0.17	0.16	0.16
				Total (A)		**92.66**	
				Overhead expenses (restricted to 5% of total CSR expenditure) (B)		**2.32**	
				GRAND TOTAL (A) + (B)		**94.98**	

Note: All amounts mentioned above as spent relate to amounts spent through implementing agency, unless stated otherwise.



BOXER

MADE STRONGER TO LAST LONGER

Extract of Annual Return (Form MGT-9)

As on the financial year ended on 31 March 2017

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

I. Registration and other details:

Corporate Identification Number (CIN)	L65993PN2007PLC130076
Registration Date	30 April 2007
Name of the Company	Bajaj Auto Ltd.
Category/Sub-category of the Company	Public Company / Limited by shares
Address of the Registered office and contact details	Bajaj Auto Ltd. Complex, Mumbai Pune Road, Akurdi, Pune 411 035. E-mail id: investors@bajajauto.co.in Tel. No: (020) 6610 6503
Whether listed company	Yes (BSE and NSE)
Name, Address and contact details of the Registrar and Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032. Contact Persons: M. S. Madhusudhan Mohd. Mohsinuddin Tel. No: (040) 6716 2222 Fax No: (040) 2300 1153 Toll Free No: 1800 345 4001 E-mail: mohsin.mohd@karvy.com Website: www.karvy.com

II. Principal business activities of the Company

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

Sr. No.	Name and description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Manufacture of Motorcycles, three-wheelers (including parts thereof)	3091	96

III. Particulars of holding, subsidiary and associate companies

Sr. No	Name of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	PT. Bajaj Auto Indonesia	Company incorporated in Indonesia	Subsidiary	99.25	section 2(87)
2	Bajaj Auto International Holdings BV	Company incorporated in Netherlands	Subsidiary	100.00	section 2(87)

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

i) Category-wise shareholding:

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2016				No. of shares held at the end of the year as on 31 March 2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	12,613,090	–	12,613,090	4.36	12,486,990	–	12,486,990	4.32	(0.04)
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	130,009,992	–	130,009,992	44.93	130,170,992	–	130,170,992	44.98	0.05
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub–Total (A)(1)	**142,623,082**	**–**	**142,623,082**	**49.29**	**142,657,982**	**–**	**142,657,982**	**49.30**	**0.01**
(2) Foreign									
a) NRIs–Individual	–	–	–	–	–	–	–	–	–
b) Others– Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub–Total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**142,623,082**	**–**	**142,623,082**	**49.29**	**142,657,982**	**–**	**142,657,982**	**49.30**	**0.01**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	4,186,716	1,425	4,188,141	1.45	5,287,919	1,425	5,289,344	1.83	0.38
b) Banks/FI	140,983	20,790	161,773	0.06	492,600	20,790	513,390	0.18	0.12
c) Central Govt	–	–	–		–	–	–	–	–
d) State Govt(s)	–	–	–		–	–	–	–	–
e) Venture Capital Funds	–	–	–		–	–	–	–	–
f) Insurance Companies	20,668,606	600	20,669,206	7.14	16,395,999	600	16,396,599	5.67	(1.47)
g) FIIs/FPIs	50,114,482	2,675	50,117,157	17.32	50,462,246	2,675	50,464,921	17.44	0.12
h) Foreign Venture Capital Funds	–	–	–		–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub–Total (B)(1)	**75,110,787**	**25,490**	**75,136,277**	**25.97**	**72,638,764**	**25,490**	**72,664,254**	**25.11**	**(0.85)**
(2) Non–Institutions									
a) Bodies Corp.									
i) Indian	19,274,497	835,930	20,110,427	6.95	21,970,506	836,630	22,807,136	7.88	0.93
ii) Overseas	–	–	–		–	–	–	–	
b) Individuals	–	–	–	–	–	–	–	–	
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	12,312,048	1,378,186	13,690,234	4.73	15,508,674	1,856,641	17,365,315	6.00	1.27

i) Category–wise shareholding: (Contd.)

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2016				No. of shares held at the end of the year as on 31 March 2017				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	22,029,162	11,278,523	33,307,685	11.51	12,821,139	15,954,133	28,775,272	9.94	(1.57)
c) Others (specify)									
i) NBFC Registered with RBI	10,616	–	10,616	–	31,642	–	31,642	0.01	0.01
ii) Non Resident Indians	925,511	24,795	950,306	0.33	992,789	24,795	1,017,584	0.35	0.02
iii) Overseas Corporate Bodies	–	1,425	1,425	0.00	–	1,425	1,425	0.00	0.00
iv) Foreign Nationals	182	–	182	0.00	206	–	206	0.00	0.00
v) Clearing Members	300,946	–	300,946	0.10	239,892	–	239,892	0.08	(0.02)
vi) Trusts	3,179,804	–	3,179,804	1.10	3,778,520	–	3,778,520	1.31	0.21
vii) Foreign Bodies – DR	3,192	–	3,192	0.00	27,792	–	27,792	0.01	0.01
Sub–Total (B)(2)	**58,035,958**	**13,518,859**	**71,554,817**	**24.72**	**55,371,160**	**18,673,624**	**74,044,784**	**25.59**	**0.86**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**133,146,745**	**13,544,349**	**146,691,094**	**50.69**	**128,009,924**	**18,699,114**	**146,709,038**	**50.70**	**0.01**
C. Shares held by Custodian for GDRs and ADRs	**52,844**	**–**	**52,844**	**0.02**	**–**	**–**	**–**	**–**	**(0.02)**
Grand Total (A+B+C)	**275,822,671**	**13,544,349**	**289,367,020**	**100.00**	**270,667,906**	**18,699,114**	**289,367,020**	**100.00**	**–**

ii) Shareholding of Promoters:

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 1 April 2016			Shareholding at the end of the year as on 31 March 2017			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Anant Bajaj	114	0.00	–	114	0.00	–	–
2	Deepa Bajaj	21,150	0.01	–	21,150	0.01	–	–
3	Geetika Bajaj	600	0.00	–	600	0.00	–	–
4	Kiran Bajaj	2,050	0.00	–	2,050	0.00	–	–
5	Kriti Bajaj	70,000	0.02	–	70,000	0.02	–	–
6	Kumud Bajaj	969,868	0.34	–	969,868	0.34	–	–
7	Madhur Bajaj	1,432,232	0.49	–	1,571,252	0.54	–	0.05
8	Minal Bajaj	125,800	0.04	–	125,800	0.04	–	–
9	Neelima Bajaj Swamy	535,438	0.19	–	535,438	0.19	–	–
10	Nimisha Jaipuria	314,570	0.11	–	314,570	0.11	–	–
11	Niraj Bajaj	2,109,476	0.73	–	2,248,496	0.78	–	0.05
12	Niravnayan Bajaj	423,132	0.15	–	423,132	0.15	–	–
13	Pooja Bajaj	149,500	0.05	–	149,500	0.05	–	–

ii) Shareholding of Promoters: (Contd.)

Sr. No.	Shareholder's name	Shareholding at the beginning of the year as on 1 April 2016			Shareholding at the end of the year as on 31 March 2017			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
14	Rahulkumar Bajaj	2,970,570	1.03	–	2,970,570	1.03	–	–
15	Rajivnayan Bajaj	726,100	0.25	–	761,000	0.26	–	0.01
16	Rishabnayan Bajaj	17,000	0.01	–	17,000	0.01	–	–
17	Sanjali Bajaj	18,200	0.01	–	18,200	0.01	–	–
18	Sanjivnayan Bajaj	800,448	0.28	–	639,448	0.22	–	(0.06)
19	Shefali Bajaj	20,000	0.01	–	20,000	0.01	–	–
20	Shekhar Bajaj	421,760	0.15	–	143,720	0.05	–	(0.10)
21	Siddhantnayan Bajaj	15,000	0.01	–	15,000	0.01	–	–
22	Suman Jain	1,047,008	0.36	–	1,047,008	0.36	–	–
23	Sunaina Kejriwal	423,074	0.15	–	423,074	0.15	–	–
24	Bachhraj And Company Pvt. Ltd.	3,711,756	1.28	–	3,711,756	1.28	–	–
25	Bachhraj Factories Pvt. Ltd.	1,961,174	0.68	–	1,961,174	0.68	–	–
26	Bajaj Allianz Life Insurance Company Ltd.	125,000	0.04	–	125,000	0.04	–	–
27	Bajaj Finance Ltd.	150	0.00	–	150	0.00	–	–
28	Bajaj Holdings & Investment Ltd.	91,119,000	31.49	–	91,280,000	31.54	–	0.06
29	Bajaj Sevashram Pvt. Ltd.	4,462,720	1.54	–	4,462,720	1.54	–	–
30	Baroda Industries Pvt. Ltd.	1,670,802	0.58	–	1,670,802	0.58	–	–
31	Hercules Hoists Ltd.	182,590	0.06	–	182,590	0.06	–	–
32	The Hindustan Housing Company Ltd.	20,800	0.01	–	20,800	0.01	–	–
33	Jamnalal Sons Pvt. Ltd.	25,844,400	8.93	–	25,844,400	8.93	–	–
34	Kamalnayan Investment & Trading Pvt. Ltd.	132,200	0.05	–	132,200	0.05	–	–
35	Madhur Securities Pvt. Ltd.	79,400	0.03	–	79,400	0.03	–	–
36	Niraj Holdings Pvt. Ltd.	19,600	0.01	–	19,600	0.01	–	–
37	Rahul Securities Pvt. Ltd.	270,600	0.09	–	270,600	0.09	–	–
38	Rupa Equities Pvt. Ltd.	286,800	0.10	–	286,800	0.10	–	–
39	Sanraj Nayan Investments Pvt. Ltd.	60,000	0.02	–	60,000	0.02	–	–
40	Shekhar Holdings Pvt. Ltd.	63,000	0.02	–	63,000	0.02	–	–
	Total	**142,623,082**	**49.29**	**–**	**142,657,982**	**49.30**	**–**	**0.01**

iii) Change in Promoters' shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year 1 April 2016	142,623,082	49.29		
	Date-wise increase/(decrease)				
1	**Shekhar Bajaj**				
	03-06-2016 - Transfer consequent to partition of Shekhar Bajaj HUF	(1,800)	(0.00)	142,621,282	49.29
	03-06-2016 - Acquisition consequent to partition of Shekhar Bajaj HUF	1,800	0.00	142,623,082	49.29
	23-12-2016 - Family gift	(139,020)	(0.05)	142,484,062	49.24
	23-12-2016 - Family gift	(139,020)	(0.05)	142,345,042	49.19
2	**Rajivnayan Bajaj**				
	11-11-2016 - Purchase	34,900	0.01	142,379,942	49.20
3	**Niraj Bajaj**				
	23-12-2016 - Family gift	139,020	0.05	142,518,962	49.25
4	**Madhur Bajaj**				
	23-12-2016 - Family Gift	139,020	0.05	142,657,982	49.30
5	**Sanjivnayan Bajaj**				
	24-02-2017 - Sale	(161,000)	(0.06)	142,496,982	49.24
6	**Bajaj Holdings & Investment Ltd.**				
	24-02-2017 - Purchase	161,000	0.06	142,657,982	49.30
	At the end of the year 31 March 2017			142,657,982	49.30

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Life Insurance Corporation of India**				
	At the beginning of the year 1 April 2016	17,584,960	6.08		
	Date-wise increase/(decrease)				
	22-04-2016 - Sale	(16,616)	(0.01)	17,568,344	6.07
	29-04-2016 - Sale	(34,095)	(0.01)	17,534,249	6.06
	13-05-2016 - Sale	(6,287)	(0.00)	17,527,962	6.06
	03-06-2016 - Sale	(200)	(0.00)	17,527,762	6.06
	10-06-2016 - Sale	(86,224)	(0.03)	17,441,538	6.03
	17-06-2016 - Sale	(49,836)	(0.02)	17,391,702	6.01
	24-06-2016 - Sale	(49,598)	(0.02)	17,342,104	5.99
	30-06-2016 - Sale	(86,602)	(0.03)	17,255,502	5.96
	01-07-2016 - Sale	(15,000)	(0.01)	17,240,502	5.96
	08-07-2016 - Sale	(48,374)	(0.02)	17,192,128	5.94
	15-07-2016 - Sale	(122,636)	(0.04)	17,069,492	5.90
	22-07-2016 - Sale	(219,791)	(0.08)	16,849,701	5.82
	29-07-2016 - Sale	(215,386)	(0.07)	16,634,315	5.75
	05-08-2016 - Sale	(291,203)	(0.10)	16,343,112	5.65
	12-08-2016 - Sale	(167,725)	(0.06)	16,175,387	5.59
	19-08-2016 - Sale	(58,038)	(0.02)	16,117,349	5.57
	26-08-2016 - Sale	(61,885)	(0.02)	16,055,464	5.55
	02-09-2016 - Sale	(109,954)	(0.04)	15,945,510	5.51
	09-09-2016 - Sale	(117,390)	(0.04)	15,828,120	5.47
	16-09-2016 - Sale	(168,340)	(0.06)	15,659,780	5.41
	23-09-2016 - Sale	(286,667)	(0.10)	15,373,113	5.31
	30-09-2016 - Sale	(289,680)	(0.10)	15,083,433	5.21
	07-10-2016 - Sale	(266,179)	(0.09)	14,817,254	5.12
	14-10-2016 - Sale	(26,933)	(0.01)	14,790,321	5.11
	21-10-2016 - Sale	(34,959)	(0.01)	14,755,362	5.10
	28-10-2016 - Sale	(124,605)	(0.04)	14,630,757	5.06
	04-11-2016 - Sale	(40,000)	(0.01)	14,590,757	5.04
	11-11-2016 - Sale	(40,000)	(0.01)	14,550,757	5.03
	06-01-2017 - Purchase	62,315	0.02	14,613,072	5.05
	03-02-2017 - Purchase	38,003	0.01	14,651,075	5.06
	10-02-2017 - Purchase	318,851	0.11	14,969,926	5.17
	17-02-2017 - Purchase	258,576	0.09	15,228,502	5.26
	24-02-2017 - Purchase	186,203	0.06	15,414,705	5.33
	03-03-2017 - Purchase	199,331	0.07	15,614,036	5.40
	17-03-2017 - Sale	(3,847)	(0.00)	15,610,189	5.39

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	24-03-2017 - Sale	(8,082)	(0.00)	15,602,107	5.39
	At the end of the year 31 March 2017			15,602,107	5.39
2	**M/s Jaya Hind Investments Pvt. Ltd.**				
	At the beginning of the year 1 April 2016	10,242,928	3.54		
	Date-wise increase/(decrease)				
	03-03-2017 - Sale	(50,000)	(0.02)	10,192,928	3.52
	10-03-2017 - Sale	(37,608)	(0.01)	10,155,320	3.51
	17-03-2017 - Sale	(29,774)	(0.01)	10,125,546	3.50
	31-03-2017 - Sale	(48,500)	(0.02)	10,077,046	3.48
	At the end of the year 31 March 2017			10,077,046	3.48
3	**Maharashtra Scooters Ltd.**				
	At the beginning and at the end of the year - No change during the year ended 31 March 2017	6,774,072	2.34	6,774,072	2.34
4	**Government Pension Fund Global**				
	At the beginning of the year 1 April 2016	3,859,422	1.33		
	Date-wise increase/(decrease)				
	08-04-2016 - Purchase	83,954	0.03	3,943,376	1.36
	27-05-2016 - Sale	(27,208)	(0.01)	3,916,168	1.35
	24-06-2016 - Sale	(51,142)	(0.02)	3,865,026	1.34
	30-06-2016 - Sale	(77,548)	(0.03)	3,787,478	1.31
	04-11-2016 - Sale	(46,898)	(0.02)	3,740,580	1.29
	25-11-2016 - Purchase	31,483	0.01	3,772,063	1.30
	02-12-2016 - Purchase	43,168	0.01	3,815,231	1.32
	09-12-2016 - Purchase	35,656	0.01	3,850,887	1.33
	16-12-2016 - Purchase	70,057	0.02	3,920,944	1.36
	30-12-2016 - Purchase	75,000	0.03	3,995,944	1.38
	At the end of the year 31 March 2017			3,995,944	1.38

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	**Niraj Bajaj (as trustee of Yamuna Trust)**				
	At the beginning and at the end of the year - No change during the year ended 31 March 2017	3,659,916	1.26	3,659,916	1.26
6	**Abu Dhabi Investment Authority-Gulab**				
	At the beginning of the year 1 April 2016	2,693,992	0.93		
	Date-wise increase/(decrease)				
	08-04-2016 - Purchase	49,032	0.02	2,743,024	0.95
	22-04-2016 - Sale	(33,997)	(0.01)	2,709,027	0.94
	29-04-2016 - Sale	(140,848)	(0.05)	2,568,179	0.89
	06-05-2016 - Purchase	3,391	0.00	2,571,570	0.89
	13-05-2016 - Sale	(141,523)	(0.05)	2,430,047	0.84
	27-05-2016 - Sale	(1,165)	(0.00)	2,428,882	0.84
	03-06-2016 - Sale	(162,017)	(0.06)	2,266,865	0.78
	02-09-2016 - Sale	(18,962)	(0.01)	2,247,903	0.78
	30-09-2016 - Sale	(36,400)	(0.01)	2,211,503	0.76
	07-10-2016 - Sale	(10,000)	(0.00)	2,201,503	0.76
	21-10-2016 - Sale	(25,861)	(0.01)	2,175,642	0.75
	18-11-2016 - Sale	(36,000)	(0.01)	2,139,642	0.74
	02-12-2016 - Sale	(55,348)	(0.02)	2,084,294	0.72
	16-12-2016 - Sale	(125,325)	(0.04)	1,958,969	0.68
	23-12-2016 - Purchase	11,492	0.00	1,970,461	0.68
	23-12-2016 - Sale	(11,492)	(0.00)	1,958,969	0.68
	30-12-2016 - Purchase	2,940	0.00	1,961,909	0.68
	13-01-2017 - Purchase	2,270	0.00	1,964,179	0.68
	24-02-2017 - Sale	(4,284)	(0.00)	1,959,895	0.68
	03-03-2017 - Purchase	16,000	0.01	1,975,895	0.68
	At the end of the year 31 March 2017			1,975,895	0.68

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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	**Lazard Asset Management LLC A/C Lazard Emerging MA**				
	At the beginning of the year 1 April 2016	2,438,990	0.84		
	Date-wise increase/(decrease)				
	29-04-2016 - Purchase	26,526	0.01	2,465,516	0.85
	24-06-2016 - Purchase	47,432	0.02	2,512,948	0.87
	09-12-2016 - Sale	(37,609)	(0.01)	2,475,339	0.86
	16-12-2016 - Sale	(26,422)	(0.01)	2,448,917	0.85
	27-01-2017 - Purchase	63,660	0.02	2,512,577	0.87
	03-02-2017 - Purchase	182,060	0.06	2,694,637	0.93
	10-03-2017 - Purchase	95,735	0.03	2,790,372	0.96
	At the end of the year 31 March 2017			2,790,372	0.96
8	**Niraj Bajaj (as trustee of Narmada Trust)**				
	At the beginning and at the end of the year - No change during the year ended 31 March 2017	2,184,150	0.75	2,184,150	0.75
9	**Government of Singapore**				
	At the beginning of the year 1 April 2016	1,664,146	0.58		
	Date-wise increase/(decrease)				
	08-04-2016 - Sale	(52,902)	(0.02)	1,611,244	0.56
	15-04-2016 - Purchase	457	0.00	1,611,701	0.56
	22-04-2016 - Purchase	7,425	0.00	1,619,126	0.56
	29-04-2016 - Sale	(9,458)	(0.00)	1,609,668	0.56
	06-05-2016 - Sale	(35,420)	(0.01)	1,574,248	0.54
	13-05-2016 - Sale	(28,237)	(0.01)	1,546,011	0.53
	20-05-2016 - Purchase	342	0.00	1,546,353	0.53
	20-05-2016 - Sale	(1,285)	(0.00)	1,545,068	0.53
	03-06-2016 - Purchase	12,599	0.00	1,557,667	0.54
	10-06-2016 - Purchase	30,709	0.01	1,588,376	0.55
	08-07-2016 - Sale	(23,123)	(0.01)	1,565,253	0.54
	22-07-2016 - Sale	(5,415)	(0.00)	1,559,838	0.54
	29-07-2016 - Sale	(39,046)	(0.01)	1,520,792	0.53
	05-08-2016 - Sale	(27,294)	(0.01)	1,493,498	0.52


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

Sr. No.	Name of shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	19-08-2016 - Purchase	14,451	0.00	1,507,949	0.52
	26-08-2016 - Sale	(22,168)	(0.01)	1,485,781	0.51
	02-09-2016 - Sale	(30,203)	(0.01)	1,455,578	0.50
	09-09-2016 - Purchase	1,282	0.00	1,456,860	0.50
	16-09-2016 - Purchase	72	0.00	1,456,932	0.50
	30-09-2016 - Sale	(8,815)	(0.00)	1,448,117	0.50
	07-10-2016 - Purchase	7,461	0.00	1,455,578	0.50
	14-10-2016 - Purchase	116	0.00	1,455,694	0.50
	04-11-2016 - Sale	(2,972)	(0.00)	1,452,722	0.50
	11-11-2016 - Sale	(2,855)	(0.00)	1,449,867	0.50
	25-11-2016 - Purchase	601	0.00	1,450,468	0.50
	02-12-2016 - Purchase	26,067	0.01	1,476,535	0.51
	09-12-2016 - Sale	(4,179)	(0.00)	1,472,356	0.51
	23-12-2016 - Purchase	12,043	0.00	1,484,399	0.51
	30-12-2016 - Purchase	8,923	0.00	1,493,322	0.52
	06-01-2017 - Purchase	104,993	0.04	1,598,315	0.55
	13-01-2017 - Purchase	19,311	0.01	1,617,626	0.56
	20-01-2017 - Sale	(4,161)	(0.00)	1,613,465	0.56
	03-02-2017 - Sale	(50,006)	(0.02)	1,563,459	0.54
	10-02-2017 - Sale	(19,535)	(0.01)	1,543,924	0.53
	17-02-2017 - Sale	(2,046)	(0.00)	1,541,878	0.53
	24-02-2017 - Sale	(11,082)	(0.00)	1,530,796	0.53
	03-03-2017 - Sale	(6,799)	(0.00)	1,523,997	0.53
	10-03-2017 - Sale	(19,232)	(0.01)	1,504,765	0.52
	31-03-2017 - Sale	(27,288)	(0.01)	1,477,477	0.51
	At the end of the year 31 March 2017			1,477,477	0.51
10	**Abhay Firodia**				
	At the beginning of the year 1 April 2016	1,370,560	0.47		
	Date-wise increase/(decrease)				
	23-12-2016 - Purchase	46,940	0.02	1,417,500	0.49
	30-12-2016 - Purchase	7,539	0.00	1,425,039	0.49
	20-01-2017 - Purchase	488,400	0.17	1,913,439	0.66
	17-03-2017 - Sale	(75,000)	(0.03)	1,838,439	0.64
	24-03-2017 - Sale	(51,662)	(0.02)	1,786,777	0.62
	31-03-2017 - Sale	(53,318)	(0.02)	1,733,459	0.60
	At the end of the year 31 March 2017			1,733,459	0.60

v) Shareholding of directors and key managerial personnel:

Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	**Rahul Bajaj**				
	At the beginning of the year and at the end of the year - No change during the year ended 31 March 2017	2,970,570	1.03	2,970,570	1.03
2	**Madhur Bajaj**				
	At the beginning of the year 1 April 2016	1,432,232	0.49		
	23-12-2016 - Family gift	139,020	0.05		
	At the end of the year 31 March 2017	1,571,252	0.54	1,571,252	0.54
3	**Rajivnayan Bajaj**				
	At the beginning of the year 1 April 2016	726,100	0.25		
	07-11-2016 - Purchase	34,900	0.01		
	At the end of the year 31 March 2017	761,000	0.26	761,000	0.26
4	**Sanjivnayan Bajaj**				
	At the beginning of the year 1 April 2016	800,448	0.28		
	21-02-2017 - Sale	(161,000)	(0.06)		
	At the end of the year 31 March 2017	639,448	0.22	639,448	0.22
5	**D S Mehta**				
	At the beginning of the year and at the end of the year - No change during the year ended 31 March 2017	9,980	0.00	9,980	0.00
6	**Shekhar Bajaj**				
	At the beginning of the year 1 April 2016	421,760	0.15		
	23-12-2016 - Family gift	(139,020)	(0.05)		
	23-12-2016 - Family gift	(139,020)	(0.05)		
	At the end of the year 31 March 2017	143,720	0.05	143,720	0.05
7	**Manish Kejriwal**				
	At the beginning of the year and at the end of the year - No change during the year ended 31 March 2017	200	0.00	200	0.00
8	**Niraj Bajaj**				
	At the beginning of the year 1 April 2016	2,109,476	0.73		
	23-12-2016 - Family gift	139,020	0.05		
	At the end of the year 31 March 2017	2,248,496	0.78	2,248,496	0.78
9	**Kevin D'sa (CFO)**				
	At the beginning of the year and at the end of the year - No change during the year ended 31 March 2017	3,620	0.00	3,620	0.00

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

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

V. Indebtedness

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

(In ₹)

Sr. No.	Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
A	Indebtedness at the beginning of the financial year				
	i Principal amount	–	1,178,620,876	–	1,178,620,876
	ii Interest due but not paid	–	–	–	–
	iii Interest accrued but not due	–	–	–	–
	Total (i+ii+iii)	**–**	**1,178,620,876**	**–**	**1,178,620,876**
B	Change in Indebtedness during the financial year				
	* Addition	–	20,400,313	–	20,400,313
	* Reduction	–	–	–	–
	Net Change	**–**	**20,400,313**	**–**	**20,400,313**
C	Indebtedness at the end of the financial year 31 March 2017				
	i Principal amount	–	1,199,021,189	–	1,199,021,189
	ii Interest due but not paid	–	–	–	–
	iii Interest accrued but not due	–	–	–	–
	Total (i+ii+iii)	**–**	**1,199,021,189**	**–**	**1,199,021,189**

VI. Remuneration of the directors and key managerial personnel

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

(In ₹)

Sr. No.	Particulars of remuneration	Rajiv Bajaj (MD)	Rahul Bajaj (Chairman)	Madhur Bajaj (Vice Chairman)	Pradeep Shrivastava (ED)	Total amount
1	Gross Salary					
	a. Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	56,297,833	23,687,500	17,812,500	39,391,755	137,189,588
	b. Value of perquisites under section 17(2) of Income-Tax Act, 1961	33,337,179	18,194,838	11,706,645	2,091,779	65,330,441
	c. Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	–	–	–	–	–
2	Stock Option	–	–	–	–	–
3	Sweat Equity	–	–	–	–	–
4	Commission					–
	– as % of profit	–	–	–	–	–
	– others	155,340,000	67,500,000	51,300,000	–	274,140,000
5	Others, please specify					–
	Contribution to PF, etc.	10,953,432	4,890,267	3,747,792	2,444,442	22,035,933
	Total (A)	**255,928,444**	**114,272,605**	**84,566,937**	**43,927,976**	**498,695,962**
	Ceiling as per the Act					**5,386,800,000**

B. Remuneration to other directors

(In ₹)

Sr. No.	Name	Fee for attending Board/ Committee meetings	Commission	Others, please Specify	Total
1	**Independent Directors**				
	1. D S Mehta	700,000	1,050,000	–	1,750,000
	2. Kantikumar R Podar	100,000	150,000	–	250,000
	3. D J Balaji Rao	1,300,000	1,950,000	–	3,250,000
	4. J N Godrej	100,000	150,000	–	250,000
	5. Naresh Chandra	1,400,000	2,100,000	–	3,500,000
	6. Nanoo Pamnani	1,200,000	3,800,000	–	5,000,000
	7. P Murari	500,000	750,000	–	1,250,000
	8. Dr. Gita Piramal	900,000	1,350,000	–	2,250,000
	TOTAL (B)(1)	**6,200,000**	**11,300,000**	**–**	**17,500,000**

B. Remuneration to other directors (Contd.)

(In ₹)

Sr. No.	Name	Fee for attending Board/ Committee meetings	Commission	Others, please Specify	Total
2	**Other Non-executive Directors**				
	1. Sanjiv Bajaj	700,000	1,050,000	–	1,750,000
	2. Shekhar Bajaj	400,000	600,000	–	1,000,000
	3. Manish Kejriwal	400,000	600,000	–	1,000,000
	4. Niraj Bajaj	600,000	900,000	–	1,500,000
	TOTAL (B)(2)	**2,100,000**	**3,150,000**	**–**	**5,250,000**
	TOTAL (B)(1) + (B)(2)	**8,300,000**	**14,450,000**	**–**	**22,750,000**
	Overall Ceiling as per the Act				**5,925,500,000**

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

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

(In ₹)

Sr. No.	Particulars of remuneration	J Sridhar (CS)	Kevin D'sa (CFO)
1	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	13,764,868	24,909,525
	b. Value of perquisites under section 17(2) of Income-Tax Act, 1961	438,339	1,200,678
	c. Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission		
	- as % of profit	–	–
	- others	–	–
5	Others, please specify		
	- Contribution to PF etc.	920,397	1,626,964
	Total	**15,123,604**	**27,737,167**

VII. Penalties/punishment/compounding of offences:

During the year 2016-17, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.


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Annexure to Directors' Report

Remuneration Details under Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, for the year ended 31 March 2017

Sr. No.	Name of Director/KMP	Ratio of Remuneration of director to Median Remuneration of employees	% increase in the financial year
(A)	**Whole-time directors/Managerial Personnel**		
	Rahul Bajaj, Chairman	233.21	0.64
	Madhur Bajaj, Vice Chairman	172.59	(0.77)
	Rajiv Bajaj, Managing Director	522.30	14.62
	Pradeep Shrivastava[1], Executive Director	89.65	NA
	Whole-time Directors in aggregate		**7.75**
(B)	**Non-executive directors [2]**		
	Sanjiv Bajaj	2.14	(12.50)
	D S Mehta	2.14	0.00
	Kantikumar R Podar [3]	0.31	(80.00)
	Shekhar Bajaj	1.22	(42.86)
	D J Balaji Rao	3.98	(13.33)
	J N Godrej	0.31	(50.00)
	Naresh Chandra	4.29	7.69
	Nanoo Pamnani	7.76	(7.32)
	Manish Kejriwal	1.22	(20.00)
	P Murari	1.53	0.00
	Niraj Bajaj	1.84	(14.29)
	Dr. Gita Piramal	2.76	12.50
(C)	**Key Managerial Personnel**		
	Rajiv Bajaj, Managing Director		14.62
	Kevin D'sa, CFO		11.20
	J Sridhar, Company Secretary		15.14
(D)	**Remuneration of Median Employee (other than whole-time directors)**		**2.94**
(E)	**Permanent employees as on 31 March 2017 [4]: 7,965**		

1. Pradeep Shrivastava was appointed as Executive Director w.e.f 1 April 2016, hence % increase is not applicable.
2. (a) Remuneration payable to Non-executive directors is based on the number of meetings of the Board and its Committees attended by them as members during the year.
   (b) Remuneration to directors does not include sitting fees paid to them for attending Board/committee meetings.
3. Kantikumar R Podar resigned as Director w.e.f. 15 March 2017.
4. 'Permanent Employees' does not include trainees, probationers and contract employees.

Notes on Disclosures under Rule 5

1. In 2016-17, the remuneration of median employee other than whole-time Directors increased by 2.94% over the previous year.
2. Increase in the remuneration of the Managerial Personnel, which in the aggregate was 7.75% during the year under review, was given, keeping in view the remuneration trends in industry.
3. The remuneration paid as above was as per the Remuneration Policy of the Company.

Secretarial Audit Report (Form MR-3)

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

For the financial year ended 31 March 2017.

To,
The Members,
Bajaj Auto Ltd.
(CIN: L65993PN2007PLC130076)
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035.

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

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2017, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) Motor Vehicles Act, 1988 to the extent of product certification before production and from time to time, primarily in respect of vehicles manufactured by the Company.

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

(i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

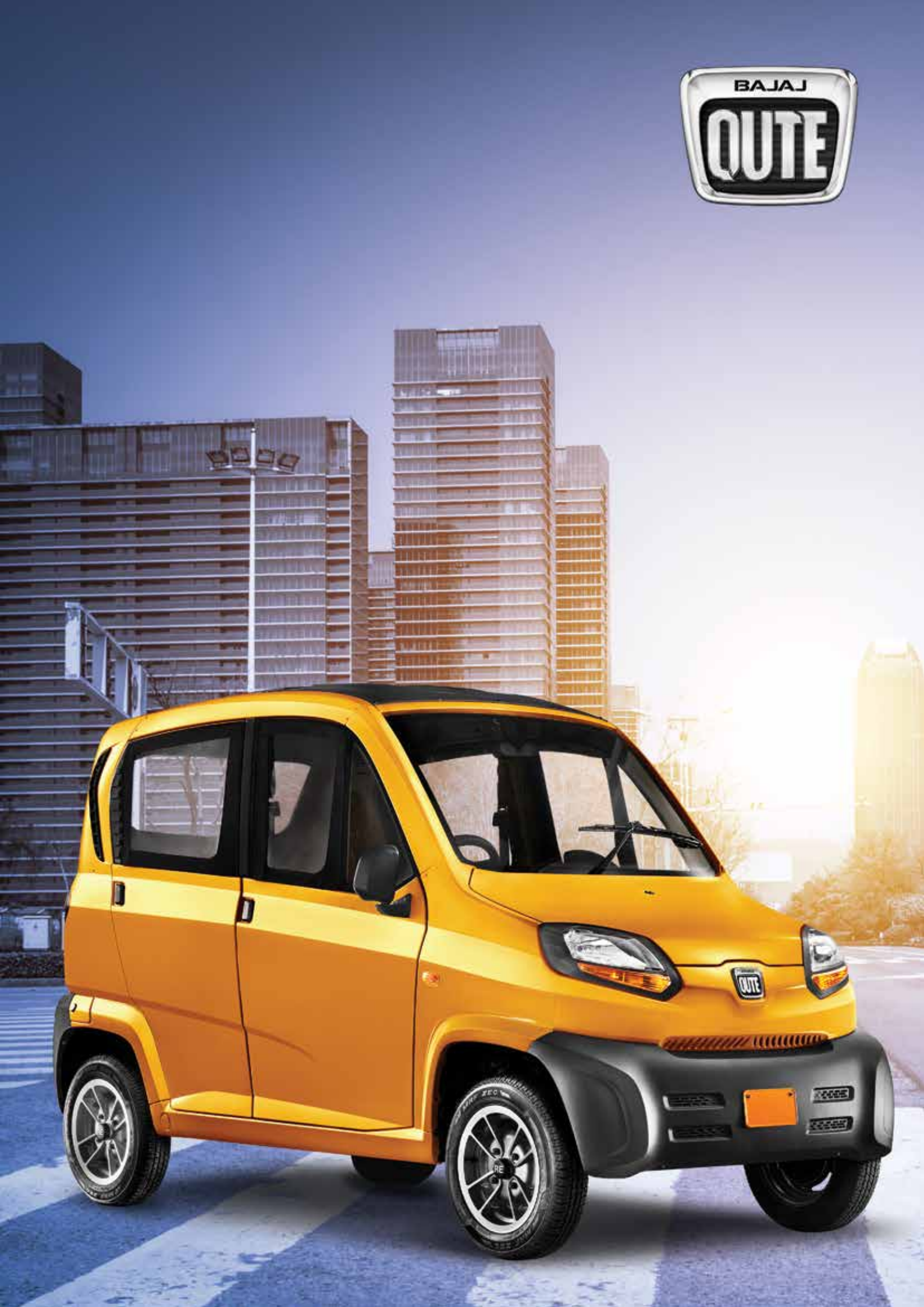
Adequate notice is given to all directors to schedule the Board Meetings including Committees thereof, along with the agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the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

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

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

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

Pune: 18 May 2017


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Auditors' certificate regarding compliance of conditions of Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by Bajaj Auto Ltd., for the year ended 31 March 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership No: 40451

Pune: 18 May 2017

Declaration by Chief Executive Officer (MD)

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

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

Rajiv Bajaj
Managing Director

Pune: 18 May 2017

Standalone Financial Statements

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

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

1. We have audited the accompanying standalone financial statements of Bajaj Auto Ltd. ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone Ind AS financial statements

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other matter

9. The financial information of the Company for the year ended 31 March 2016 and the transition date opening Balance Sheet as at 1 April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended 31 March 2016 and 31 March 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated 25 May 2016 and 21 May 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated 18 May 2017.

   Our opinion is not qualified in respect of this matter.

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

Report on other legal and regulatory requirements

10. As required by the Companies (Auditors' Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ('the Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company has disclosed the impact, if any, of pending litigations as at 31 March 2017 on its financial position in its standalone Ind AS financial statements.

        ii. The Company has long-term contracts including derivative contracts as at 31 March 2017 for which there were no material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2017.

        iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the Management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – refer note 40.

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Bajaj Auto Ltd. on the standalone Ind AS financial statements for the year ended 31 March 2017

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

1. We have audited the internal financial controls over financial reporting of Bajaj Auto Ltd. ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

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

   (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

   (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

   (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure A to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Bajaj Auto Ltd. on the standalone Ind AS financial statements as of and for the year ended 31 March 2017

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

   (c) The title deeds of immovable properties, as disclosed in Note 2 on fixed assets to the standalone Ind AS financial statements, are held in the name of the Company, except for buildings having gross block of ₹ 15.02 crore and net block of ₹ 12.63 crore, wherein final registration is pending, as disclosed in Note 2 on fixed assets to the standalone Ind AS financial statements

2. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

4. The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of the loans and investments made by it.

5. The Company has not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

6. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the products of the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, as at 31 March 2017 which have not been deposited on account of a dispute, are as follows:

(₹ In Crore)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Excise duty	Additional demand received	1.35	Various years	Commissioner Appeals
	Additional demand received	23.82	Various years	CESTAT
	Additional demand received	7.54	Various years	High Court
	Additional demand received	6.13	Financial year 1983-84	Supreme Court
Sales tax	Additional demand received on the basis of assessment order	84.71	Various years	Joint Commissioner of Sales tax
	Additional demand received on the basis of assessment order	33.20	Financial year 2001-02 to 2004-05, 2008-09 and 2009-10	Tribunal
Income tax	Department appeal against CIT(A) order	65.91	Financial Year 2007-08 and 2008-09	ITAT
	Additional demand received on the basis of assessment order	443.51	Financial Year 2010-11 and 2011-12	CIT(A)
Service tax	Other matters	3.78	For the year 1997-2000	High Court
	Demand on various matter	0.46	Financial Year 2005-06 to 2009-10	CESTAT
Custom duty	Recovery of duty by treating the vehicles as not fuel efficient	3.85	Financial year 1984-86	High Court

Annexure B to Independent Auditors' Report (Contd.)

8. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the Balance Sheet date, the provisions of clause 3(viii) of the Order are not applicable to the Company.

9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,898.61	1,936.38	1,917.24
Capital work-in-progress	2	10.64	26.89	101.72
Investment property	3	58.53	60.43	61.52
Intangible assets	4	44.65	89.29	–
Intangible assets under development	4	31.53	25.35	153.22
Investment in subsidiaries	5A	1,222.72	1,222.72	1,222.72
Financial assets				
Investments	5B	7,458.67	7,717.93	2,119.17
Trade receivables	10	–	–	–
Loans	6	29.74	29.47	28.85
Other financial assets	7	0.02	–	0.02
Income tax assets (net)		399.94	373.65	277.81
Other non-current assets	8	268.47	279.14	204.43
		11,423.52	**11,761.25**	**6,086.70**
Current assets				
Inventories	9	728.38	719.07	814.15
Financial assets				
Investments	5B	6,050.08	1,319.94	6,291.38
Trade receivables	10	953.29	717.93	716.96
Cash and cash equivalents	11	279.82	817.55	575.07
Other bank balances	12	13.86	41.97	11.08
Loans	6	6.47	7.05	6.80
Other financial assets	7	263.18	52.89	99.24
Other current assets	8	1,096.29	1,048.85	1,509.95
		9,391.37	**4,725.25**	**10,024.63**
Total		**20,814.89**	**16,486.50**	**16,111.33**

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2017	31 March 2016	1 April 2015
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	289.37	289.37	289.37
Other equity	14	16,744.76	12,977.18	12,541.27
		17,034.13	**13,266.55**	**12,830.64**
Non-current liabilities				
Financial liabilities				
Sales tax deferral	15	119.90	117.86	111.77
Provisions	16	78.13	47.57	82.44
Deferred tax liabilities (net)	17	313.62	202.80	286.67
Government grant		49.26	40.95	–
Other non-current liabilities	18	7.27	29.78	57.59
		568.18	**438.96**	**538.47**
Current liabilities				
Financial liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		13.65	15.38	12.83
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,222.08	2,011.66	1,747.70
Other financial liabilities	19	279.92	305.40	244.96
Other current liabilities	20	557.61	299.11	561.73
Provisions	16	120.93	112.95	103.10
Government grant		2.65	2.12	–
Current tax liabilities (net)		15.74	34.37	71.90
		3,212.58	**2,780.99**	**2,742.22**
Total		**20,814.89**	**16,486.50**	**16,111.33**
Summary of significant accounting policies followed by the Company	1			

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2017	31 March 2016
Sales		22,694.87	23,448.39
Other operating revenue		393.16	434.81
Revenue from operations	21	23,088.03	23,883.20
Other income	22	1,221.97	1,073.59
Total income		**24,310.00**	**24,956.79**
Expenses			
Cost of raw material and components consumed		13,285.36	13,717.01
Purchases of traded goods		1,382.47	1,276.40
Changes in inventories of finished goods, work-in-progress and traded goods	23	(43.68)	63.45
Excise duty		1,321.35	1,296.68
Employee benefits expense	24	997.07	917.12
Finance costs	25	1.40	1.05
Depreciation and amortisation expense	26	307.29	307.16
Other expenses	27	1,745.38	1,847.62
Expenses, included in above items, capitalised		(22.27)	(17.02)
Total expenses		**18,974.37**	**19,409.47**
Profit before tax		**5,335.63**	**5,547.32**
Tax expense			
Current tax		1,455.92	1,641.42
Deferred tax		50.41	(23.77)
Prior-year tax		1.74	–
Total tax expense	28	1,508.07	1,617.65
Profit for the year		**3,827.56**	**3,929.67**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/losses of defined benefit plans		(19.94)	(1.32)
Tax impacts on above		6.90	0.46
Items that will be reclassified to profit or loss			
Valuation gains/losses on derivative hedging instruments		194.50	(43.26)
Tax impacts on above		(67.31)	14.96
Other comprehensive income for the year (net of tax)		**114.15**	**(29.16)**
Total comprehensive income for the year		**3,941.71**	**3,900.51**
Basic and diluted Earnings per share (In ₹)	29	132.3	135.8
(Nominal value per share ₹ 10)			
Summary of significant accounting policies followed by the Company	1		

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Statement of Changes in Equity

A. Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2017	31 March 2016
At the beginning of the year		289.37	289.37
Changes in equity share capital during the year		–	–
At the end of the year	13	**289.37**	**289.37**

B. Other equity

(₹ In Crore)

Particulars	Note No.	Reserves and surplus		Other reserves		Total other equity
		General reserve	Retained earnings	Cash flow hedging reserve	Costs of hedging reserve	
Balance as at 1 April 2015	14	**3,297.60**	**9,206.96**	**121.13**	**(84.42)**	**12,541.27**
Profit for the year		–	3,929.67	–	–	3,929.67
Other comprehensive income (net of tax)		–	(0.86)	(97.27)	68.97	(29.16)
Total comprehensive income for the year ended 31 March 2016		–	3,928.81	(97.27)	68.97	3,900.51
Transactions with owners in their capacity as owners						
Transfer from Retained earnings to General reserve		366.00	(366.00)	–	–	–
Interim dividend, declared and paid during the year		–	(1,446.84)	–	–	(1,446.84)
Tax on interim dividend		–	(294.54)	–	–	(294.54)
Final dividend, declared and paid during the year		–	(1,446.84)	–	–	(1,446.84)
Tax on final dividend		–	(287.73)	–	–	(287.73)
Provision for Corporate Dividend Tax for previous year written back under section 115(O) of Income-tax Act, 1961		–	11.35	–	–	11.35
Balance as at 31 March 2016	14	**3,663.60**	**9,305.17**	**23.86**	**(15.45)**	**12,977.18**
Profit for the year		–	3,827.56	–	–	3,827.56
Other comprehensive income (net of tax)		–	(13.04)	176.41	(49.22)	114.15
Total comprehensive income for the year ended 31 March 2017		–	3,814.52	176.41	(49.22)	3,941.71
Transactions with owners in their capacity as owners						
Transfer from Retained earnings to General reserve		383.00	(383.00)	–	–	–
Final dividend, declared and paid during the year		–	(144.68)	–	–	(144.68)
Tax on final dividend		–	(29.45)	–	–	(29.45)
Balance as at 31 March 2017	14	**4,046.60**	**12,562.56**	**200.27**	**(64.67)**	**16,744.76**

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
I. Operating activities		
Profit before tax	5,335.63	5,547.32
Adjustments:		
Add:		
i) Depreciation and amortisation	307.29	307.16
ii) Loss on assets sold, demolished, discarded and scrapped	9.24	11.87
iii) Provision for doubtful debts and advances	3.47	0.78
iv) Exchange rate differences on cash and cash equivalents	(1.47)	11.42
v) Exchange loss/(gain) on trade receivables	4.87	3.12
vi) Exchange loss/(gain) on import payables	(0.54)	(0.52)
vii) Interest adjustment on Government grant	0.78	0.57
viii) Interest expense	0.62	0.48
	324.26	334.88
Less:		
i) Investment income included in above:		
Interest income on fixed income securities	75.02	84.10
Profit on sale of investments, net	3.09	3.78
Gain on valuation/realisation of mutual funds measured at fair value through profit or loss	817.32	592.67
Dividend income on investments in subsidiaries	–	89.18
Amortisation of premium/discount on acquisition of fixed income securities	67.76	129.18
	963.19	898.91
ii) Provision for doubtful debts and advances written back	0.14	0.08
iii) Liabilities no longer required	75.89	48.98
iv) Government grants	2.65	2.12
v) Surplus on sale of assets	2.00	1.26
	(1,043.87)	(951.35)
	4,616.02	4,930.85
Change in assets and liabilities		
i) Inventories	(9.31)	95.08
ii) Trade receivables	(240.98)	(4.66)
iii) Loans and other assets	(66.27)	425.62
iv) Liabilities and provisions	569.86	59.22
	253.30	575.26
Annuity payments (net) to VRS optees	(27.54)	(29.83)
Net cash from operating activities before income-tax	4,841.78	5,476.28
Income-tax refund/(paid) for earlier years (net)	–	(37.00)
Income-tax paid	(1,502.58)	(1,782.47)
Net cash from operating activities	**3,339.20**	**3,656.81**
Carried forward	3,339.20	3,656.81

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Brought forward	3,339.20	3,656.81
II. Investing activities		
i) Sale of investments	2,199.98	6,359.92
ii) Purchase of investments	(5,024.30)	(6,268.85)
iii) (Purchase)/sale of money market mutual funds, etc., net	(758.39)	7.24
iv) (Increase)/decrease in investment property	–	(1.48)
v) (Increase)/decrease in other bank balances	28.11	(30.89)
vi) Capital expenditure	(199.44)	(265.14)
vii) Sales proceeds of assets/adjustment to gross block	8.65	5.74
viii) Capital expenditure on development of technical know-how	(6.18)	(6.06)
	(3,751.57)	(199.52)
ix) Investment income		
Interest income on fixed income securities	75.02	84.10
Dividend income on investments in subsidiaries	–	89.18
	75.02	173.28
(Increase)/decrease in interest receivable	(11.76)	7.41
	63.26	180.69
Net cash from investing activities	**(3,688.31)**	**(18.83)**
Carried forward	(349.11)	3,637.98

Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Brought forward	(349.11)	3,637.98
III. Financing activities		
i) Interest expense	(0.62)	(0.48)
ii) Deferral of sales tax deferral liability	12.75	50.13
iii) Dividend paid	(172.77)	(2,862.81)
iv) Corporate dividend tax paid	(29.45)	(570.92)
Net cash from financing activities	**(190.09)**	**(3,384.08)**
Net change in cash and cash equivalents	**(539.20)**	**253.90**
Cash and cash equivalents at the beginning of the year	817.55	575.07
Add/(Less): Effects of exchange rate differences on cash and cash equivalents	1.47	(11.42)
Cash and cash equivalents at the end of the year	279.82	817.55
	–	–

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Notes to financial statements for the year ended 31 March 2017

Background

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

1. First time adoption and summary of significant accounting policies followed by the Company

1A. Basis of preparation

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

The financial statements up to year ended 31 March 2016 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 1B for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

1B. First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1C have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS, which are considered to be material or significant by the Company.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for investment in subsidiaries

Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries as per previous GAAP carrying value or at fair value on the date of transition.

The Company has elected to measure its investment in subsidiaries as per previous GAAP carrying value.

A.1.2 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

A.2 Ind AS mandatory exceptions

A.2.1 Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2015 are reflected as hedges in the Company's results under Ind AS.

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

A.2.2 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following item in accordance with Ind AS at the date of transition as this was not required under previous GAAP:

— Investment in fixed maturity plan and other mutual funds carried at Fair value through profit or loss

A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

A.2.4 Fair valuation of Government grant/loan

Ind AS 101 requires that a first-time adopter shall classify all Government loans received as a financial liability or an equity instrument in accordance with Ind AS 32. Except as permitted by paragraph B11, a first-time adopter shall apply the requirements in Ind AS 109 and Ind AS 20, prospectively to Government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of the Government loan at a below-market rate of interest as a Government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a Government loan at a below-market rate of interest on a basis consistent with Ind AS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance Sheet.

In line with above mandatory exception, Company has continued previous GAAP value for sales tax deferral loan/incentive as at 31 March 2015 in the opening Ind AS Balance Sheet.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition (1 April 2015)

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,917.24	–	1,917.24
Capital work-in-progress		101.72	–	101.72
Investment property	3	–	61.52	61.52
Intangible assets		–	–	–
Intangible assets under development		153.22	–	153.22
Investment in subsidiaries		1,222.72	–	1,222.72
Financial assets				
Investments	1,2,3	2,130.04	(10.87)	2,119.17
Trade receivables		–	–	–
Loans		28.85	–	28.85
Other financial assets		0.02	–	0.02
Income tax assets (net)		277.81	–	277.81
Other non-current assets		204.43	–	204.43
		6,036.05	**50.65**	**6,086.70**
Current assets				
Inventories		814.15	–	814.15
Financial assets				
Investments	1,2	5,800.56	490.82	6,291.38
Trade receivables		716.96	–	716.96
Cash and cash equivalents		575.07	–	575.07
Other bank balances		11.08	–	11.08
Loans		6.80	–	6.80
Other financial assets	2	91.70	7.54	99.24
Other current assets		1,509.95	–	1,509.95
		9,526.27	**498.36**	**10,024.63**
Total		**15,562.32**	**549.01**	**16,111.33**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of equity as at date of transition (1 April 2015) (Contd.)

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		289.37	–	289.37
Other equity	1,2,4,5	10,402.78	2,138.49	12,541.27
		10,692.15	**2,138.49**	**12,830.64**
Non-current liabilities				
Financial liabilities				
Sales tax deferral	6	111.77	–	111.77
Provisions		82.44	–	82.44
Deferred tax liabilities (net)	1,2,4	141.58	145.09	286.67
Other non-current liabilities		57.59	–	57.59
		393.38	**145.09**	**538.47**
Current liabilities				
Financial liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		12.83	–	12.83
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,747.70	–	1,747.70
Other financial liabilities		244.96	–	244.96
Other current liabilities		561.73	–	561.73
Provisions	5	1,837.67	(1,734.57)	103.10
Current tax liabilities (net)		71.90	–	71.90
		4,476.79	**(1,734.57)**	**2,742.22**
Total		**15,562.32**	**549.01**	**16,111.33**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of equity as at 31 March 2016

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,936.38	–	1,936.38
Capital work-in-progress		26.89	–	26.89
Investment property	3	–	60.43	60.43
Intangible assets		89.29	–	89.29
Intangible assets under development		25.35	–	25.35
Investment in subsidiaries		1,222.72	–	1,222.72
Financial assets				
Investments	1,2,3	7,071.62	646.31	7,717.93
Trade receivables		–	–	–
Loans		29.47	–	29.47
Other financial assets		–	–	–
Income tax assets (net)		373.65	–	373.65
Other non-current assets		279.14	–	279.14
		11,054.51	**706.74**	**11,761.25**
Current assets				
Inventories		719.07	–	719.07
Financial assets				
Investments	1,2	1,218.32	101.62	1,319.94
Trade receivables		717.93	–	717.93
Cash and cash equivalents		817.55	–	817.55
Other bank balances		41.97	–	41.97
Loans		7.05	–	7.05
Other financial assets	2	47.49	5.40	52.89
Other current assets		1,048.85	–	1,048.85
		4,618.23	**107.02**	**4,725.25**
Total		**15,672.74**	**813.76**	**16,486.50**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of equity as at 31 March 2016 (Contd.)

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		289.37	–	289.37
Other equity	1,2,4,5,6	12,002.29	974.89	12,977.18
		12,291.66	**974.89**	**13,266.55**
Non-current liabilities				
Financial liabilities				
Sales tax deferral	6	162.48	(44.62)	117.86
Provisions		47.57	–	47.57
Deferred tax liabilities (net)	1,2,4	188.25	14.55	202.80
Government grant	6	–	40.95	40.95
Other non-current liabilities		29.78	–	29.78
		428.08	**10.88**	**438.96**
Current liabilities				
Financial liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		15.38	–	15.38
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,011.66	–	2,011.66
Other financial liabilities		305.40	–	305.40
Other current liabilities		299.11	–	299.11
Provisions	5	287.08	(174.13)	112.95
Government grant	6	–	2.12	2.12
Current tax liabilities (net)		34.37	–	34.37
		2,953.00	**(172.01)**	**2,780.99**
Total		**15,672.74**	**813.76**	**16,486.50**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2016

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
Sales	4,7,8	22,252.78	1,195.61	23,448.39
Other operating revenue		434.81	–	434.81
Revenue from operations		22,687.59	1,195.61	23,883.20
Other income	1,2,4,6	913.27	160.32	1,073.59
Total income		**23,600.86**	**1,355.93**	**24,956.79**
Expenses				
Cost of raw material and components consumed		13,717.01	–	13,717.01
Purchases of traded goods		1,276.40	–	1,276.40
Changes in inventories of finished goods, work-in-progress and traded goods		63.45	–	63.45
Excise duty	7	3.22	1,293.46	1,296.68
Employee benefits expense	9	918.44	(1.32)	917.12
Finance costs	6	0.48	0.57	1.05
Depreciation and amortisation expense		307.16	–	307.16
Other expenses	8	1,946.54	(98.92)	1,847.62
Expenses, included in above items, capitalised		(17.02)	–	(17.02)
Total expenses		**18,215.68**	**1,193.79**	**19,409.47**
Profit before tax		**5,385.18**	**162.14**	**5,547.32**
Tax expense				
Current tax	1,2,4,9	1,686.10	(44.68)	1,641.42
Deferred tax	1,2,4,9	46.67	(70.44)	(23.77)
Total tax expense		1,732.77	(115.12)	1,617.65
Profit for the year		**3,652.41**	**277.26**	**3,929.67**
Other comprehensive income for the year (net of tax)	9,10	–	(29.16)	(29.16)
Total comprehensive income for the year		**3,652.41**	**248.10**	**3,900.51**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of total equity as at 31 March 2016 and 1 April 2015

(₹ In Crore)

Particulars	Notes to first-time adoption	31 March 2016	1 April 2015
Total equity (shareholder's funds) as reported under previous GAAP		12,291.66	10,692.15
Ind-AS adjustments increasing/(decreasing) equity as reported under previous GAAP:			
Fair valuation of fixed maturity plans - held	1	806.95	466.39
Time value/intrinsic value of forward contracts - routed through OCI (net of tax)	4	(12.64)	(64.11)
Proposed dividend	5	174.13	1,734.57
Other adjustments (net of tax)	1,2,6	6.45	1.64
Total adjustments		974.89	2,138.49
Total equity as per Ind AS		13,266.55	12,830.64

Reconciliation of total comprehensive income for the year ended 31 March 2016

(₹ In Crore)

Particulars	Notes to first-time adoption	31 March 2016
Net profit after tax as reported under previous GAAP		3,652.41
Ind-AS adjustments increasing/(decreasing) net profit as reported under previous GAAP:		
Fair valuation of fixed maturity plans – matured (net of tax)	1	(158.78)
Fair valuation of fixed maturity plans – held	1	499.34
Time value of forward contracts – routed through OCI (net of tax)	4	(68.97)
Other adjustments (net of tax)	1,2,6,9	5.67
Total adjustments		277.26
Net profit after tax as per Ind AS		3,929.67
Other comprehensive income, net of tax	10	(29.16)
Total comprehensive income as per Ind AS		3,900.51

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2016

There are no material adjustments of transition to the Statement of Cash flows to conform to Ind AS presentation for the year ended 31 March 2016.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

C. Notes to first-time adoption

Note 1: Fair valuation of investments (fixed maturity plans and other mutual funds)

Under the previous GAAP, investments in fixed maturity plans and other mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2016.

Note 2: Measurement change for some financial assets at amortised cost

Under previous GAAP, certain debt instruments were measured at cost including pre-acquisition interest. This had impacted amortisation of premium/discount on those investments. Under Ind AS, these investments have been remeasured at cost excluding pre-acquisition interest and amortisation has been accordingly reworked. The change in carrying cost of such investments at the date of transition has been recognised in retained earnings. Subsequent amortisation changes have been recognised in the Statement of Profit and Loss.

Note 3: Investment property

Under the previous GAAP, investment properties were presented as part of non-current investments. Under Ind AS, investment properties are required to be separately presented on the face of the Balance Sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 4: Hedge accounting

Under the previous GAAP, the Company had adopted the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement to account for derivatives used for hedging foreign exchange risk related to highly probable forecast sales transactions. In accordance with AS 30, the Company separated the intrinsic value and time value of an option contract and designated as hedging instrument only the change in intrinsic value of an option. The changes in the time value of the option contracts were recognised as expenses. Under Ind AS, these costs (i.e. time value related changes of the option contract) are also accumulated within equity and are adjusted against the carrying value of the hedged item. Consequently, the time value changes (net of tax) have been reclassified within equity from retained earnings to hedge reserve. All subsequent changes in time value have been recognised in other comprehensive income and have been accumulated in separate component of equity.

Note 5: Proposed dividend and tax thereon

Under the previous GAAP, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and tax thereon, included under provisions has been reversed with corresponding adjustment to retained earnings.

Note 6: Fair valuation of financial liability (sales tax deferral)

Under previous GAAP, the sales tax deferral incentive, which is sales tax collected and repayable after a fixed tenure as prescribed by Package Scheme of Incentives was recognised at cost. Under Ind AS, the financial liability of sales tax deferral is to be measured at fair value and the difference between deferral amount and fair value is to be recognised as Government grant. The Company has availed mandatory exception under Ind AS 101 and accordingly, there is no change in accounting treatment on the amount carried forward on the date of transition.

After transition date, the difference between sales tax deferral amount and fair value has been recognised as Government grant in Balance Sheet. The Government grant has been recognised in the Statement of Profit and Loss on a straight line basis over the period of grant and unwinding of interest on fair value of sales tax deferral liability has been recognised as finance cost.

Note 7: Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the Statement of Profit and Loss as part of expenses. There is no impact on the total equity and profit.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

C. Notes to first-time adoption (Contd.)

Note 8: Discount and incentives directly relatable to revenue

Under previous GAAP, the discounts and incentives on sales were shown as other expenses. Under Ind AS, these are required to be netted off against revenue. There is no impact on the total equity and profit.

Note 9: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

Note 10: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments etc. The concept of other comprehensive income did not exist under previous GAAP.

1C. Summary of significant accounting policies followed by the Company

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

1 System of accounting

i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.

ii) Financial statements are prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative instruments) that are measured at fair value. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.

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

a) Estimation of fair value of derivative instruments
b) Provision for warranty claims and vehicle service charges
c) Valuation of employee benefits
d) Estimation of fair value of contingent liabilities and judgment on their probability of devolving on the Company
e) Provision for tax expenses

2 Revenue recognition

a) Sales

i) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of value added taxes, returns, discounts, rebates and incentives. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

ii) Domestic sales are accounted for on dispatch from the point of sale corresponding to transfer of significant risks and rewards of ownership to the buyer.

iii) Export sales are recognised on the date of the mate's receipt/shipped on board signifying transfer of risks and rewards of ownership to the buyer as per terms of sale and initially recorded at the relevant exchange rates prevailing on the date of the transaction.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

b) Export incentives

Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are reasonably expected to be fulfilled.

c) Other income

The Company recognises income (including rent etc.) on accrual basis. However, where the ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent of uncertainty.

3 Property, plant and equipment and depreciation/amortisation

A. Property, plant and equipment

i) Property, plant and equipment except land are carried at historical cost of acquisition, construction or manufacturing cost, as the case may be, less accumulated depreciation and amortisation. Freehold land is carried at cost of acquisition.

Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended.

ii) Costs incurred to manufacture property, plant and equipment and intangible are reduced from the total expense under the head 'Expenses, included in above items, capitalised' in the Statement of Profit and Loss.

iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

iv) Land and buildings acquired/constructed, not intended to be used in the operations of the Company are categorised as investment property.

B. Transition to Ind AS

On Transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per previous GAAP which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 16 Property, plant and equipment.

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

(a) Leasehold land

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

(b) On other tangible assets

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

b. Where a significant component (in terms of cost) of an asset has an estimated economic useful life shorter than that of it's corresponding asset, the component is depreciated over it's shorter life.

c. Useful life of assets are determined by the Management by internal technical assessments except in case where such assessment suggests a life significantly different from those prescribed by Schedule II- Part 'C', the useful life is as assessed and certified by a technical expert.

ii. Assets which are depreciated over useful life/residual value different than those indicated by Schedule II are as under:

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

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

Asset class having residual value at ₹ 1
Computers and IT Equipment
Dies and jigs
Electric installations
Furniture
Office equipment
Electric fittings

iii. Depreciation on additions is being provided on pro rata basis from the month of such additions.

iv. Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished.

D. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

4 Intangible assets

A. Technical know-how acquired

Technical know-how acquired is stated at acquisition cost (including income-tax and R&D cess) less accumulated amortisation and impairment losses, if any. Technical know-how is amortised equally over a period of estimated useful life i.e. six years.

B. Technical know-how developed by the Company

i) Expenditure incurred by the Company on development of know-how researched, is recognised as an intangible asset, if and only if the future economic benefits attributable to the use of such know-how are probable to flow to the Company and the costs/expenditure can be measured reliably.

ii) The cost of technical know-how developed is amortised equally over its estimated useful life i.e. generally three years from the date of commencement of commercial production.

C. Transition to Ind AS

On Transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per previous GAAP which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 38 Intangible assets.

5 Investment property

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

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

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

Transition to Ind AS

On Transition to Ind AS, the Company has elected to continue with the carrying value of investment property recognised as at 1 April 2015 which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 40 Investment Properties.

6 Investments and financial assets

A. Investment in subsidiaries

Interest in subsidiaries are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments.

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

B. Other investments and financial assets

i) Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value including, in the case of 'a financial asset not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 'fair value through profit or loss' are expensed in profit or loss.

Debt instruments

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

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

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

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and if so, assess the need to provide for the same in the Statement of Profit and Loss.

iv) Derecognition of financial assets

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

v) Income recognition

Interest income

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

Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

7 Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company documents its risk management objectives and strategy for undertaking various hedge transactions. In terms thereof, the Company designates their derivatives as hedges of foreign exchange risks associated with the cash flow of highly probable forecast transactions (viz. export sales).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than or equal to 12 months.

Cash flow hedges that qualify for hedge accounting –

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Company designates them in entirety as the hedging instrument. Gains or losses relating to effective portion of fair value of option and forward contracts are recognised in the cash flow hedging reserve within equity.

Where option contracts are used to hedge forecast transactions, the Company designates intrinsic value of the option contract as hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contract are recognised in the cash flow hedging reserve within equity. The changes in time value of the option contracts that relate to the hedge items are recognised through other comprehensive income in 'Costs of hedging reserve' within equity.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Profit and Loss.

If the hedge ratio for risk management is no longer optimal, but risk management objectives remain unchanged and hedge continues to qualify for hedge accounting, the hedge relationships are re-balanced so that the hedge ratio aligns. Consequently, hedge ineffectiveness is computed and accounted for in the Statement of Profit and Loss immediately.

8 Foreign currency transactions

i) Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

ii) On initial recognition, all foreign currency transactions are recorded at foreign exchange rate on the date of transaction.

iii) Monetary items of current assets and liabilities in foreign currency outstanding at the close of financial year are revalorised at the appropriate exchange rates prevailing at the close of the year.

iv) The gain or loss on decrease/increase in reporting currency due to fluctuations in foreign exchange rates, in case of monetary current assets and liabilities in foreign currency, are recognised in the Statement of Profit and Loss in the manner detailed in note 39 to financial statements.

v) Fixed assets purchased at liaison offices in foreign exchange are recorded at their historical cost computed with reference to the average rate of foreign exchange remitted to the liaison office.

9 Inventories

Cost of inventories have been computed to include all costs of purchases (including materials), cost of conversion and other costs incurred, as the case may be, in bringing the inventories to their present location and condition.

i) Finished stocks of vehicles and auto spare parts and stocks of work-in-progress are valued at cost of manufacturing or net realisable value whichever is lower. Cost is calculated on a weighted average basis. Cost of finished stocks of vehicles lying in the factory premises, branches, depots are valued inclusive of excise duty.

ii) Stores, packing material and tools are valued at cost arrived at on weighted average basis or net realisable value, whichever is lower.

iii) Raw materials and components are valued at cost arrived at on weighted average basis or net realisable value, whichever is lower, as circumstances demand. However, obsolete and slow moving items are valued at cost or estimated realisable value whichever is lower.

iv) Inventory of machinery spares and maintenance materials not being material are expensed in the year of purchase. However, machinery spares forming key components specific to a machinery and held as insurance spares are capitalised along with the cost of the asset.

v) Goods in transit are stated at actual cost incurred up to the date of Balance Sheet.

10 Research & Development expenditure

Research & Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Payments for R&D work by contracted agency are being expensed out up to the stage of completion. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the Company, is considered as an Intangible asset and accounted in the manner specified in clause 4 above.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

11 Employee benefits

a) Privilege leave entitlements

Privilege leave entitlements are recognised as a liability, in the calendar year of rendering of service, as per the rules of the Company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, subject to terms and conditions of the scheme, the liability is recognised on the basis of an independent actuarial valuation.

They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

b) Gratuity

Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully covers the same under Cash Accumulation Policy and Debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). However, any deficit in plan assets managed by LIC and BALIC as compared to the liability on the basis of an independent actuarial valuation is recognised as a liability.

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method in conformity with the principles and manner of computation specified in Ind AS 19.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

c) Superannuation

Defined contribution to superannuation fund is being made as per the scheme of the Company.

d) Provident fund contributions are made to Company's Provident Fund Trust. The contributions are accounted for as defined benefit plans and the contributions are recognised as employee benefit expense when they are due. Deficits, if any, of the fund as compared to liability on the basis of an independent actuarial valuation is to be additionally contributed by the Company and hence recognised as a liability.

e) Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.

12 Taxation

a) Provision for tax is made for the current accounting period (reporting period) on the basis of the taxable profits computed in accordance with the Income-tax Act, 1961 and the Income Computation and Disclosure Standards prescribed therein. Excess/short provisions and interest thereon are recognised only on completion of assessment and where adjustments made by the Assessing Officer are disputed, on receiving the 'Order Giving Effect' to the tax determined by the CIT (Appeals) and thereafter on final settlement of further disputes.

b) Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred taxes are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

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

13 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation such as product warranty costs. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

14 Operating leases including on investment properties

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease in a manner which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished.

As a lessor

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

15 Government grant

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

16 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

17 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Core Management Committee which includes the Managing Director who is the Chief Operating Decision Maker. The Core Management Committee examines performance both from product and a geographical perspective and has identified two operative reportable segments from which significant risks and rewards are derived viz. Automotive business and Investments.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

2 Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block (a)				Depreciation				Net block
	As at 1 April 2016	Additions	Deductions/ adjustments	As at 31 March 2017	As at 1 April 2016	Deductions	For the year (d)	As at 31 March 2017	As at 31 March 2017
Land freehold	20.18	–	–	20.18	–	–	–	–	20.18
Land leasehold	54.34	–	0.65	53.69	–	–	–	–	53.69
Buildings (b) (c)	822.51	54.96	0.01	877.46	231.36	0.01	27.90	259.25	618.21
Waterpumps, reservoirs and mains	16.75	0.43	–	17.18	10.05	–	1.11	11.16	6.02
Plant and machinery	1,485.35	64.30	113.24	1,436.41	1,029.31	106.21	60.05	983.15	453.26
Computers and IT Equipment	82.60	8.86	4.94	86.52	59.94	4.94	11.29	66.29	20.23
Dies and jigs	643.16	55.05	3.24	694.97	443.25	2.28	48.19	489.16	205.81
Electric installations	72.84	0.15	0.01	72.98	58.29	–	6.07	64.36	8.62
Factory equipments	347.71	27.62	6.34	368.99	139.48	5.19	24.70	158.99	210.00
Furniture	41.93	5.43	0.29	47.07	22.79	0.24	3.95	26.50	20.57
Office equipment	45.95	3.51	0.29	49.17	32.26	0.27	5.28	37.27	11.90
Electric fittings	29.03	2.49	0.14	31.38	16.19	0.14	3.01	19.06	12.32
Vehicles and aircraft	638.61	16.07	11.40	643.28	321.66	4.73	68.55	385.48	257.80
Total	**4,300.96**	**238.87**	**140.55**	**4,399.28**	**2,364.58**	**124.01**	**260.10**	**2,500.67**	**1,898.61**
Capital work-in-progress	**26.89**	**8.15**	**24.40**	**10.64**	**–**	**–**	**–**	**–**	**10.64**

(a) At cost, except leasehold land which is at cost, less amounts written off.
(b) Includes premises on ownership basis in Co-operative Society ₹ 25.48 crore and cost of shares therein ₹ 5,000.
(c) Includes premises purchased, pending registration amounting to ₹ 15.02 crore.
(d) Refer note 1C clause 3 of summary of significant accounting policies.
(e) On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per previous GAAP, which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 16 Property, plant and equipment. As on 1 April 2015, gross block and accumulated depreciation was ₹ 4,100.91 crore and ₹ 2,183.67 crore respectively.

Previous year

(₹ In Crore)

Particulars	Gross block (a)				Depreciation				Net block
	As at 1 April 2015	Additions	Deductions/ adjustments	As at 31 March 2016	As at 1 April 2015	Deductions	For the year (d)	As at 31 March 2016	As at 31 March 2016
Land freehold	20.18	–	–	20.18	–	–	–	–	20.18
Land leasehold	54.99	–	0.65	54.34	–	–	–	–	54.34
Buildings (b) (c)	751.72	82.99	12.20	822.51	211.23	6.05	26.18	231.36	591.15
Waterpumps, reservoirs and mains	14.34	0.97	(1.44)	16.75	8.29	(1.02)	0.74	10.05	6.70
Plant and machinery	1,502.89	49.85	67.39	1,485.35	1,026.75	63.10	65.66	1,029.31	456.04
Computers and IT Equipment	67.63	15.28	0.31	82.60	49.40	0.30	10.84	59.94	22.66
Dies and jigs	590.48	56.99	4.31	643.16	402.10	3.89	45.04	443.25	199.91
Electric installations	72.64	0.20	–	72.84	50.18	–	8.11	58.29	14.55
Factory equipments	294.11	55.08	1.48	347.71	118.42	1.23	22.29	139.48	208.23
Furniture	32.06	10.23	0.36	41.93	18.97	0.21	4.03	22.79	19.14
Office equipment	42.57	3.70	0.32	45.95	27.28	0.32	5.30	32.26	13.69
Electric fittings	23.04	6.03	0.04	29.03	13.33	0.03	2.89	16.19	12.84
Vehicles and aircraft	634.26	14.12	9.77	638.61	257.72	4.28	68.22	321.66	316.95
Total	**4,100.91**	**295.44**	**95.39**	**4,300.96**	**2,183.67**	**78.39**	**259.30**	**2,364.58**	**1,936.38**
Capital work-in-progress	**101.72**	**26.89**	**101.72**	**26.89**	**–**	**–**	**–**	**–**	**26.89**

(a) At cost, except leasehold land which is at cost, less amounts written off.
(b) Includes premises on ownership basis in Co-operative Society ₹15.16 crore and cost of shares therein ₹ 4,000.
(c) Includes premises purchased, pending registration amounting to ₹ 15.30 crore.
(d) Refer note 1C clause 3 of summary of significant accounting policies.
(e) On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per previous GAAP, which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 16 Property, plant and equipment. As on 1 April 2015, gross block and accumulated depreciation was ₹ 4,100.91 crore and ₹ 2,183.67 crore respectively.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

3 Investment property

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Gross carrying amount			
Opening balance	69.46	67.98	
Additions	–	1.48	
Closing balance	69.46	69.46	67.98
Accumulated depreciation			
Opening balance	9.03	6.46	
Depreciation charge	1.90	2.57	
Closing balance	10.93	9.03	6.46
Net carrying amount	58.53	60.43	61.52

Note:
Investment property has been carried at the cost less accumulated depreciation as at 1 April 2015, as the cost and depreciation determined under the previous GAAP, in case of the Company, is in line with the principles of Ind AS 40.

i) Amounts recognised in profit or loss for investment properties

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Rental income	11.42	10.95
Direct operating expenses from property that generated rental income	(1.27)	(1.28)
Direct operating expenses from property that did not generate rental income	–	–
Profit from investment properties before depreciation	10.15	9.67
Depreciation	(1.90)	(2.57)
Profit from investment property	8.25	7.10

ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing arrangements

Certain investment properties are leased out to tenants under operating leases. Disclosure on future rent receivable is included in Note 38.

iv) Fair value

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Investment property	195.17	185.81	176.44

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Company are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

4 Intangible assets

Current year

(₹ In Crore)

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2016	Additions	Deductions/ adjustments	As at 31 March 2017	As at 1 April 2016	Deductions	For the year	As at 31 March 2017	As at 31 March 2017
Intangible assets									
Technical know-how developed	133.93	–	–	133.93	44.64	–	44.64	89.28	44.65
Total Intangible assets	**133.93**	**–**	**–**	**133.93**	**44.64**	**–**	**44.64**	**89.28**	**44.65**
Intangible assets under development	**25.35**	**6.18**	**–**	**31.53**	**–**	**–**	**–**	**–**	**31.53**

Previous year

(₹ In Crore)

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2015	Additions	Deductions/ adjustments	As at 31 March 2016	As at 1 April 2015	Deductions	For the year	As at 31 March 2016	As at 31 March 2016
Intangible assets									
Technical know-how developed	–	133.93	–	133.93	–	–	44.64	44.64	89.29
Total Intangible assets	**–**	**133.93**	**–**	**133.93**	**–**	**–**	**44.64**	**44.64**	**89.29**
Intangible assets under development	**153.22**	**6.06**	**133.93**	**25.35**	**–**	**–**	**–**	**–**	**25.35**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Investments

(₹ In Crore)

Particulars		Non-current investments			Current investments		
		As at			As at		
		31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
A. Investment in subsidiaries							
Investment carried at cost							
In subsidiaries							
Unquoted:							
1,980,000	Shares of Euro 100 each in Bajaj Auto International Holding BV Amsterdam, Netherlands	1,218.72	1,218.72	1,218.72	–	–	–
411,875	Shares of US $ 100 each in PT. Bajaj Auto Indonesia	205.57	205.57	205.57	–	–	–
	Less: Provision for diminution in the value of investment	201.57	201.57	201.57	–	–	–
		4.00	4.00	4.00	–	–	–
					–	–	–
Total (A)		1,222.72	1,222.72	1,222.72	–	–	–
B. Other Investments							
Investment carried at amortised cost							
In Government and Trust Securities:							
Unquoted:							
	6 Years National Saving Certificates of the face value of ₹ 98,500	–	–	0.01	–	0.01	–
In Bonds & Debentures:							
Quoted:							
–	(-)/(150) 8.75% Axis Bank Ltd. of ₹ 1,000,000 each	–	–	–	–	–	15.00
200	(200)/(200) 8.85% Corporation Bank of ₹ 1,000,000 each	20.14	20.20	20.25	–	–	–
–	(748)/(748) 9.00% Canara Bank of ₹ 1,000,000 each	–	75.36	75.61	–	–	–
3,000	(3,000)/(3,000) 6.70% Indian Railway Finance Corporation Ltd. - Tax Free of ₹ 100,000 each	30.00	30.00	30.00	–	–	–
–	(250)/(250) 10.70% Indian Oil Corporation Ltd. of ₹ 1,000,000 each	–	–	26.20	–	25.74	–
30,000	(30,000)/(30,000) 7% Industrial Development Bank of India Ltd. of ₹ 5,000 each (net of provision for diminution amounting to ₹ 1.95 crore - previous year ₹ 1.95 crore)	14.71	14.58	14.46	–	–	–
–	(-)/(500) 8.95% Power Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	50.61	–	–	–
–	(100)/(100) 11.25% Power Finance Corporation Ltd. of ₹ 1,000,000 each	–	10.62	10.79	–	–	–
–	(-)/(100) 7.39% Power Grid Corporation of India Ltd. of ₹ 1,000,000 each	–	–	–	–	–	9.93
–	(-)/(1,160) 8.84% Power Grid Corporation of India Ltd. of ₹ 1,250,000 each	–	–	95.71	–	–	50.15
	Carried over	64.85	150.76	323.63	–	25.74	75.08
	Carried over	–	–	0.01	–	0.01	–

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments			Current investments		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Brought over	–	–	0.01	–	0.01	–
In Bonds & Debentures: (Contd.)						
Quoted: (Contd.)						
Brought over	64.85	150.76	323.63	–	25.74	75.08
– (-)/(480) 8.90% Power Grid Corporation of India Ltd. of ₹ 1,250,000 each	–	–	–	–	–	60.12
– (80)/(80) 9.33% Power Grid Corporation of India Ltd. of ₹ 1,250,000 each	–	2.21	10.18	–	7.86	–
– (-)/(147) 9.35% Punjab National Bank of ₹ 1,000,000 each	–	–	14.98	–	–	–
58,520 (58,520)/(58,520) Zero Coupon Rural Electrification Corporation Ltd. of ₹ 30,000 each	130.26	120.19	110.95	–	–	–
69,632 (19,632)/(19,632) Zero Coupon National Bank for Agriculture and Rural Development of ₹ 20,000 each	104.75	32.68	30.09	19.08	–	–
– (500)/(-) Zero Coupon Kotak Mahindra Prime Ltd. of ₹ 1,000,000 each	–	–	–	–	49.01	–
– (-)/(150) 9.90% Tata Sons Ltd. of ₹ 1,000,000 each	–	–	–	–	–	14.98
– (-)/(50) 8.80% Ultra Tech Cement Ltd. of ₹ 1,000,000 each	–	–	–	–	–	5.00
– (-)/(20) 7.75% HDFC Bank Ltd. of ₹ 1,000,000 each	–	–	–	–	–	2.00
– (-)/(500) 8.25% HDFC Bank Ltd. of ₹ 1,000,000 each	–	–	–	–	–	50.00
– (-)/(100) 9.99% Sundaram Finance Ltd. of ₹ 1,000,000 each	–	–	–	–	–	10.00
– (-)/(100) 9.83% Tata Capital Financial Services Ltd. of ₹ 1,000,000 each	–	–	–	–	–	10.00
– (-)/(750) 9.98% Tata Sons Ltd. of ₹ 1,000,000 each	–	–	–	–	–	75.00
– (-)/(100) 9.85% HDB Financial Services Ltd. of ₹ 500,000 each	–	–	–	–	–	5.00
– (400)/(-) 8.54% HDB Financial Services Ltd. of ₹ 1,000,000 each	–	–	–	–	39.99	–
– (180)/(-) 9.60% L&T Finance Ltd. of ₹ 2,500,000 each	–	–	–	–	45.07	–
– (-)/(800) Zero Percent Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	–	–	85.99
– (250)/(-) 8.80% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	–	25.00	–
– (-)/(350) 9.75% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	–	–	35.00
250 (-)/(750) 9.60% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	25.05	–	75.07
– (-)/(200) 9.85% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	–	–	20.01
– (150)/(-) 9.90% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	–	15.02	–
Carried over	299.86	305.84	489.83	44.13	207.69	523.25
Carried over	–	–	0.01	–	0.01	–

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments			Current investments		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Brought over	–	–	0.01	–	0.01	–
In Bonds & Debentures: (Contd.)						
Quoted: (Contd.)						
Brought over	299.86	305.84	489.83	44.13	207.69	523.25
35 (-)/(-) 8.50% Housing Development Finance Corporation Ltd. of ₹ 10,000,000 each	35.45	–	–	–	–	–
50 (-)/(-) 8.65% Housing Development Finance Corporation Ltd. of ₹ 10,000,000 each	50.71	–	–	–	–	–
800 (-)/(-) 8.70% Housing Development Finance Corporation Ltd. of ₹ 500,000 each	40.90	–	–	–	–	–
25 (-)/(-) 8.75% Housing Development Finance Corporation Ltd. of ₹ 10,000,000 each	25.63	–	–	–	–	–
500 (-)/(-) 8.75% Housing Development Finance Corporation Ltd. of ₹ 500,000 each	25.50	–	–	–	–	–
200 (-)/(-) 9.50% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	20.07	–	–
500 (-)/(-) 9.70% Housing Development Finance Corporation Ltd. of ₹ 1,000,000 each	–	–	–	50.09	–	–
– (700)/(-) 9.74% LIC Housing Finance Ltd. of ₹ 1,000,000 each	–	–	–	–	70.23	–
– (850)/(-) 8.64% LIC Housing Finance Ltd. of ₹ 1,000,000 each	–	–	–	–	85.00	–
– (-)/(750) 9.02% LIC Housing Finance Ltd. of ₹ 1,000,000 each	–	–	–	–	–	74.90
– (-)/(700) 9.60% LIC Housing Finance Ltd. of ₹ 1,000,000 each	–	–	–	–	–	70.04
– (-)/(450) 9.90% LIC Housing Finance Ltd. of ₹ 1,000,000 each	–	–	–	–	–	45.00
1,350 (-)/(-) 8.75% LIC Housing Finance Ltd. of ₹ 1,000,000 each	–	–	–	134.93	–	–
1,000 (-)/(-) 8.02% LIC Housing Finance Ltd. of ₹ 1,000,000 each	100.00	–	–	–	–	–
750 (-)/(-) 8.47% LIC Housing Finance Ltd. of ₹ 1,000,000 each	75.71	–	–	–	–	–
1,250 (-)/(-) 9.57% LIC Housing Finance Ltd. of ₹ 1,000,000 each	–	–	–	125.38	–	–
500 (-)/(-) 9.62% Aditya Birla Finance Ltd. of ₹ 1,000,000 each	–	–	–	50.45	–	–
Amortised cost as at 31 March	653.76	305.84	489.83	425.05	362.92	713.19
In Commercial Paper:						
Unquoted:						
– (-)/(1,000) Commercial Paper of ₹ 500,000 each of Small Industries Development Bank of India 364D - 24-03-2016	–	–	–	–	–	46.11
Carried over	–	–	–	–	–	46.11
Carried over	653.76	305.84	489.84	425.05	362.93	713.19

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments			Current investments		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Brought over	653.76	305.84	489.84	425.05	362.93	713.19
In Commercial Paper: (Contd.)						
Unquoted: (Contd.)						
Brought over	–	–	–	–	–	46.11
– (1,000)/(-) Commercial Paper of ₹ 500,000 each of Axis Finance Ltd. - 331D - 15-07-2016	–	–	–	–	48.81	–
– (2,000)/(-) Commercial Paper of ₹ 500,000 each of Daimler Financial Services India Private Ltd. 365D - 07-07-2016	–	–	–	–	97.75	–
– (2,000)/(-) Commercial Paper of ₹ 500,000 each of Housing Development Finance Corporation Ltd. 354D - 27-01-2017	–	–	–	–	93.31	–
– (2,000)/(-) Commercial Paper of ₹ 500,000 each of ICICI Home Finance Company Ltd. - 267D - 19-08-2016	–	–	–	–	96.99	–
1,000 (-)/(-) Commercial Paper of ₹ 500,000 each of Aditya Birla Finance Ltd. - 356D - 15-03-2018	–	–	–	46.74	–	–
2,000 (-)/(-) Commercial Paper of ₹ 500,000 each of Housing Development Finance Corporation Ltd. - 364D - 09-06-2017	–	–	–	98.42	–	–
2,000 (-)/(-) Commercial Paper of ₹ 500,000 each of Kotak Mahindra Investments Ltd. - 182D - 08-09-2017	–	–	–	96.88	–	–
1,000 (-)/(-) Commercial Paper of ₹ 500,000 each of Kotak Mahindra Prime Ltd. - 357D - 14-06-2017	–	–	–	49.15	–	–
1,000 (-)/(-) Commercial Paper of ₹ 500,000 each of Kotak Mahindra Prime Ltd. - 364D - 20-07-2017	–	–	–	48.82	–	–
Amortised cost as at 31 March	–	–	–	340.01	336.86	46.11
In Certificate of Deposit:						
Unquoted:						
– (-)/(5,000) Certificate of Deposit of ₹ 100,000 each of Bank of India- 04-03-2016	–	–	–	–	–	46.38
– (-)/(7,500) Certificate of Deposit of ₹ 100,000 each of Canara Bank - 01-03-2016	–	–	–	–	–	69.65
– (-)/(7,500) Certificate of Deposit of ₹ 100,000 each of Canara Bank - 09-03-2016	–	–	–	–	–	69.59
– (-)/(10,000) Certificate of Deposit of ₹ 100,000 each of Canara Bank - 23-03-2016	–	–	–	–	–	92.34
– (-)/(5,000) Certificate of Deposit of ₹ 100,000 each of State Bank of Patiala - 23-03-2016	–	–	–	–	–	46.22
– (-)/(5,000) Certificate of Deposit of ₹ 100,000 each of Union Bank of India - 18-03-2016	–	–	–	–	–	46.24
Amortised cost as at 31 March	–	–	–	–	–	370.42
Carried over	653.76	305.84	489.84	765.06	699.79	1,129.72

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars		Non-current investments As at 31 March 2017	Non-current investments As at 31 March 2016	Non-current investments As at 1 April 2015	Current investments As at 31 March 2017	Current investments As at 31 March 2016	Current investments As at 1 April 2015
	Brought over	653.76	305.84	489.84	765.06	699.79	1,129.72
Investment carried at fair value through profit or loss							
In Fixed Maturity Plans							
Unquoted:							
26,781,719	(26,781,719)/(230,000,000) Units of Axis Fixed Term Plan Direct Growth (Series 43/47/49/52/55/59/60)	17.61	32.25	–	17.37	–	254.79
1,096,838,585	(833,166,236)/(704,000,000) Units of Birla Sun Life Fixed Term Plan Growth (Series IY/JR/JX/KA/KE/KH/KJ/KO/KP/KR/KT/KW/KX/LV/MA/MD/MK/MP/MQ/MR/MU/MX/MY/NB/ND/NE/OE/OD/OG/NT/OH/OI/OK/OL)	1,132.69	921.89	143.24	145.64	6.43	625.18
91,132,500	(16,132,500)/(90,000,000) Units of DSP Blackrock Fixed Maturity Plan Direct Growth (Series 36/37/152/204/205/209)	75.40	19.42	–	20.94	–	99.47
289,292,741	(310,823,151)/(455,000,000) Units of DHFL Pramerica Fixed Maturity Direct Plan Growth (Series 33/37/45/47/49/52/53/54/57/63/82/87/91/95/29/31/AG/AE) (Formerly known as DWS)	364.32	323.48	122.75	56.30	27.93	370.01
566,558,622	(538,558,622)/(734,250,000) Units of HDFC Fixed Maturity Plan (Series 29/31/32/33/34/35/37)	238.53	608.01	170.68	450.62	–	634.14
1,449,280,000	(1,178,680,000)/(938,500,000) Units of ICICI - Prudential Fixed Maturity Plan (Series 68[L], 69[B/D], 70[S], 71[B/D/H/L], 72[B/E/J/L/N/S], 73[G], 75[F/H/J/N/O/P/R/T], 76[D/F/G/T/U/V/W/Y/Z], 77[A/C/D/H/S/T/W],78[A/C],79[P/M/K/T/J],80[J/P/G/F/O/L/U/T/Q]	927.03	1,260.87	500.72	774.81	68.60	507.44
–	(-)/(37,226,201) Units of ICICI Prudential Blended Plan B Direct Plan Growth Option	–	–	–	–	–	77.57
131,117,977	(184,898,800)/(364,233,563) Units of IDFC Fixed Term Plan Growth (Series -2/21/26/29/39/48/51/57/60/64/66/70/72/74/75/77/78/79/86/88/108/129/131)	143.10	83.99	6.53	7.75	139.48	402.88
–	(-)/(86,000,000) Units of JP Morgan India Fixed Maturity Plan Direct Growth (Series 30/33)	–	–	–	–	–	95.12
876,350,460	(798,350,460)/(455,000,000) Units of Kotak Fixed Maturity Plan Growth (Series 132/133/141/142/145/146/147/149/150/151/160/163/171/175/176/178/179/180/181/182/185/191/196/199/200/202)	755.64	809.20	106.33	275.95	83.93	391.84
43,498,551	(78,228,447)/(185,000,000) Units of L&T Fixed Maturity Plan Direct Growth (Series 10[H/S/T])	37.82	51.81	–	18.56	42.38	204.92
1,363,793,358	(1,061,039,853)/(699,431,721) Units of Reliance Fixed Horizon Fund Growth (Plan XXII [Series 21/26/29], XXIV [6/22], XXV [1/6/11/13/16/17/19/21/22/27/28/30], XXVII [4/6/7/8/11], XXVIII [2/4/19]),XXIX[1/6/2/8/9/10/16/19/20], XXX[1/2/19], XXXI[5/7/8/9/13], XXXII[5/8/9], XXXIII[1/3/4/6/7]) and Reliance Interval Fund (Plan IV [Series 3])	1,174.58	1,126.80	216.32	400.38	43.64	561.39
–	(-)/(42,062,168) Units of Reliance Floating Rate Fund Short Term Plan Direct Growth Plan	–	–	–	–	–	93.69
	Carried over	4,866.72	5,237.72	1,266.57	2,168.32	412.39	4,318.44
	Carried over	653.76	305.84	489.84	765.06	699.79	1,129.72

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars		Non-current investments As at 31 March 2017	Non-current investments As at 31 March 2016	Non-current investments As at 1 April 2015	Current investments As at 31 March 2017	Current investments As at 31 March 2016	Current investments As at 1 April 2015
	Brought over	653.76	305.84	489.84	765.06	699.79	1,129.72
In Fixed Maturity Plans (Contd.)							
Unquoted: (Contd.)							
	Brought over	4,866.72	5,237.72	1,266.57	2,168.32	412.39	4,318.44
333,000,000	(308,000,000)/(208,000,000) Units of Religare Invesco Fixed Maturity Plan Direct Growth (Series 22[Plan H/L], 24[D/F], 25[A/F],26[A/C/E],27[A/C],29[B])	295.60	335.88	120.33	96.22	–	99.63
827,314,693	(847,314,693)/(400,788,718) Units of SBI Debt Fund Direct Plan Growth (Series 1/13/54/A1/A2/A3/A5/A9/ A10/B2/B3/B6/B16/B17/B18/B20/B22/B23/B25/B26/ B27/B28/B29/B19/B36/B42/B43/B46/B49)	682.87	843.63	89.55	289.37	88.05	350.25
305,000,000	(275,000,000)/(90,000,000) Units of Sundaram Fixed Term Plan Direct Growth (Series ER/GU/GW/GY/HA/HB/HC/HM/HS)	310.86	289.36	20.35	37.42	–	77.40
84,908,035	(84,908,035)/(176,000,000) Units of Tata Fixed Maturity Plan Growth (Series 46[K/M/N/Q/R/T])	111.19	101.74	–	–	–	194.71
627,951,200	(559,951,200)/(189,000,000) Units of UTI Fixed Maturity Plan Growth (Series XVII-VII/XVII-XIV/ XX-VIII/XXII - XIV/XXII - IX/XXII - X/XXII - XI/XXIII - III/ XXIII-XI/XX-X/XXV-V/XXVI-VI/XXVI-VIII)	537.67	603.76	132.53	190.52	–	67.82
	Fair value as at 31 March	6,804.91	7,412.09	1,629.33	2,781.85	500.44	5,108.25
In Short-term Mutual Funds							
Quoted:							
17,984,075	(17,984,075)/(17,984,075) Units of DHFL Pramerica Premier Bond Fund Direct Plan Growth (Formerly known as DWS)	–	–	–	48.78	44.61	41.40
71,690,778	(-)/(-) Units of DSP BlackRock Banking and PSU Debt Fund Direct Plan Growth	–	–	–	100.46	–	–
226,148,996	(-)/(-) Units of IDFC Corporate Bond Fund Direct Plan Growth	–	–	–	253.65	–	–
74,032,850	(-)/(-) Units of IDFC Super Saver Income Fund Short-term Direct Plan Growth	–	–	–	254.07	–	–
673,146	(-)/(-) Units of Invesco India Short-term Fund Direct Plan Growth	–	–	–	150.80	–	–
96,179,609	(-)/(-) Kotak Bond Short-term Plan (Growth) Direct	–	–	–	304.32	–	–
34,422,150	(-)/(-) L&T Banking and PSU Debt Fund Direct Plan Growth Option	–	–	–	50.67	–	–
95,399,004	(-)/(-) L&T Short-term Opportunities Fund Direct Plan Growth Option	–	–	–	152.03	–	–
235,482,214	(-)/(-) Reliance Banking and PSU Debt Fund Direct Plan Growth Option	–	–	–	278.62	–	–
	Fair value as at 31 March	–	–	–	1,593.40	44.61	41.40
	Carried over	7,458.67	7,717.93	2,119.17	5,140.31	1,244.84	6,279.37

Notes to financial statements for the year ended 31 March 2017 (Contd.)

5 Investments (Contd.)

(₹ In Crore)

Particulars	Non-current investments As at 31 March 2017	31 March 2016	1 April 2015	Current investments As at 31 March 2017	31 March 2016	1 April 2015
Brought over	7,458.67	7,717.93	2,119.17	5,140.31	1,244.84	6,279.37
In Liquid Mutual Funds						
Quoted:						
– (315,411)/(54,599) Units of SBI Premier Liquid Fund Direct Plan Growth	–	–	–	–	75.10	12.01
9,569,909 (-)/(-) Birla Sun Life Cash Plus Direct Plan Growth Option	–	–	–	250.07	–	–
736,403 (-)/(-) HDFC CM Savings Direct Plan Growth Option	–	–	–	250.07	–	–
1,285,161 (-)/(-) L&T Liquid Fund Direct Plan Growth Option	–	–	–	286.60	–	–
461,964 (-)/(-) UTI Liquid Fund Cash Plan Inst Growth Direct	–	–	–	123.03	–	–
Fair value as at 31 March	–	–	–	909.77	75.10	12.01
Total (B)	7,458.67	7,717.93	2,119.17	6,050.08	1,319.94	6,291.38
Total (A+B)	8,681.39	8,940.65	3,341.89	6,050.08	1,319.94	6,291.38
Aggregate provision for diminution in value of investments	203.52	203.52	203.52	–	–	–

(₹ In Crore)

Particulars	Book value As at 31 March 2017	31 March 2016	1 April 2015	Market value As at 31 March 2017	31 March 2016	1 April 2015
Quoted	3,581.98	788.47	1,256.43	3,594.99	794.21	1,267.82
Unquoted	11,149.49	9,472.12	8,376.84			
Total	14,731.47	10,260.59	9,633.27			

Notes to Investments

1 Investments made by the Company other than those with a maturity of less than one year, are intended to be held for long–term. On an assessment of the expected credit loss due to significant changes in risk profile, no material provisions are required to be made.

2 In absence of an active market and non availability of quotes on recognised stock exchange, investment in fixed maturity plans and fixed term plans though listed on recognised stock exchange are disclosed as unquoted. Other mutual funds, though unlisted, are quoted on recognised stock exchanges at their previous day NAVs which is the quote for the day.

3 Refer note 1C (6) for accounting policy and valuation principles for investments and note 31 for credit risk management related to investments.

6 Loans
(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current As at 31 March 2017	31 March 2016	1 April 2015	Current As at 31 March 2017	31 March 2016	1 April 2015
Security deposits	22.75	22.41	22.33	–	–	–
Employee loans	6.99	7.06	6.52	6.47	7.05	6.80
	29.74	29.47	28.85	6.47	7.05	6.80

Security deposits include a sum of ₹ 9.92 crore (previous year ₹ 9.92 crore) against use of premises on a Leave License basis, placed with directors and their relatives, jointly and severally. [See note 37]

Notes to financial statements for the year ended 31 March 2017 (Contd.)

7 Other financial assets

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Non-current bank balances [See note 12]	0.02	–	0.02	–	–	–
Interest receivable on investments	–	–	–	38.39	26.63	34.04
Interest receivable on loans, deposits etc.	–	–	–	0.34	0.44	0.42
Valuation gains on derivative hedging instruments [See note 31]	–	–	–	207.38	12.88	56.14
Other advances				17.07	12.94	8.64
	0.02	–	0.02	263.18	52.89	99.24

8 Other assets
(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances	114.67	137.85	93.32	–	–	–
Security deposits	5.63	5.28	4.72	–	–	–
Advances to related parties [See note 37]	–	–	–	3.73	7.11	7.14
Advances recoverable in cash or kind						
Unsecured considered good	22.77	22.67	20.12	67.15	63.69	59.94
Doubtful	7.38	4.80	4.67	–	–	–
	30.15	27.47	24.79	67.15	63.69	59.94
Provision for doubtful advances	7.38	4.80	4.67	–	–	–
	22.77	22.67	20.12	67.15	63.69	59.94
VAT refund receivable	106.34	94.26	67.19	638.22	598.21	850.59
Excise duty rebate receivable on export	–	–	–	172.57	138.66	311.23
Balances with Central Excise Department	19.06	19.06	19.06	33.29	43.78	17.26
Export incentives receivable						
Unsecured considered good	–	0.02	0.02	181.33	197.40	263.79
Doubtful	5.73	5.73	5.73	–	–	–
	5.73	5.75	5.75	181.33	197.40	263.79
Provision for doubtful export incentives	5.73	5.73	5.73	–	–	–
	–	0.02	0.02	181.33	197.40	263.79
	268.47	**279.14**	**204.43**	**1,096.29**	**1,048.85**	**1,509.95**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

9 Inventories

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Raw materials and components (includes in transit ₹ 39.78 crore (previous year ₹ 46.10 crore))	239.27	271.92	303.36
Work-in-progress	39.83	42.61	28.65
Finished goods	430.80	384.34	461.75
Stores, spares and packing material	14.99	15.85	17.47
Loose tools	3.49	4.35	2.92
	728.38	719.07	814.15

Amount recognised in profit or loss

Write-downs of inventories to net realisable value resulted in net loss/(gain) of ₹ (3.23) crore [Previous year – ₹ 11.11 crore]. These were recognised as an expense/income during the year in the Statement of Profit and Loss.

10 Trade receivables

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current As at 31 March 2017	31 March 2016	1 April 2015	Current As at 31 March 2017	31 March 2016	1 April 2015
Good	–	–	–	953.29	717.93	716.96
Doubtful	4.95	4.83	4.26	–	–	–
	4.95	4.83	4.26	953.29	717.93	716.96
Provision for doubtful receivable	4.95	4.83	4.26	–	–	–
	–	–	–	953.29	717.93	716.96

11 Cash and cash equivalents

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Balances with banks	279.63	522.30	574.95
Cash on hand [See note 40]	0.19	0.20	0.12
Cash equivalents			
Certificate of Deposits with maturity of less than 3 months from date of acquisition	–	295.05	–
	279.82	817.55	575.07

Notes to financial statements for the year ended 31 March 2017 (Contd.)

12 Other bank balances

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Unclaimed dividend accounts	–	–	–	13.86	41.95	11.08
Deposits with residual maturity for more than 12 months	0.02	–	0.02	–	–	–
Deposits with residual maturity for less than 12 months	–	–	–	–	0.02	–
	0.02	–	0.02	13.86	41.97	11.08
Amount disclosed under 'other financial assets' [See note 7]	(0.02)	–	(0.02)	–	–	–
	–	–	–	13.86	41.97	11.08

13 Equity share capital

(₹ In Crore)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Authorised			
300,000,000 equity shares of ₹ 10 each	300.00	300.00	300.00
Issued, subscribed and fully paid-up shares			
289,367,020 equity shares of ₹ 10 each	289.37	289.37	289.37
	289.37	289.37	289.37

a. Of the above

Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares issued in earlier years has been disbanded during the year 2016-17, hence there are no outstanding GDRs at the close of the year.

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at					
	31 March 2017		31 March 2016		1 April 2015	
	Nos.	% Holding	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid						
Bajaj Holdings & Investment Ltd.	91,280,000	31.54%	91,119,000	31.49%	91,119,000	31.49%
Jamnalal Sons Pvt. Ltd.	25,844,400	8.93%	25,844,400	8.93%	25,844,400	8.93%
Life Insurance Corporation of India	15,602,107	5.39%	17,584,960	6.08%	16,967,330	5.86%

Notes to financial statements for the year ended 31 March 2017 (Contd.)

14 Other equity

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Reserves and surplus			
General reserve			
Balance as at the beginning of the year	3,663.60	3,297.60	
Add: Transferred from Retained earnings	383.00	366.00	
Closing balance	4,046.60	3,663.60	3,297.60
Retained earnings			
Balance as at the beginning of the year	9,305.17	9,206.96	
Profit for the year	3,827.56	3,929.67	
Items of other comprehensive income recognised directly in retained earnings			
Actuarial gains/losses of defined benefit plans	(13.04)	(0.86)	
Less: Appropriations			
Transfer to General reserve	383.00	366.00	
Interim dividend, declared and paid during the year	–	1,446.84	
Tax on interim dividend	–	294.54	
Final dividend, declared and paid during the year	144.68	1,446.84	
Tax on final dividend	29.45	287.73	
Provision for Corporate Dividend Tax for previous year written back under section 115(O) of Income-tax Act, 1961	–	(11.35)	
Total appropriations	557.13	3,830.60	
Balance in retained earnings	12,562.56	9,305.17	9,206.96
Other reserves:			
Cash flow hedging reserve [See note 31]	200.27	23.86	121.13
Costs of hedging reserve [See note 31]	(64.67)	(15.45)	(84.42)
	16,744.76	12,977.18	12,541.27

Notes to financial statements for the year ended 31 March 2017 (Contd.)

15 Sales tax deferral

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Unsecured						
Sales tax deferral liability/loan, an incentive under Package Scheme of Incentives 1983 and 1993 - interest free, partially prepaid	119.90	117.86	111.77	–	–	0.58
	119.90	117.86	111.77	–	–	0.58
Amount disclosed under the head 'other financial liabilities' [See note 19]	–	–	–	–	–	(0.58)
	119.90	117.86	111.77	–	–	–

The exemption of interest on the sales tax liability deferred for payment is considered as a Government grant and measured at internal rate of return available for pre-payment of the liability as per the sales tax rules

16 Provisions

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits [See note 36]						
Provision for gratuity	74.18	43.14	77.61	–	–	–
Provision for compensated absences	–	–	–	99.65	87.24	79.56
Provision for welfare scheme	3.95	4.43	4.83	0.29	0.41	0.38
	78.13	47.57	82.44	99.94	87.65	79.94
Other provisions						
Provision for warranties	–	–	–	20.99	25.30	23.16
	78.13	47.57	82.44	120.93	112.95	103.10

Provision for warranties

(₹ In Crore)

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
At the beginning of the year	25.30	23.16	27.30
Arising during the year	19.50	25.29	16.18
Utilised during the year	23.81	23.15	20.32
At the end of the year	20.99	25.30	23.16

Notes to financial statements for the year ended 31 March 2017 (Contd.)

17 Deferred tax liabilities (net)

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Deferred tax liabilities			
On account of timing difference in			
Property, plant and equipment	300.07	307.61	276.80
Financial instruments:			
Fair valuation of mutual funds including FMP	65.04	1.14	78.96
Fair valuation of derivative hedging contracts	106.00	12.64	64.11
Difference in amortisation of discount on acquisition of fixed income securities	–	0.77	2.02
Amortisation of discount on acquisition of fixed income securities	11.08	7.96	1.97
	182.12	22.51	147.06
Gross deferred tax liabilities	482.19	330.12	423.86
Deferred tax assets			
On account of timing difference in			
Retiral and other benefits:			
Voluntary Retirement Scheme costs	10.08	17.37	25.50
Bonus provisions	2.36	2.36	–
Provision for privilege leave etc.	34.49	30.20	27.54
Defined benefit plans provisions - P&L	18.08	14.47	26.86
Defined benefit plans provisions - OCI	7.36	0.46	–
	72.37	64.86	79.90
Financial instruments:			
Fair valuation of derivative hedging contracts	34.23	8.18	–
Transitional provision for diminution in value of investments	0.22	0.22	0.22
	34.45	8.40	0.22
Other items:			
Inventory valuation (section 145A of the Income-tax Act,1961)	40.84	34.07	37.35
Provision for bad/doubtful debts and advances	4.27	3.33	3.09
Taxes, duties, others etc.	16.64	16.66	16.63
	61.75	54.06	57.07
Gross deferred tax assets	168.57	127.32	137.19
	313.62	202.80	286.67

Notes to financial statements for the year ended 31 March 2017 (Contd.)

Movement in deferred tax liabilities

(₹ In Crore)

Particulars	Property, plant and equipment	Financial instruments	Retiral and other benefits	Other items	Time value in Hedge Reserve	Total
At 1 April 2015	276.80	146.84	(79.90)	(57.07)	–	286.67
Charged/(credited)						
– to profit and loss	30.81	(81.26)	15.50	3.01	8.17	(23.77)
– to retained earnings on the date of transition	–	–	–	–	(44.68)	(44.68)
– to other comprehensive income	–	(51.47)	(0.46)	–	36.51	(15.42)
At 31 March 2016	307.61	14.11	(64.86)	(54.06)	–	202.80
Charged/(credited)						
– to profit and loss	(7.54)	66.25	(0.61)	(7.69)	–	50.41
– to other comprehensive income	–	67.31	(6.90)	–	–	60.41
At 31 March 2017	300.07	147.67	(72.37)	(61.75)	–	313.62

18 Other non-current liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Annuity payable to VRS optees	7.27	29.78	57.59
	7.27	29.78	57.59

19 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Current maturities of sales tax deferral liability [See note 15]	–	–	0.58
Security deposits	23.97	17.99	17.28
Unclaimed dividend	13.86	41.95	11.08
Book overdraft	–	–	0.25
Directors' remuneration and commission payable	28.86	27.02	25.36
Employee benefits payable	89.18	80.71	62.84
Other payables	124.05	137.73	127.57
	279.92	305.40	244.96

Notes to financial statements for the year ended 31 March 2017 (Contd.)

20 Other current liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Annuity payable to VRS optees	22.90	27.93	29.95
Advance received from customers	413.56	174.78	439.57
Taxes and duties payable	94.88	75.50	72.62
Other payables	26.27	20.90	19.59
	557.61	299.11	561.73

21 Revenue from operations

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Revenue from operations		
Sale of products (including excise duty)	22,694.87	23,448.39
Other operating revenue		
Scrap sales	29.93	46.11
Export incentives	289.45	330.63
Royalty	70.74	58.07
Technical know how fees	3.04	–
	393.16	434.81
	23,088.03	23,883.20

Notes to financial statements for the year ended 31 March 2017 (Contd.)

22 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Investment income		
Interest income on fixed income securities	75.02	84.10
Amortisation of (premium)/discount on acquisition of fixed income securities	67.76	129.18
Interest income from financial assets at amortised cost	142.78	213.28
Dividend income on investments in subsidiaries	–	89.18
Gain on valuation/realisation of mutual funds measured at fair value through profit or loss	817.32	592.67
Profit on sale of investments, net	3.09	3.78
	963.19	898.91
Others		
Interest – others	69.80	34.16
Rent	27.03	20.11
Insurance claims	0.40	0.72
Miscellaneous receipts	79.28	57.16
Government grants	2.65	2.12
Surplus on sale of assets	2.00	1.26
Bad debts recovered	0.41	–
Sundry credit balances appropriated	0.65	0.67
Provision for doubtful debts and advances written back	0.76	0.08
Less: Write backs on account of amounts written off during the year, as per contra	0.62	–
	0.14	0.08
Liabilities no longer required	75.89	48.98
Gain on derivative contracts on break in designation of hedge	0.53	0.13
Gains on exchange fluctuations	–	9.29
	258.78	174.68
	1,221.97	1,073.59

Notes to financial statements for the year ended 31 March 2017 (Contd.)

23 Changes in inventories

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016	(Increase)/ decrease
Inventories at the end of the year			
Work-in-progress	39.83	42.61	2.78
Finished goods	430.80	384.34	(46.46)
	470.63	426.95	(43.68)
Inventories at the beginning of the year			
Work-in-progress	42.61	28.65	(13.96)
Finished goods	384.34	461.75	77.41
	426.95	490.40	63.45
	(43.68)	63.45	

24 Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Salaries, wages and bonus to employees	827.34	756.65
Remuneration to whole-time directors	36.55	33.70
Contribution to provident and other funds [See note 36]	69.19	68.11
Staff welfare expenses	63.99	58.66
	997.07	917.12

25 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Interest expense	0.62	0.48
Interest adjustment on Government grant	0.78	0.57
	1.40	1.05

Notes to financial statements for the year ended 31 March 2017 (Contd.)

26 Depreciation and amortisation expense

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Depreciation on property, plant and equipment	260.10	259.30
Depreciation on investment property	1.90	2.57
Amount amortised/written off against technical know-how	44.64	44.64
Amount written off against leasehold land	0.65	0.65
	307.29	307.16

27 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Stores and tools consumed	114.63	131.80
Power, fuel and water	96.46	120.66
Rent	13.22	11.88
Repairs to buildings	60.19	49.90
Repairs to machinery	121.08	146.58
Other repairs	6.79	6.53
Insurance	3.72	3.33
Rates and taxes	13.00	3.96
Payment to auditor	1.58	1.45
Directors' fees and travelling expenses	0.99	1.14
Commission to non-executive directors	1.45	1.75
Travelling expenses	58.59	55.49
Miscellaneous expenses	289.87	271.46
Sales tax/VAT expenses	11.96	12.83
Packing material consumed	244.85	309.38
Freight and forwarding expenses	45.95	39.35
Advertisement	395.32	434.21
Vehicle service charges and other expenses	102.86	104.87
Sales promotion expenses	53.36	41.57
Expenditure towards Corporate Social Responsibility (CSR) activities	94.98	86.72
Bad debts and other irrecoverable debit balances written off	0.74	0.11
Less: Provisions made in earlier years in respect of amounts written off during the year,adjusted as per contra	0.62	–
	0.12	0.11
Loss on exchange fluctuations	1.70	–
Loss on assets sold, demolished, discarded and scrapped	9.24	11.87
Provision for doubtful debts and advances	3.47	0.78
	1,745.38	1,847.62

Notes to financial statements for the year ended 31 March 2017 (Contd.)

Payment to auditor

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
As auditor		
Audit fee	1.10	1.00
Tax audit fee	0.07	0.07
Limited review	0.26	0.24
Other services (certification fees)	0.11	0.11
Reimbursement of expenses	0.04	0.03
	1.58	1.45

Expenditure towards Corporate Social Responsibility (CSR) activities

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
a) Gross amount required to be spent by the Company during the year	94.91	86.46
b) Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	–	–
ii) On purposes other than (i) above	94.98	86.72
	94.98	86.72

Notes to financial statements for the year ended 31 March 2017 (Contd.)

28 Tax expense

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
(a) Tax expense		
Current tax		
Current tax on profits for the year	1,455.92	1,641.42
Adjustments for current tax of prior periods	1.74	–
Total current tax expense	1,457.66	1,641.42
Deferred tax		
Decrease/(increase) in deferred tax assets	(8.30)	18.51
(Decrease)/increase in deferred tax liabilities	58.71	(42.28)
Total deferred tax expense/(benefit)	50.41	(23.77)
Tax expense	1,508.07	1,617.65
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before tax	5,335.63	5,547.32
Tax at the Indian tax rate of 34.608% (previous year - 34.608%)	1,846.55	1,919.82
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Corporate social responsibility expenditure	16.26	14.15
– Net present value on prepayment of sales tax assessment	0.54	1.41
– Disallowance of estimated expenditure to earn tax exempt income	0.10	0.05
– Disallowance of expenditure incurred on rented property (net)	–	0.84
– Rate difference in amortisation of fixed income securities	4.03	–
– Rate difference on account of fair value of mutual funds	32.19	–
– Adjustments for current tax of prior periods	1.74	–
– Others	2.97	6.63
Tax effect of amounts which are deductible (non-taxable) in calculating taxable income:		
– Weighted deduction for Research and Development expenditure	(122.08)	(109.99)
– Tax–free interest	(0.69)	(0.70)
– Difference in tax rate on account of dividend received from subsidiary	–	(15.43)
– Deduction for profit from specified undertaking	(64.80)	(26.32)
– Profit on investments not taxable	(69.10)	–
– Income from fair valuation of mutual funds	(138.64)	(172.81)
– Disallowance of expenditure incurred on rented property (net)	(1.00)	–
Tax expense	1,508.07	1,617.65

Notes to financial statements for the year ended 31 March 2017 (Contd.)

29 Earnings Per Share (EPS)

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
a. Profit for the year (₹ In Crore)	3,827.56	3,929.67
Weighted average number of shares outstanding during the year (Nos)	289,367,020	289,367,020
b. Earnings per share (Basic and Diluted) ₹	132.3	135.8
Face value per share ₹	10.0	10.0

30 Fair value measurement

i) Financial instruments by category

(₹ In Crore)

Particulars	31 March 2017			31 March 2016			1 April 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
– Bonds and debentures, Government and trust securities	–	–	1,078.81	–	–	668.77	–	–	1,203.03
– Fixed maturity plans	9,586.76	–	–	7,912.53	–	–	6,737.58	–	–
– Short-term mutual funds	1,593.40	–	–	44.61	–	–	41.40	–	–
– Liquid mutual funds	909.77	–	–	75.10	–	–	12.01	–	–
– Certificate of Deposit	–	–	–	–	–	–	–	–	370.42
– Commercial Papers	–	–	340.01	–	–	336.86	–	–	46.11
Trade receivables	–	–	953.29	–	–	717.93	–	–	716.96
Loans	–	–	36.21	–	–	36.52	–	–	35.65
Other financial assets	–	–	55.82	–	–	40.01	–	–	43.12
Cash and cash equivalents	–	–	279.82	–	–	817.55	–	–	575.07
Other bank balances	–	–	13.86	–	–	41.97	–	–	11.08
Derivative financial assets	–	207.38	–	–	12.88	–	–	56.14	–
Total financial assets	12,089.93	207.38	2,757.82	8,032.24	12.88	2,659.61	6,790.99	56.14	3,001.44
Financial liabilities									
Sales tax deferral	–	–	119.90	–	–	117.86	–	–	111.77
Trade payables	–	–	2,235.73	–	–	2,027.04	–	–	1,760.53
Other financial liabilities	–	–	279.92	–	–	305.40	–	–	244.96
Total financial liabilities	–	–	2,635.55	–	–	2,450.30	–	–	2,117.26

Notes to financial statements for the year ended 31 March 2017 (Contd.)

30 Fair value measurement (Contd.)

ii) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Accounting Standard. An explanation of each level follows underneath the table.

Financial assets measured at fair value - recurring fair value measurements at 31 March 2017

(₹ In Crore)

Particulars	Note No.	Level 1	Level 2	Level 3	Total
Financial Investments at FVPL					
– Fixed maturity plans	5	–	9,586.76	–	9,586.76
– Short-term mutual funds	5	1,593.40	–	–	1,593.40
– Liquid mutual funds	5	909.77	–	–	909.77
Financial Investments at FVOCI		–	–	–	–
– Forward contracts		–	–	–	–
– Option contracts	7	–	207.38	–	207.38
Total		2,503.17	9,794.14	–	12,297.31

Financial assets which are measured at amortised cost for which fair values are disclosed at 31 March 2017

(₹ In Crore)

Particulars	Note No.	Level 1	Level 2	Level 3	Total
Bonds and debentures	5	1,055.80	36.02	–	1,091.82
Commercial Papers	5	–	340.01	–	340.01
Total		1,055.80	376.03	–	1,431.83

Financial assets measured at fair value - recurring fair value measurements at 31 March 2016

(₹ In Crore)

Particulars	Note No.	Level 1	Level 2	Level 3	Total
Financial Investments at FVPL		–	–	–	–
– Fixed maturity plans	5	–	7,912.53	–	7,912.53
– Short-term mutual funds	5	44.61	–	–	44.61
– Liquid mutual funds	5	75.10	–	–	75.10
Financial Investments at FVOCI		–	–	–	–
– Forward contracts	7	–	9.38	–	9.38
– Option contracts	7	–	3.50	–	3.50
Total		119.71	7,925.41	–	8,045.12

Financial assets which are measured at amortised cost for which fair values are disclosed at 31 March 2016

(₹ In Crore)

Particulars	Note No.	Level 1	Level 2	Level 3	Total
Bonds and debentures	5	640.12	34.38	–	674.50
Commercial Papers	5	–	336.86	–	336.86
Total		640.12	371.24	–	1,011.36

Notes to financial statements for the year ended 31 March 2017 (Contd.)

30 Fair value measurement (Contd.)

ii) Fair value hierarchy (Contd.)

Financial assets measured at fair value - recurring fair value measurements at 31 March 2015

(₹ In Crore)

Particulars	Note No.	Level 1	Level 2	Level 3	Total
Financial Investments at FVPL					
– Fixed maturity plans	5	–	6,737.58	–	6,737.58
– Short-term mutual funds	5	41.40	–	–	41.40
– Liquid mutual funds	5	12.01	–	–	12.01
Financial Investments at FVOCI		–	–	–	–
– Forward contracts	7	–	2.92	–	2.92
– Option contracts	7	–	53.22	–	53.22
Total		53.41	6,793.72	–	6,847.13

Financial assets which are measured at amortised cost for which fair values are disclosed at 1 April 2015

(₹ In Crore)

Particulars	Note No.	Level 1	Level 2	Level 3	Total
Bonds and debentures	5	1,179.40	35.01	–	1,214.41
Certificate of Deposit	5	–	370.42	–	370.42
Commercial Papers	5	–	46.11	–	46.11
Total		1,179.40	451.54	–	1,630.94

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation Techniques used to determine fair value

Valuation Techniques used to determine fair value include

- Open ended mutual funds and certain bonds and debentures at NAV's/rates declared and/or quoted
- Close ended mutual funds at NAV's declared by AMFI
- For other bonds and debentures values with references to prevailing yields to maturity matching tenures, quoted on sites of credible organisation such as FIMMDA (Fixed Income Money Market and Derivative Association of India)
- Derivative Instruments at values determined by counter parties/Banks using market observable data.
- Commercial papers and certificate of deposits, being short term maturity papers, amortised cost is assumed to be the fair value

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

(₹ In Crore)

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Carrying Amount	Fair value	Carrying Amount	Fair value	Carrying Amount	Fair value
Investments						
Bonds and debentures	1,078.81	1,091.82	668.77	674.50	1,203.03	1,214.41
Certificate of Deposit	–	–	–	–	370.42	370.42
Commercial Papers	340.01	340.01	336.86	336.86	46.11	46.11
Total financial assets	1,418.82	1,431.83	1,005.63	1,011.36	1,619.56	1,630.94

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

Notes to financial statements for the year ended 31 March 2017 (Contd.)

31 Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, derivative financial instruments, financial assets and trade receivables	Credit ratings Aging analysis	Diversification of counterparties, investment limits, check on counterparties basis credit rating and no. of overdue days
Liquidity Risk	Other liabilities	Maturity analysis	Maintaining sufficient cash/cash equivalents and marketable securities
Market Risk- Foreign Exchange	Highly probable forecast transactions and financial assets and liabilities not denominated in INR	Sensitivity analysis	Forward foreign exchange contracts and foreign currency options

The Board provides guiding principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity. The Company's risk management is carried out by a treasury department as per the policies approved by the Board of Directors. Accordingly, Company's treasury identifies, evaluates and hedges financial risks.

A) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, financial assets measured at amortised cost and fair value through profit or loss and trade receivables.

Credit Risk Management

For Derivative instruments exposures are extended with multiple banks holding high credit risk ratings.

For other financial assets the Company has an investment policy which allows the Company to invest only with counterparties having credit rating equal to or above AA+ and P1+. The company reviews the creditworthiness of these counterparties on an on-going basis. Another source of credit risk at the reporting date is from trade receivables as these are typically unsecured. This credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to whom credit is extended in the normal course of business. The Company estimates the expected credit loss on the basis of past data and experience. Expected credit losses of financial assets receivable in the next 12 months are estimated on the basis of historical data provided the Company has reasonable and supportable data. On such an assessment the expected losses are nil or negligible, as evidenced in the table below, and hence no further provision than that already made is considered necessary.

Review of outstanding trade receivables and financial assets is carried out by Management at every month end. Company has a practice to provide for doubtful debts on a case to case basis after considering inter-alia customer's credibility etc. Provision is made in the books generally, for all outstanding trade receivables which are outstanding for more than 180 days from their due date, if they are considered to be doubtful.

Reconciliation of loss allowance provision – Trade receivable

Particulars	(₹ In Crore)
Loss allowance as on 1 April 2015	**4.26**
Changes in loss allowance	0.57
Loss allowance as on 31 March 2016	**4.83**
Changes in loss allowance	0.12
Loss allowance as on 31 March 2017	**4.95**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

31 Financial risk management (Contd.)

B) Liquidity Risk

The Company's principal sources of liquidity are 'cash and cash equivalents' and cash flows that are generated from operations. The Company has no outstanding term borrowings. The Company believes that its working capital is sufficient to meet its current requirements. Additionally, the Company has sizeable surplus funds invested in fixed income securities or instruments of similar profile ensuring safety of capital and availability of liquidity if and when required. Hence the Company does not perceive any liquidity risk.

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016
The company had		
Net working capital funds	6,178.79	1,944.26
which includes;		
i) Cash and cash equivalents	279.82	817.55
ii) Current investments	6,050.08	1,319.94

Contractual maturities of significant financial Liabilities as on 31 March 2017, 31 March 2016 and 1 April 2015 are as follows:

Maturities of financial liabilities

(₹ In Crore)

Particulars	Less than and equal to 1 year	More than 1 year	Total
As on 31 March 2017			
Non-derivatives			
Sales tax deferral (undiscounted value)	–	175.24	175.24
Trade payables	2,235.73	–	2,235.73
Other financial liabilities	279.92	–	279.92
Total non-derivative liabilities	2,515.65	175.24	2,690.89
As on 31 March 2016			
Non-derivatives			
Sales tax deferral (undiscounted value)	–	162.48	162.48
Trade payables	2,027.04	–	2,027.04
Other financial liabilities	305.40	–	305.40
Total non-derivative liabilities	2,332.44	162.48	2,494.92
As on 1 April 2015			
Non-derivatives			
Sales tax deferral	0.58	111.77	112.35
Trade payables	1,760.53	–	1,760.53
Other financial liabilities	244.96	–	244.96
Total non-derivative liabilities	2,006.07	111.77	2,117.84

Notes to financial statements for the year ended 31 March 2017 (Contd.)

31 Financial risk management (Contd.)

C) Market risk

Foreign currency risk

The Company operates, in addition to domestic markets, significantly in international markets through its exports and is therefore exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US$. Foreign exchange risk arises from highly probable forecast transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through sensitivity analysis. The primary objective for forex hedging against anticipated foreign currency risks will be to hedge the Company's highly probable foreign currency cash flows arising from such transactions (thus reducing cash flow and profit volatility).

In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Company's Risk Management Policy permits the use of plain foreign exchange forward contracts and foreign currency option contracts including Foreign Currency - INR Option Cost Reduction Structures to hedge forecasted sales.

The Company also imports certain materials the value of which is not material as compared to value of exports. Currently, company does not hedge this exposure. Nevertheless, Company may wish to hedge such exposures.

The Company uses a combination of foreign exchange forward contracts and foreign currency option contracts to hedge its exposure in foreign currency risk. The Company designates forward contracts in entirety and intrinsic value of foreign currency option contracts as the hedging instrument. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised through other comprehensive income in the 'Cash flow hedging reserve' within equity. The change in time value that relate to the hedged item (aligned time value) is recognised through other comprehensive income in 'Costs of hedging reserve' within equity. Amount recognised in equity is reclassified to profit or loss when the hedged item (i.e. forecasted export sales) affects Statement of Profit and Loss. The ineffective portion of change in fair value of the hedging instrument and any residual time value (the non-aligned portion), if any, is recognised in the Statement of Profit and Loss immediately.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

The fair values (Marked-to-market) of foreign currency derivative contracts outstanding as on 31 March 2017, 31 March 2016 and 1 April 2015 are as follows:

(₹ In Crore)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
For export transactions:	**Notional In USD Mn (Sell)**	**MTM Gain/ (Loss)**	**Notional In USD Mn (Sell)**	**MTM Gain/ (Loss)**	**Notional In USD Mn (Sell)**	**MTM Gain/ (Loss)**
Foreign currency derivative designated as hedging instruments - par forward contracts	–	–	57.00	9.38	19.50	2.92
Foreign currency derivative designated as hedging instruments - options contracts	832.00	207.38	1,144.00	3.50	1,298.50	53.22
	832.00	207.38	1,201.00	12.88	1,318.00	56.14

For import transactions: NIL

Notes to financial statements for the year ended 31 March 2017 (Contd.)

31 Financial risk management (Contd.)

Open Exposure

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

(USD Million)

	As at		
	31 March 2017	31 March 2016	1 April 2015
Receivables	40	37	58
Payables	15	14	17
Others (EEFC balances)	41	70	88

Sensitivity Analysis

The impact on other components of equity arises from foreign exchange forward contracts and foreign exchange option contracts designated as cash flow hedges

(₹ In Crore)

Impact on other components of equity	31 March 2017	31 March 2016
USD/INR - Increase by 10%	(274.05)	(360.32)
USD/INR - Decrease by 10%	436.03	560.58

Maturity of outstanding contracts

The details in respect of the maturity of outstanding foreign exchange contracts including options and par forward contracts are given below:

(₹ In Crore)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
On export transactions:	Notional In USD Mn (Sell)	MTM Gain/ (Loss)	Notional In USD Mn (Sell)	MTM Gain/ (Loss)	Notional In USD Mn (Sell)	MTM Gain/ (Loss)
Not later than three months	208.00	68.43	298.00	13.71	336.50	31.68
Later than three months and not later than six months	208.00	55.86	301.00	11.19	388.50	26.76
Later than six months and not later than one year	416.00	83.09	602.00	(12.02)	593.00	(2.30)
	832.00	207.38	1,201.00	12.88	1,318.00	56.14

On import transactions: NIL

Impact of Hedging Activities

(a) Disclosure of effects of hedge accounting on financial position:

Cash flow hedge Foreign exchange risk 31 March 2017

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts	–	–	1:1	5.71	(5.71)
Foreign currency options	5,395.52	306.28	1:1	284.63	(284.63)
	5,395.52	306.28		290.34	(290.34)

Notes to financial statements for the year ended 31 March 2017 (Contd.)

31 Financial risk management (Contd.)

Cash flow hedge Foreign exchange risk 31 March 2016

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts	377.65	9.38	1:1	8.79	(8.79)
Foreign currency options	7,579.57	27.12	1:1	(135.89)	135.89
	7,957.22	36.50		(127.10)	127.10

Cash flow hedge Foreign exchange risk 1 April 2015

(₹ In Crore)

Particulars	Nominal value	Carrying amount of hedging instrument	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as a basis for recognising hedge effectiveness
Foreign exchange forward contracts	121.87	2.92	1:1	N.A.	N.A.
Foreign currency options	8,115.63	182.32	1:1	N.A.	N.A.
	8,237.50	185.24			

* The foreign exchange forward and option contracts are denominated in the same currency as the highly probable future sales, therefore the hedge ratio is 1:1.

(b) Disclosure of effects of hedge accounting on financial performance:

Cash flow hedge 31 March 2017

(₹ In Crore)

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk - Forward contracts	5.71	–	15.09	Revenue
Foreign exchange risk - Options contracts	284.63	–	5.48	Revenue
	290.34	–	20.57	

Cash flow hedge 31 March 2016

(₹ In Crore)

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in the statement of profit and loss because of the reclassification
Foreign exchange risk - Forward contracts	8.79	–	2.33	Revenue
Foreign exchange risk - Options contracts	(135.89)	–	19.31	Revenue
	(127.10)	–	21.64	

Notes to financial statements for the year ended 31 March 2017 (Contd.)

31 Financial risk management (Contd.)

The company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, so a qualitative assessment of effectiveness is performed. During the years ended 31 March 2017 and 31 March 2016, the Company did not have any hedging instruments with terms which were not aligned with those of the hedged items.

Therefore, no ineffectiveness recognised in the Statement of Profit and Loss during 31 March 2017 and 31 March 2016.

Movements in cash flow hedging reserve and costs of hedging reserve

(₹ In Crore)

	Foreign Currency Risk		
Derivative Instrument	**Foreign exchange forward contracts**	**Foreign exchange options**	**Total**
(i) Cash flow hedging reserve			
As at 1 April 2015	**2.92**	**182.32**	**185.24**
Deferred tax relating to the above (net)	(1.01)	(63.10)	(64.11)
Balance – As at 1 April 2015	**1.91**	**119.22**	**121.13**
Add: Change in fair value of foreign exchange forward contract	8.79	–	8.79
Less: Change in intrinsic value of foreign currency options	–	(135.89)	(135.89)
Less: Amount reclassified to profit or loss	(2.33)	(19.31)	(21.64)
Deferred tax relating to the above (net)	(2.24)	53.71	51.47
Balance – As at 31 March 2016	**6.13**	**17.73**	**23.86**
Add: Change in fair value of foreign exchange forward contract	5.71	–	5.71
Add: Change in intrinsic value of foreign currency options	–	284.63	284.63
Less: Amount reclassified to profit or loss	(15.09)	(5.48)	(20.57)
Deferred tax relating to the above (net)	3.25	(96.61)	(93.36)
Balance – As at 31 March 2017	**–**	**200.27**	**200.27**
(ii) Costs of hedging reserve			
As at 1 April 2015	**–**	**(129.10)**	**(129.10)**
Deferred tax relating to the above (net)	–	44.68	44.68
Balance – As at 1 April 2015	**–**	**(84.42)**	**(84.42)**
Add: Change in time value of foreign currency options	–	106.55	106.55
Less: Amount reclassified to profit or loss	–	(1.07)	(1.07)
Deferred tax relating to the above (net)	–	(36.51)	(36.51)
Balance – As at 31 March 2016	**–**	**(15.45)**	**(15.45)**
Less: Change in time value of foreign currency options	–	(74.12)	(74.12)
Less: Amount reclassified to profit or loss	–	(1.16)	(1.16)
Deferred tax relating to the above (net)	–	26.06	26.06
Balance – As at 31 March 2017	**–**	**(64.67)**	**(64.67)**

In respect of forecast transaction for which hedge accounting had previously been used, but which no longer expected to occur, amount that was removed during the year ended 31 March 2017 and 31 March 2016 from

- cash flow hedging reserve is a gain of ₹ 0.29 crore and ₹ 0.13 crore respectively
- costs of hedge reserve is a gain of ₹ 0.24 crore and Nil respectively.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

32 Capital management

a) Risk management

The Company is cash surplus and has no capital other than Equity. The Company is not exposed to any regulatory imposed capital requirements.

The cash surpluses are currently invested in income generating debt instruments (including through mutual funds) and money market instruments depending on economic conditions in line with the guidelines set out by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

The Company does not have any borrowings and does not borrow funds unless circumstances require.

(₹ In Crore)

Particulars	31 March 2017	31 March 2016
Equity	17,034.13	13,266.55
Less: Tangible and other assets	2,173.95	2,381.64
Working capital	128.71	624.32
Investments in subsidiaries	1,222.72	1,222.72
Investments in debt and similar investments	13,508.75	9,037.87

b) Dividends

(₹ In Crore)

Particulars	31 March 2017	31 March 2016
Dividends recognised in the financial statements		
Final dividend for the year ended 31 March 2016 of ₹ 5 (31 March 2015 - ₹ 50) per equity share	144.68	1,446.84
Interim dividend for the year ended 31 March 2017 of ₹ Nil (31 March 2016 - ₹ 50) per equity share	–	1,446.84
Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 55 per equity share (31 March 2016 – ₹ 5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	1,591.52	144.68

Notes to financial statements for the year ended 31 March 2017 (Contd.)

33 Contingent liabilities

(₹ In Crore)

Particulars		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
a	Claims against the Company not acknowledged as debts	445.28	454.86	450.51
b	Guarantees given by the Company to Housing Development Finance Corporation Ltd. - for loans to employees (as on 1 April 2015 - ₹ 28,529)	–	–	
c	Excise and Customs demand - matters under dispute and claims for refund of Excise Duty, if any, against Excise Duty Refund received in the earlier year	714.69	710.67	486.11
d	Income-tax matters	653.72	583.95	454.17
e	Value Added Tax (VAT)/Sales Tax matters under dispute	119.87	118.10	126.30
f	Claims made by temporary workmen Pending before various judicial/appellate authorities in respect of similar matters adjudicated by the Supreme Court. The matter is contingent on the facts and evidence presented before the courts/adjudicating authorities and not necessarily likely to be influenced by the Supreme Court's order	Liability unascertained	Liability unascertained	Liability unascertained

34 Capital commitments

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital commitments, net of capital advances	86.23	112.54	77.65

35 Segment information

Segment information based on consolidated financial statements is given in note 36 to consolidated financial statements, which are attached to these financial statements.

The Company's Core Management Committee (CMC), examines the group's performance both from a product and geographical perspective and has identified two reportable operative business segments. The group's significant source of risk and rewards are derived from Automotive business and Investments, the performance of which is reviewed by the committee on a periodic basis and hence considered as individual operative segments.

The business segments comprise the following:

i. Automotive
ii. Investments
iii. Others

Notes to financial statements for the year ended 31 March 2017 (Contd.)

36 Employee benefits

Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19 the details of which are as hereunder.

Funded schemes

Gratuity

The Company provides for gratuity payments to employees. The gratuity benefit payable to the employees of the Company is greater of the provisions of the Payment of Gratuity Act, 1972 and the Company's gratuity scheme. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The gratuity plan is a funded plan and the Company makes contributions to approved gratuity fund.

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Amount recognised in Balance Sheet			
Present value of funded defined benefit obligation	452.75	393.06	351.65
Fair value of plan assets	(378.57)	(349.92)	(274.04)
Net funded obligation	**74.18**	**43.14**	**77.61**
Expense recognised in the Statement of Profit and Loss			
Current service cost	21.99	20.47	–
Interest on net defined benefit liability/(asset)	(0.98)	3.41	–
Total expense charged to Profit and Loss Account	**21.01**	**23.88**	**–**
Amount recorded as Other Comprehensive Income			
Opening amount recognised in OCI outside Profit and Loss Account	1.32	–	–
Remeasurements during the period due to:			
Changes in financial assumptions	21.33	(1.61)	–
Experience adjustments	5.41	3.85	–
Actual return on plan assets less interest on plan assets	(6.12)	(0.92)	–
Closing amount recognised in OCI outside Profit and Loss Account	**21.94**	**1.32**	**–**

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Reconciliation of net liability/(asset)			
Opening net defined benefit liability/(asset)	43.14	77.61	–
Expense charged to Profit and Loss Account	21.01	23.88	–
Amount recognised outside Profit and Loss Account	20.62	1.32	–
Employer contributions	(10.59)	(59.67)	–
Closing net defined benefit liability/(asset)	**74.18**	**43.14**	**77.61**

Notes to financial statements for the year ended 31 March 2017 (Contd.)

36 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Movement in benefit obligation			
Opening of defined benefit obligation	393.06	351.65	–
Current service cost	21.99	20.47	–
Interest on defined benefit obligation	29.53	26.41	–
Remeasurements due to:			
Actuarial loss/(gain) arising from change in financial assumptions	21.33	(1.61)	–
Actuarial loss/(gain) arising on account of experience changes	4.19	5.07	–
Benefits paid	(17.35)	(8.93)	–
Closing of defined benefit obligation	**452.75**	**393.06**	**351.65**

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Movement in plan assets			
Opening fair value of plan assets	349.92	274.04	–
Employer contributions	10.59	59.67	–
Interest on plan assets	29.29	24.22	–
Remeasurements due to:			
Actual return on plan assets less interest on plan assets	6.12	0.92	–
Benefits paid	(17.35)	(8.93)	–
Closing fair value of plan assets	**378.57**	**349.92**	**274.04**

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Disaggregation of assets			
Category of assets			
Insurer managed funds	378.57	349.92	274.04
Others	–	–	–
Grand Total	378.57	349.92	274.04

Notes to financial statements for the year ended 31 March 2017 (Contd.)

36 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	As at			
	31 March 2017		31 March 2016	
Particulars	Discount rate	Salary escalation rate	Discount rate	Salary escalation rate
Senior staff				
Impact of increase in 50 bps on DBO	(3.51%)	3.62%	(3.51%)	3.64%
Impact of decrease in 50 bps on DBO	3.73%	(3.44%)	3.73%	(3.46%)
Junior staff				
Impact of increase in 50 bps on DBO	(4.32%)	4.55%	(4.27%)	4.49%
Impact of decrease in 50 bps on DBO	4.69%	(4.24%)	4.60%	(4.21%)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Funding arrangement and policy

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to insurance companies. The insurance companies in turn manage these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations.

There is no compulsion on the part of the Company to fully pre fund the liability of the plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 65 crore.

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan:

(₹ In Crore)

Particulars	Less than a year	Between 1 - 2 years	Between 2 -5 years	Over 5 years	Total
31 March 2017					
Senior staff	37.87	8.31	42.71	299.90	388.79
Junior staff	13.82	15.19	84.23	493.52	606.76
31 March 2016					
Senior staff	31.20	10.43	35.46	263.93	341.02
Junior staff	11.69	9.18	65.68	489.12	575.67

	As at	
Weighted average duration of defined benefit obligation (in years)	31 March 2017	31 March 2016
Senior Staff	7.23	7.24
Junior Staff	9.00	8.86

Notes to financial statements for the year ended 31 March 2017 (Contd.)

36 Employee benefits (Contd.)

Funded schemes (Contd.)

Gratuity (Contd.)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Principal actuarial assumptions (Expressed as weighted averages)			
Discount rate (p.a.)	7.35%	7.95%	7.90%
Salary escalation rate (p.a.) - senior staff	10.00%	10.00%	10.00%
Salary escalation rate (p.a.) - junior staff	10.00%	10.00%	10.00%

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

Provident Fund

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Amount recognised in Balance Sheet			
Present value of funded defined benefit obligation	931.68	813.24	664.68
Fair value of plan assets	(931.68)	(813.24)	(664.68)
Net funded obligation	–	–	–
Expense recognised in the Statement of Profit and Loss			
Current service cost	25.60	23.04	–
Administration expenses	–	–	–
Interest on net defined benefit liability/(asset)	–	–	–
(Gains)/losses on settlement	–	–	–
Total expenses charged to Statement of Profit and Loss	**25.60**	**23.04**	–
Amount recorded as Other Comprehensive Income			
Opening amount recognised in OCI outside Profit and Loss Account	–	–	–
Remeasurements during the period due to			
Changes in financial assumptions	–	–	–
Changes in demographic assumptions	–	–	–
Experience adjustments	7.56	49.98	–
Actual return on plan assets less interest on plan assets	(7.56)	(49.98)	–
Adjustment to recognise the effect of asset ceiling	–	–	–
Closing amount recognised in OCI outside Profit and Loss Account	–	–	–
Reconciliation of net liability/(asset)			
Opening net defined benefit liability/(asset)	–	–	–
Expense charged to Profit and Loss Account	25.60	23.04	–
Amount recognised outside Profit and Loss Account	–	–	–
Employer contributions	(25.60)	(23.04)	–
Closing net defined benefit liability/(asset)	–	–	–

Notes to financial statements for the year ended 31 March 2017 (Contd.)

36 Employee benefits (Contd.)

Funded schemes (Contd.)

Provident Fund (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Movement in benefit obligation			
Opening of defined benefit obligation	**813.24**	**664.68**	**–**
Current service cost	25.60	23.04	–
Interest on defined benefit obligation	65.22	53.16	–
Remeasurements due to:			
Actuarial loss/(gain) arising on account of experience changes	7.56	49.98	–
Employee contributions	54.20	50.45	–
Benefits paid	(36.87)	(29.61)	–
Liabilities assumed/(settled)	2.73	1.54	–
Closing defined benefit obligation	**931.68**	**813.24**	**664.68**
Movement in plan assets			
Opening fair value of plan assets	**813.24**	**664.68**	**–**
Interest on plan assets	65.22	53.16	–
Remeasurements due to:			
Actual return on plan assets less interest on plan assets	7.56	49.98	–
Employer contributions during the period	25.60	23.04	–
Employee contributions during the period	54.20	50.45	–
Benefits paid	(36.87)	(29.61)	–
Assets acquired/(settled)	2.73	1.54	–
Closing fair value of plan assets	**931.68**	**813.24**	**664.68**

Particulars	As at 31 March 2017
Disaggregation of assets	
Quoted	
Property	–
Government debt instruments	481.18
Other debt instruments	329.88
Entity's own equity instruments	–
Insurer managed funds	–
Others	120.62
Total	931.68

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Key actuarial assumptions			
Discount rate (p.a.)	7.35%	7.95%	7.90%
Future derived return on assets (p.a.)	8.90%	8.88%	8.67%
Discount rate for the remaining term to maturity of the investment (p.a.)	7.15%	7.80%	7.95%
Average historic yield on the investment (p.a.)	8.70%	8.73%	8.72%
Guaranteed rate of return (p.a.)	8.65%	8.75%	8.75%

Notes to financial statements for the year ended 31 March 2017 (Contd.)

36 Employee benefits (Contd.)

Unfunded Schemes

(₹ In Crore)

Particulars	As at 31 March 2017		As at 31 March 2016	
	Compensated Absences	Welfare Scheme	Compensated Absences	Welfare Scheme
Present value of unfunded obligations	99.65	4.24	87.24	4.84
Expense recognised in the Statement of Profit and Loss	21.84	0.53	15.63	0.06
Amount recorded as Other Comprehensive Income		(0.68)		–
Discount rate (p.a.)	7.35%	7.35%	7.95%	7.95%
Salary escalation rate (p.a.) - senior staff	10.00%	N.A.	10.00%	N.A.
Salary escalation rate (p.a.) - junior staff	10.00%	N.A.	10.00%	N.A.

Compensated absences

The compensated absences cover the Company's liability for casual and earned leave.

Entire amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Particulars	As at 31 March 2017	31 March 2016	1 April 2015
Compensated absences expected to be settled after 12 months	94.99	83.17	75.85

(₹ In Crore)

Particulars	As at 31 March 2017	31 March 2016
Amount recognised in the Statement of Profit and Loss		
Defined contribution plans:		
Superannuation paid to trust	8.68	8.13
Pension fund paid to Government authorities	12.14	12.03
Others	1.37	0.70
Defined benefit plans:		
Gratuity	21.01	23.88
Provident fund paid to trust	25.60	23.04
Others	0.39	0.33
Total	69.19	68.11

Notes to financial statements for the year ended 31 March 2017 (Contd.)

37 Disclosure of transactions with related parties as required by the Indian Accounting Standard 24

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A Subsidiaries:					
PT.Bajaj Auto Indonesia (99.25% shares held by Bajaj Auto Ltd.)	Contribution to equity (411,875 shares of USD 100 each)	–	205.57	–	205.57
	Provision for diminution in value of investment	–	(201.57)	–	(201.57)
Bajaj Auto International Holdings BV Amsterdam Netherlands (Fully owned subsidiary)	Contribution to equity (1,980,000 shares of Euro 100 each)	–	1,218.72	–	1,218.72
	Dividend received	–	–	89.18	–
B Associates and investing parties:					
Bajaj Holdings & Investment Ltd. (Investing party - holds 31.54% shares of Bajaj Auto Ltd.)	Purchase of shares by BHIL [91,280,000 (previous year - 91,119,000) shares of ₹ 10 each)]	0.16	(91.28)	–	(91.12)
	Dividend paid	45.56	–	911.19	–
	Business support service received	1.33	–	1.07	–
	Business support service rendered	11.80	–	4.14	–
KTM AG	Sale of vehicles and material	208.93	(142.60)	185.81	(6.72)
	Royalty paid and payable	6.35	–	4.55	–
	Services rendered and other debits	3.14	–	2.29	–
C Key management personnel and their relatives:					
Rahul Bajaj (Chairman)	Short-term employee benefits (including Commission)	10.63	(6.75)	10.56	(6.75)
	Post-employment benefits	0.80	–	0.80	–
	Rent paid for premises	0.16	–	0.15	–
	Deposit paid against premises taken on lease	–	2.70	–	2.70
Madhur Bajaj (Executive Vice Chairman till 31.3.2017)	Short-term employee benefits (including Commission)	7.85	(5.13)	7.92	(5.13)
	Post-employment benefits	0.60	–	0.60	–
	Rent paid for premises	0.05	–	0.05	–
	Deposit paid against premises taken on lease	–	0.88	–	0.88
Rajiv Bajaj (Managing Director)	Short-term employee benefits (including Commission)	23.76	(15.53)	20.75	(13.39)
	Post-employment benefits	1.83	–	1.58	–
	Rent paid for premises	1.97	–	1.97	–
	Deposit paid against premises taken on lease	–	2.82	–	2.82
Sanjiv Bajaj	Sitting fees	0.07	–	0.08	–
	Commission	0.11	(0.11)	0.12	(0.12)
Ramkrishna Bajaj (HUF)	Rent paid for premises	–	–	0.02	–
	Deposit paid against premises taken on lease	–	–	(0.88)	–
Shekhar Bajaj	Sitting fees	0.04	–	0.07	–
	Commission	0.06	(0.06)	0.11	(0.11)
	Rent paid for premises	0.14	–	0.07	–
	Deposit paid against premises taken on lease	0.88	2.64	0.88	1.76
Shekhar Bajaj (HUF)	Rent paid for premises	0.01	–	0.05	–
	Deposit paid against premises taken on lease	(0.88)	–	–	0.88
Niraj Bajaj	Sitting fees	0.06	–	0.07	–
	Commission	0.09	(0.09)	0.11	(0.11)
	Rent paid for premises	0.05	–	0.05	–
	Deposit paid against premises taken on lease	–	0.88	–	0.88
Pradeep Shrivastava (Executive Director)	Short-term employee benefits	4.01	–	3.31	–
	Post-employment benefits	0.39	–	0.35	–

Notes to financial statements for the year ended 31 March 2017 (Contd.)

37 Disclosure of transactions with related parties as required by the Indian Accounting Standard 24 (Contd.)

(₹ In Crore)

Name of related party and nature of relationship	Nature of transaction	2016-17		2015-16	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
D Other entities:					
Bajaj Finserv Ltd.	Purchase of windpower	21.51	–	18.23	–
	Business support service rendered	0.48	–	0.53	–
Bajaj Finance Ltd.	Purchase of shares by BFL (150 shares of ₹ 10 each) - ₹ 1,500	–		–	
	Subvention charges paid	8.46	–	15.50	–
	Service rendered	20.88	–	11.67	0.53
	Service received	0.65	–	0.82	–
	Security deposit received	–	(0.21)	–	(0.21)
	Dividend paid (₹ 750 - previous year - ₹ 15,000)		–		–
Bajaj Allianz General Insurance Co. Ltd.	Insurance premiums paid	13.18	3.73	14.60	6.58
	Claims received	0.01	–	12.01	–
Bajaj Allianz Life Insurance Co. Ltd.	Insurance premiums paid	1.67	–	0.89	–
	Purchase of shares by BALIC (125,000 shares of ₹ 10 each)	–	(0.13)	–	(0.13)
	Dividend paid	0.06	–	0.63	–
Bajaj Electricals Ltd.	Purchases	0.34	(0.02)	0.27	(0.20)
Hind Musafir Agency Ltd.	Services received	21.21	(0.60)	19.40	(0.06)
Hindustan Housing Co. Ltd.	Maintenance charges paid	0.21	–	0.18	–
KTM Motorrad AG (Subsidiary of associate)	Sale of vehicles and material	–	–	31.57	–
	Royalty paid and payable	–	–	1.20	–
KTM Sportsmotorcycle GmbH (Subsidiary of associate)	Sale of vehicles and material	189.72	(32.18)	335.80	(6.24)
	Purchase of accessories	0.28	–	0.55	–
	Services rendered and other debits	0.10	–	–	–
KTM Southeast Europe S.A. (Subsidiary of associate)	Sale of vehicles and material	0.33	–	–	(0.33)
KTM Sportmotorcycle India Pvt. Ltd. (Subsidiary of associate)	Royalty paid and payable	6.35	(0.81)	5.75	(0.79)
	Services rendered and other debits	2.31	–	1.64	–
Maharashtra Scooters Ltd.	Purchase of shares by MSL (6,774,072 shares of ₹ 10 each)	–	(6.77)	–	(6.77)
	Dividend paid	3.39	–	67.74	–
	Purchases	0.69	–	0.04	–
	Sales	–	–	0.02	0.01
	Services rendered	0.11	(0.04)	0.10	–
Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	0.46	–	24.00	–
Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	10.51	–	36.00	–
Bajaj Auto Employees Superannuation Fund	Superannuation contribution	8.68	–	8.13	–
Bajaj Auto Limited Provident Fund	Provident fund contribution (Employer's share)	25.60	(7.93)	23.04	(7.34)

Name of the related party and nature of the related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties.

Related parties as defined under clause 9 of the Indian Accounting Standard - 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company.

All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are unsecured and are repayable in cash.

Notes to financial statements for the year ended 31 March 2017 (Contd.)

38 Lease

As a lessor:

The Company has given premises on operating leases. These lease arrangements range for a period between 11 months to 10 years and include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

The total future minimum lease rentals receivable at the Balance Sheet date is as under:

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Receivable			
Within one year	23.11	13.26	14.69
After one year but not more than five years	54.58	17.29	16.00
More than five years	0.09	0.33	0.72
	77.78	30.88	31.41

As a lessee:

The Company has operating leases for premises. These lease arrangements range for a period between 1 to 90 years which include both cancellable and non cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

The total future minimum lease rentals payable at the Balance Sheet date is as under:

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Payable			
Within one year	10.06	9.50	9.16
After one year but not more than five years	12.46	12.81	13.84
More than five years	13.39	14.34	13.39
	35.91	36.65	36.39

39 Exchange difference gain/(loss) recognised in the Statement of Profit and Loss

(₹ In Crore)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
a. Relating to exports during the year as a part of 'Sales'	21.20	22.57
b. Relating to exports during the year as a part of 'Other income/Other expenses'	(1.88)	6.65
c. On settlement of other transactions as a part of 'Other income/Other expenses'	0.71	2.77

Notes to financial statements for the year ended 31 March 2017 (Contd.)

40 Disclosure on Specified Bank Notes (SBNs)

(In ₹)

As required by MCA notification dated 30 March 2017, the details of Specified Bank Notes (SBN) held and transacted are given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	976,000	224,922	1,200,922
Add: Permitted receipts	–	3,203,692	3,203,692
Less: Permitted payments	(67,500)	(2,250,038)	(2,317,538)
Less: Amount deposited in banks	(908,500)	–	(908,500)
Closing cash in hand as on 30 December 2016	–	1,178,576	1,178,576

41 Expenditure incurred on Research and Development

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Revenue expenditure - charged to Statement of Profit and Loss	332.38	282.34
Revenue expenditure - capitalised	6.18	6.06
Capital expenditure - excluding building	27.37	46.76
Capital expenditure - building	1.71	–
	367.64	335.16

42 Considering the Company has been extended credit period up to 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under 'The Micro, Small and Medium Enterprises Development Act 2006' during the year. There is also no amount of outstanding interest in this regard, brought forward from previous years. Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors under the said Act.

43 The Company had entered into an arrangement with a consortium of banks on 26 July 2008. Accordingly, first charge was created on all current assets of the Company to the extent of ₹ 430 crore. Current assets include stocks of raw materials, semi-finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), book debts not older than 90 days pertaining to Company's plants located anywhere in India.

During the year, Company has passed the resolution dated 27 July 2016 for dismantling of consortium. Accordingly, discharge letters for clearance are filed with all banks and clearance is awaited as on date.

44 The consolidated financial statements of the Company along with its subsidiaries are attached to these standalone financial statements. The details of the group regarding the nature of relationship and the basis of consolidation can be referred to in note 1 to the said consolidated financial statements.

45 Miscellaneous

a. ₹ 1 crore is equal to ₹ 10 million.

b. Amounts less than ₹ 50,000 have been shown at actual against respective line items statutorily required to be disclosed.

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Kevin D'sa
Chief Financial Officer

J Sridhar
Company Secretary

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Rajiv Bajaj
Managing Director

Nanoo Pamnani
Chairman - Audit Committee

Consolidated Financial Statements

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

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

1. We have audited the accompanying consolidated Ind AS financial statements of Bajaj Auto Limited ('hereinafter referred to as the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and associate company; (refer Note [1] to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as 'the Consolidated Ind AS Financial Statements').

Management's responsibility for the consolidated Ind AS Financial statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associate in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, the associate of subsidiary as at 31 March 2017, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

8. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 4.75 crore and net assets of ₹ 4.57 crore as at 31 March 2017, total revenue of ₹ 0.06 crore, net loss of ₹ 0.97 and net cash outflows amounting to ₹ 0.71 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 254.62 crore for the year ended 31 March 2017 as considered in the consolidated Ind AS financial statements, in respect of one associate of subsidiary whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary and associate company and our report in terms of sub-section (3) of section 143 of the Act insofar as it relates to the aforesaid subsidiary and associate of subsidiary, is based solely on the reports of the other auditors.

   Our opinion on the consolidated Ind AS financial statements and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

9. The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening Balance Sheet as at 1 April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the year ended 31 March 2016 and 31 March 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated 25 May 2016 and 21 May 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated, 18 May 2017.

   Our opinion is not qualified in respect of these matters.

Report on other legal and regulatory requirements

10. As required by section143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law maintained by the Holding Company, incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company. The two subsidiaries and one associate of subsidiary of the Holding Company are incorporated outside India hence requirements of section 143(3) are not applicable to them.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements. The two subsidiaries and one associate of subsidiary company of the Holding Company are incorporated outside India hence requirements of section 143(3) are not applicable to them.

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

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

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company incorporated in India, none of the directors are disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act. The two subsidiaries and one associate of subsidiary company of the Holding Company are incorporated outside India hence requirement of section 143(3) are not applicable to them.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A. The two subsidiaries and one associate of subsidiary company of the Holding Company are incorporated outside India hence requirement of section 143(3) are not applicable to them.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at 31 March 2017 on the consolidated financial position of the Group, except in case of Bajaj Auto International Holdings BV a subsidiary of the Holding Company there were no pending litigations as at 31 March 2017 which would impact the consolidated financial position of the Group.

   In case of PT Bajaj Auto Indonesia, a subsidiary of the Holding Company audited by other auditor, there were no pending litigations as at 31 March 2017, which would impact the consolidated financial position of the Group.

ii. The Group has long-term contracts including derivative contracts as at 31 March 2017 for which there were no material foreseeable losses.

   In case of PT Bajaj Auto Indonesia, a subsidiary audited by other auditor and Bajaj Auto International Holdings BV a subsidiary company, did not have any material foreseeable losses, if any, on long-term contracts including derivative contracts as at 31 March 2017.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended 31 March 2017. The two subsidiaries and one associate of subsidiary company of the Holding Company are incorporated outside India hence requirements of section 143(3) are not applicable to them.

iv. The Holding Company has provided requisite disclosures in note 40 of its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and same is in accordance with the books of accounts maintained by the Holding Company. These details are not disclosed for its foreign subsidiaries, as this disclosure is required only for the companies to which schedule III of the Companies Act, 2013 is applicable.

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Bajaj Auto Ltd. on the consolidated Ind AS financial statements for the year ended 31 March 2017.

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

1. In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Bajaj Auto Limited (hereinafter referred to as 'the Holding Company').

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

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

   (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

   (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

   (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

Annexure A to Independent Auditors' Report (Contd.)

Inherent limitations of internal financial controls over financial reporting

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

Opinion

8. In our opinion, the Holding Company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other matters

9. Reporting on IFCFR is not applicable to subsidiaries and associate of subsidiary incorporated outside India.

   Our opinion in paragraph 8 is not qualified in respect of this matter.

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Consolidated Balance Sheet

(₹ In Crore)

Particulars	Note No.	As at 31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,898.61	1,936.38	1,917.24
Capital work-in-progress	2	10.64	26.89	101.72
Investment property	3	58.53	60.43	61.52
Intangible assets	4	44.65	89.29	–
Intangible assets under development	4	31.53	25.35	153.22
Investments in associate of subsidiary	5A	1,968.29	1,968.93	1,585.44
Financial assets				
Investments	5B	7,458.67	7,717.93	2,119.17
Trade receivables	10	–	–	–
Loans	6	29.74	29.47	28.85
Other financial assets	7	0.02	–	0.02
Income tax assets (net)		399.94	373.65	277.81
Other non-current assets	8	268.47	279.14	204.43
		12,169.09	**12,507.46**	**6,449.42**
Current assets				
Inventories	9	728.38	719.07	814.15
Financial assets				
Investments	5B	6,050.08	1,319.94	6,291.38
Trade receivables	10	953.29	717.93	716.96
Cash and cash equivalents	11	287.50	819.91	581.66
Other bank balances	12	13.86	47.12	11.08
Loans	6	75.76	7.05	40.40
Other financial assets	7	263.30	52.89	99.52
Income tax assets (net)		–	–	0.02
Other current assets	8	1,096.36	1,049.00	1,510.02
		9,468.53	**4,732.91**	**10,065.19**
Total		**21,637.62**	**17,240.37**	**16,514.61**

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Consolidated Balance Sheet (Contd.)

(₹ In Crore)

Particulars	Note No.	As at 31 March 2017	31 March 2016	1 April 2015
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	289.37	289.37	289.37
Other equity	14	17,567.20	13,730.94	12,944.44
Equity attributable to owners of the Company		**17,856.57**	**14,020.31**	**13,233.81**
Non-controlling interest		0.03	0.04	0.04
Total equity		**17,856.60**	**14,020.35**	**13,233.85**
Non-current liabilities				
Financial liabilities				
Sales tax deferral	15	119.90	117.86	111.77
Provisions	16	78.13	47.57	82.44
Deferred tax liabilities (net)	17	313.62	202.80	286.67
Government grant		49.26	40.95	–
Other non-current liabilities	18	7.27	29.78	57.59
		568.18	**438.96**	**538.47**
Current liabilities				
Financial liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		13.65	15.38	12.83
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,222.33	2,011.73	1,747.77
Other financial liabilities	19	279.92	305.40	244.96
Other current liabilities	20	557.62	299.11	561.73
Provisions	16	120.93	112.95	103.10
Government grant		2.65	2.12	–
Current tax liabilities (net)		15.74	34.37	71.90
		3,212.84	**2,781.06**	**2,742.29**
Total		**21,637.62**	**17,240.37**	**16,514.61**

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Consolidated Statement of Profit and Loss

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2017	31 March 2016
Sales		22,694.87	23,448.39
Other operating revenue		393.16	434.81
Revenue from operations	21	23,088.03	23,883.20
Other income	22	1,222.23	984.58
Total income		**24,310.26**	**24,867.78**
Expenses			
Cost of raw material and components consumed		13,285.36	13,717.01
Purchases of traded goods		1,382.47	1,276.40
Changes in inventories of finished goods, work-in-progress and traded goods	23	(43.68)	63.45
Excise duty		1,321.35	1,296.68
Employee benefits expense	24	997.39	917.12
Finance costs	25	1.40	1.05
Depreciation and amortisation expense	26	307.29	307.16
Other expenses	27	1,748.02	1,848.48
Expenses, included in above items, capitalised		(22.27)	(17.02)
Total expenses		**18,977.33**	**19,410.33**
Share of profits of associate (after tax)		254.62	221.44
Profit before tax		**5,587.55**	**5,678.89**
Tax expense			
Current tax		1,455.92	1,641.42
Deferred tax		50.41	(23.77)
Prior-year tax		1.74	–
Total tax expense	28	1,508.07	1,617.65
Profit after tax		**4,079.48**	**4,061.24**
Profit attributable to non-controlling interest		(0.01)	–
Profit for the year		**4,079.49**	**4,061.24**

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

Consolidated Statement of Profit and Loss (Contd.)

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2017	31 March 2016
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/losses of defined benefit plans		(19.94)	(1.32)
Tax impacts on above		6.90	0.46
Actuarial gains/losses of defined benefit plans - share of associate of subsidiary		(1.89)	(0.76)
Items that will be reclassified to profit or loss			
Valuation gains/losses on derivative hedging instruments		194.50	(43.26)
Tax impacts on above		(67.31)	14.96
Other adjustments - share of associate of subsidiary		(5.36)	18.50
Change in foreign currency translation reserve of subsidiary		(176.00)	201.28
Other comprehensive income (net of tax)		**(69.10)**	**189.86**
Total comprehensive income for the year		**4,010.39**	**4,251.10**
Profit attributable to:			
Owners of the Company		4,079.49	4,061.24
Non-controlling interest		(0.01)	–
		4,079.48	4,061.24
Total comprehensive income attributable to:			
Owners of the Company		4,010.39	4,251.10
Non-controlling interest		(0.01)	–
		4,010.38	4,251.10
Basic and diluted Earnings per share (In ₹)	29	141.0	140.3
(Nominal value per share ₹ 10)			

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Consolidated Statement of Changes in Equity

A. Equity share capital

(₹ In Crore)

Particulars	Note No.	For the year ended 31 March 2017	31 March 2016
At the beginning of the year		289.37	289.37
Changes in equity share capital during the year		–	–
At the end of the year	13	**289.37**	**289.37**

B. Other equity

(₹ In Crore)

Particulars	Note No.	Attributable to owners: Reserves and surplus: General reserve	Reserves and surplus: Retained earnings	Other reserves: Cash flow hedging reserve	Other reserves: Costs of hedging reserve	Other reserves: Foreign exchange difference of subsidiary on paid-up capital	Other reserves: Foreign currency translation reserve	Total other equity	Non-controlling interest
Balance as at 1 April 2015	14	**3,650.85**	**9,206.96**	**121.13**	**(84.42)**	**8.36**	**41.56**	**12,944.44**	**0.04**
Profit for the year		–	4,061.24	–	–	–	–	4,061.24	–
Other comprehensive income (net of tax)		17.74	(0.86)	(97.27)	68.97	0.37	200.91	189.86	–
Total comprehensive income for the year ended 31 March 2016		17.74	4,060.38	(97.27)	68.97	0.37	200.91	4,251.10	–
Transactions with owners in their capacity as owners									
Transfer from Retained earnings to General reserve		497.57	(497.57)	–	–	–	–	–	–
Interim dividend, declared and paid during the year		–	(1,446.84)	–	–	–	–	(1,446.84)	–
Tax on interim dividend		–	(294.54)	–	–	–	–	(294.54)	–
Final dividend, declared and paid during the year		–	(1,446.84)	–	–	–	–	(1,446.84)	–
Tax on final dividend		–	(287.73)	–	–	–	–	(287.73)	–
Provision for Corporate Dividend Tax for previous year written back under section 115(O) of Income-tax Act, 1961		–	11.35	–	–	–	–	11.35	–
Balance as at 31 March 2016	14	**4,166.16**	**9,305.17**	**23.86**	**(15.45)**	**8.73**	**242.47**	**13,730.94**	**0.04**
Profit for the year		–	4,079.49	–	–	–	–	4,079.49	(0.01)
Other comprehensive income (net of tax)		(7.25)	(13.04)	176.41	(49.22)	(0.22)	(175.78)	(69.10)	–
Total comprehensive income for the year ended 31 March 2017		(7.25)	4,066.45	176.41	(49.22)	(0.22)	(175.78)	4,010.39	(0.01)
Transactions with owners in their capacity as owners									
Transfer from Retained earnings to General reserve		634.93	(634.93)	–	–	–	–	–	–
Final dividend, declared and paid during the year		–	(144.68)	–	–	–	–	(144.68)	–
Tax on final dividend		–	(29.45)	–	–	–	–	(29.45)	–
Balance as at 31 March 2017	14	**4,793.84**	**12,562.56**	**200.27**	**(64.67)**	**8.51**	**66.69**	**17,567.20**	**0.03**

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Consolidated Statement of Cash Flows

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
I. Operating activities		
Profit before tax	5,587.55	5,678.89
Adjustments:		
Add:		
i) Depreciation and amortisation	307.29	307.16
ii) Loss on assets sold, demolished, discarded and scrapped	9.24	11.87
iii) Provision for doubtful debts and advances	3.47	0.78
iv) Exchange rate differences on cash and cash equivalents	(1.47)	11.42
v) Exchange loss/(gain) on trade receivables	4.87	3.12
vi) Exchange loss/(gain) on import payables	(0.54)	(0.52)
vii) Interest adjustment on Government grant	0.78	0.57
viii) Interest expense	0.62	0.48
	324.26	334.88
Less:		
i) Investment income included in above:		
Interest income on fixed income securities	75.02	84.19
Profit on sale of investments, net	3.09	3.78
Gain on valuation/realisation of mutual funds measured at fair value through profit or loss	817.32	592.67
Amortisation of premium/discount on acquisition of fixed income securities	67.76	129.18
	963.19	809.82
ii) Share of profits of associate	254.62	221.44
iii) Provision for doubtful debts and advances written back	0.14	0.08
iv) Liabilities no longer required	75.89	48.98
v) Government grants	2.65	2.12
vi) Surplus on sale of assets	2.00	1.26
	(1,298.49)	(1,083.70)
	4,613.32	4,930.07
Change in assets and liabilities		
i) Inventories	(9.31)	95.08
ii) Trade receivables	(240.98)	(4.66)
iii) Loans and other assets	(135.60)	459.42
iv) Liabilities and provisions	570.05	59.22
	184.16	609.06
Annuity payments (net) to VRS optees	(27.54)	(29.83)
Net cash from operating activities before income-tax	4,769.94	5,509.30
Income-tax refund/(paid) for earlier years (net)	–	(37.00)
Income-tax paid	(1,502.58)	(1,782.45)
Net cash from operating activities	**3,267.36**	**3,689.85**
Carried forward	3,267.36	3,689.85

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Brought forward	3,267.36	3,689.85
II. Investing activities		
i) Sale of investments	2,199.98	6,359.92
ii) Purchase of investments	(5,024.30)	(6,268.85)
iii) (Purchase)/sale of money market mutual funds, etc., net	(758.39)	7.24
iv) (Increase)/decrease in investment property	–	(1.48)
v) (Increase)/decrease in other bank balances	33.26	(36.04)
vi) Capital expenditure	(199.44)	(265.14)
vii) Sales proceeds of assets/adjustment to gross block	8.65	5.74
viii) Capital expenditure on development of technical know-how	(6.18)	(6.06)
	(3,746.42)	(204.67)
ix) Investment income		
Interest income on fixed income securities	75.02	84.19
(Increase)/decrease in interest receivable	(11.76)	7.41
	63.26	91.60
Net cash from investing activities	**(3,683.16)**	**(113.07)**
Carried forward	(415.80)	3,576.78

Consolidated Statement of Cash Flows (Contd.)

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Brought forward	(415.80)	3,576.78
III. Financing activities		
i) Interest expense	(0.62)	(0.48)
ii) Deferral of sales tax deferral liability	12.75	50.13
iii) Dividend paid	(172.77)	(2,862.81)
iv) Corporate dividend tax paid	(29.45)	(570.92)
Net cash from financing activities	**(190.09)**	**(3,384.08)**
IV. Change in foreign currency translation arising on consolidation	**72.01**	**56.97**
Net change in cash and cash equivalents	**(533.88)**	**249.67**
Cash and cash equivalents at the beginning of the year	819.91	581.66
Add/(Less): Effects of exchange rate changes on cash and cash equivalents	1.47	(11.42)
Cash and cash equivalents at the end of the year	287.50	819.91
	–	–

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Notes to consolidated financial statements for the year ended 31 March 2017

1 a) The consolidated financial statements include results of the subsidiaries of Bajaj Auto Ltd., consolidated in accordance with Ind AS 110 'Consolidated Financial Statements' and Ind AS 28 'Investment in Associates and Joint Ventures'.

Name of the Company	Country of Incorporation	% Shareholding of Bajaj Auto Ltd.	% Shareholding of Non-controlling interest	Consolidated as
PT. Bajaj Auto Indonesia	Indonesia	99.25%	0.75%	Subsidiary
Bajaj Auto International Holdings BV	Netherlands	100.00%	–	Subsidiary

The consolidated financial statements of Bajaj Auto International Holdings BV include 47.99% interest in KTM AG as an associate.

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

The financial statements up to year ended 31 March 2016 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 1(e) for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

c) Accounting policies applicable in consolidated financial statements

i) The Company combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

ii) Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance Sheet respectively.

iii) Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income.

iv) The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities are translated at the closing rate at the date of that Balance Sheet

– income and expenses are translated at average exchange rates

– All resulting exchange differences are recognised in other comprehensive income.

Goodwill arising on the acquisition of a foreign operation are treated as assets of the foreign operation and translated at the closing rate.

v) Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

d) The profit after tax of KTM AG is consolidated on the basis of audited financial statements for the year ended 31 December 2016.

e) First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1C of standalone financial statements have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2015 (the Company's date

of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).
An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS, which are considered to be material or significant by the Company.

A.1 Ind AS optional exemptions

A.1.1 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations (including investment in associates) prior to the transition date.

The Company elected to apply this exemption.

A.1.2 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

A.2 Ind AS mandatory exceptions

A.2.1 Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2015 are reflected as hedges in the Company's results under Ind AS.

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

A.2.2 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following item in accordance with Ind AS at the date of transition as this was not required under previous GAAP:

– Investment in fixed maturity plan and other mutual funds carried at Fair value through profit or loss

A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

A.2.4 Fair valuation of Government grant/loan

Ind AS 101 requires that a first-time adopter shall classify all Government loans received as a financial liability or an equity instrument in accordance with Ind AS 32. Except as permitted by paragraph B11, a first-time adopter shall apply the requirements in Ind AS 109 and Ind AS 20, prospectively to Government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of the Government loan at a below-market rate of interest as a Government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a Government loan at a below-market rate of interest on a basis consistent with Ind AS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet.

In line with above mandatory exception, Company has continued previous GAAP value for sales tax deferral loan/incentive as at 31 March 2015 in the opening Ind AS Balance Sheet.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition (1 April 2015)

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,917.24	–	1,917.24
Capital work-in-progress		101.72	–	101.72
Investment property	3	–	61.52	61.52
Intangible assets		–	–	–
Intangible assets under development		153.22	–	153.22
Investments in associate of subsidiary		1,585.44		1,585.44
Financial assets				
Investments	1,2,3	2,130.04	(10.87)	2,119.17
Trade receivables		–	–	–
Loans		28.85	–	28.85
Other financial assets		0.02	–	0.02
Income tax assets (net)		277.81	–	277.81
Other non-current assets		204.43	–	204.43
		6,398.77	**50.65**	**6,449.42**
Current assets				
Inventories		814.15	–	814.15
Financial assets				
Investments	1,2	5,800.56	490.82	6,291.38
Trade receivables		716.96	–	716.96
Cash and cash equivalents		581.66	–	581.66
Other bank balances		11.08	–	11.08
Loans		40.40	–	40.40
Other financial assets	2	91.98	7.54	99.52
Income tax assets (net)		0.02	–	0.02
Other current assets		1,510.02	–	1,510.02
		9,566.83	**498.36**	**10,065.19**
Total		**15,965.60**	**549.01**	**16,514.61**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of equity as at date of transition (1 April 2015) (Contd.)

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		289.37	–	289.37
Other equity	1,2,4,5	10,805.95	2,138.49	12,944.44
Equity attributable to owners of the Company		**11,095.32**	**2,138.49**	**13,233.81**
Non-controlling interest		0.04	–	0.04
Total equity		**11,095.36**	**2,138.49**	**13,233.85**
Non-current liabilities				
Financial liabilities				
Sales tax deferral	6	111.77	–	111.77
Provisions		82.44	–	82.44
Deferred tax liabilities (net)	1,2,4	141.58	145.09	286.67
Other non-current liabilities		57.59	–	57.59
		393.38	**145.09**	**538.47**
Current liabilities				
Financial liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		12.83	–	12.83
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,747.77	–	1,747.77
Other financial liabilities		244.96	–	244.96
Other current liabilities		561.73	–	561.73
Provisions	5	1,837.67	(1,734.57)	103.10
Current tax liabilities (net)		71.90	–	71.90
		4,476.86	**(1,734.57)**	**2,742.29**
Total		**15,965.60**	**549.01**	**16,514.61**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of equity as at 31 March 2016

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,936.38	–	1,936.38
Capital work-in-progress		26.89	–	26.89
Investment property	3	–	60.43	60.43
Intangible assets		89.29	–	89.29
Intangible assets under development		25.35	–	25.35
Investments in associate of subsidiary		1,968.93	–	1,968.93
Financial assets				
Investments	1,2,3	7,071.62	646.31	7,717.93
Trade receivables		–	–	–
Loans		29.47	–	29.47
Other financial assets		–	–	–
Income tax assets (net)		373.65		373.65
Other non-current assets		279.14	–	279.14
		11,800.72	**706.74**	**12,507.46**
Current assets				
Inventories		719.07	–	719.07
Financial assets				
Investments	1,2	1,218.32	101.62	1,319.94
Trade receivables		717.93	–	717.93
Cash and cash equivalents		819.91	–	819.91
Other bank balances		47.12	–	47.12
Loans		7.05	–	7.05
Other financial assets	2	47.49	5.40	52.89
Other current assets		1,049.00	–	1,049.00
		4,625.89	**107.02**	**4,732.91**
Total		**16,426.61**	**813.76**	**17,240.37**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of equity as at 31 March 2016 (Contd.)

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		289.37	–	289.37
Other equity	1,2,4,5,6	12,756.05	974.89	13,730.94
Equity attributable to owners of the Company		**13,045.42**	**974.89**	**14,020.31**
Non-controlling interest		0.04	–	0.04
Total equity		**13,045.46**	**974.89**	**14,020.35**
Non-current liabilities				
Financial liabilities				
Sales tax deferral	6	162.48	(44.62)	117.86
Provisions		47.57	–	47.57
Deferred tax liabilities (net)	1,2,4	188.25	14.55	202.80
Government grant	6	–	40.95	40.95
Other non-current liabilities		29.78	–	29.78
		428.08	**10.88**	**438.96**
Current liabilities				
Financial liabilities				
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		15.38	–	15.38
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,011.73	–	2,011.73
Other financial liabilities		305.40	–	305.40
Other current liabilities		299.11	–	299.11
Provisions	5	287.08	(174.13)	112.95
Government grant	6	–	2.12	2.12
Current tax liabilities (net)		34.37	–	34.37
		2,953.07	**(172.01)**	**2,781.06**
Total		**16,426.61**	**813.76**	**17,240.37**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2016

(₹ In Crore)

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
Sales	4, 7, 8	22,252.78	1,195.61	23,448.39
Other operating revenue		434.81	–	434.81
Revenue from operations		22,687.59	1,195.61	23,883.20
Other income	1, 2, 4, 6	824.26	160.32	984.58
Total income		**23,511.85**	**1,355.93**	**24,867.78**
Expenses				
Cost of raw material and components consumed		13,717.01	–	13,717.01
Purchases of traded goods		1,276.40	–	1,276.40
Changes in inventories of finished goods, work-in-progress and traded goods		63.45	–	63.45
Excise duty	7	3.22	1,293.46	1,296.68
Employee benefits expense	9	918.44	(1.32)	917.12
Finance costs	6	0.48	0.57	1.05
Depreciation and amortisation expense		307.16	–	307.16
Other expenses	8	1,947.40	(98.92)	1,848.48
Expenses, included in above items, capitalised		(17.02)	–	(17.02)
Total expenses		**18,216.54**	**1,193.79**	**19,410.33**
Share of profits of associate (after tax)		221.44	–	221.44
Profit before tax		**5,516.75**	**162.14**	**5,678.89**
Tax expense				
Current tax	1, 2, 4, 9	1,686.10	(44.68)	1,641.42
Deferred tax	1, 2, 4, 9	46.67	(70.44)	(23.77)
Total tax expense		1,732.77	(115.12)	1,617.65
Profit after tax		**3,783.98**	**277.26**	**4,061.24**
Profit attributable to non-controlling interest		–	–	–
Profit for the year		**3,783.98**	**277.26**	**4,061.24**
Other comprehensive income for the year (net of tax)	9, 10	–	189.86	189.86
Total comprehensive income for the year		**3,783.98**	**467.12**	**4,251.10**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

B. Reconciliations between previous GAAP and Ind AS (Contd.)

Reconciliation of total equity as at 31 March 2016 and 1 April 2015

(₹ In Crore)

Particulars	Notes to first-time adoption	31 March 2016	1 April 2015
Total equity as reported under previous GAAP		13,045.46	11,095.36
Ind-AS adjustments increasing/(decreasing) equity as reported under previous GAAP:			
Fair valuation of fixed maturity plans - held	1	806.95	466.39
Time value/intrinsic value of forward contacts - routed through OCI (net of tax)	4	(12.64)	(64.11)
Proposed dividend	5	174.13	1,734.57
Other adjustments (net of tax)	1,2,6	6.45	1.64
Total adjustments		974.89	2,138.49
Total equity as per Ind AS		14,020.35	13,233.85

Reconciliation of total comprehensive income for the year ended 31 March 2016

(₹ In Crore)

Particulars	Notes to first-time adoption	31 March 2016
Net profit after tax as reported under previous GAAP		3,783.98
Ind-AS adjustments increasing/(decreasing) net profit as reported under previous GAAP:		
Fair valuation of fixed maturity plans – matured (net of tax)	1	(158.78)
Fair valuation of fixed maturity plans – held	1	499.34
Time value of forward contacts – routed through OCI (net of tax)	4	(68.97)
Other adjustments (net of tax)	1,2,6,9	5.67
Total adjustments		277.26
Net profit after tax as per Ind AS		4,061.24
Other comprehensive income, net of tax	10	189.86
Total comprehensive income as per Ind AS		4,251.10

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2016

There are no material adjustments of transition to the Statement of Cash Flows to conform to Ind AS presentation for the year ended 31 March 2016.

C. Notes to first-time adoption

Note 1: Fair valuation of investments (fixed maturity plans and other mutual funds)

Under the previous GAAP, investments in fixed maturity plans and other mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2016.

Note 2: Measurement change for some financial assets at amortised cost

Under previous GAAP, certain debt instruments were measured at cost including pre-acquisition interest. This had impacted amortisation of premium/discount on those investments. Under Ind AS, these investments have been remeasured at cost excluding pre-acquisition interest and amortisation has been accordingly reworked. The change in carrying cost of such investments at the date of transition has been recognised in retained earnings. Subsequent amortisation changes have been recognised in the Statement of Profit and Loss.

Note 3: Investment property

Under the previous GAAP, investment properties were presented as part of non-current investments. Under Ind AS, investment properties are required to be separately presented on the face of the Balance Sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 4: Hedge accounting

Under the previous GAAP, the Company had adopted the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement to account for derivatives used for hedging foreign exchange risk related to highly probable forecast sales transactions. In accordance with AS 30, the Company separated the intrinsic value and time value of an option contract and designated as hedging instrument only the change in intrinsic value of an option. The changes in the time value of the option contracts were recognised as expenses. Under Ind AS, these costs (i.e. time value related changes of the option contract) are also accumulated within equity and are adjusted against the carrying value of the hedged item. Consequently, the time value changes (net of tax) have been reclassified within equity from retained earnings to hedge reserve. All subsequent changes in time value have been recognised in other comprehensive income and have been accumulated in separate component of equity.

Note 5: Proposed dividend and tax thereon

Under the previous GAAP, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and tax thereon, included under provisions has been reversed with corresponding adjustment to retained earnings.

Note 6: Fair valuation of financial liability (sales tax deferral)

Under previous GAAP, the sales tax deferral incentive, which is sales tax collected and repayable after a fixed tenure as prescribed by Package Scheme of Incentives was recognised at cost. Under Ind AS, the financial liability of sales tax deferral is to be measured at fair value and the difference between deferral amount and fair value is to be recognised as Government grant. The Company has availed mandatory exception under Ind AS 101 and accordingly, there is no change in accounting treatment on the amount carried forward on the date of transition.

After transition date, the difference between sales tax deferral amount and fair value has been recognised as Government grant in Balance Sheet. The Government grant has been recognised in the Statement of Profit and Loss on a straight line basis over the period of grant and unwinding of interest on fair value of sales tax deferral liability has been recognised as finance cost.

Note 7: Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the Statement of Profit and Loss as part of expenses. There is no impact on the total equity and profit.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

C. Notes to first-time adoption (Contd.)

Note 8: Discount and incentives directly relatable to revenue

Under previous GAAP, the discounts and incentives on sales were shown as other expenses. Under Ind AS, these are required to be netted off against revenue. There is no impact on the total equity and profit.

Note 9: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

Note 10: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments etc. The concept of other comprehensive income did not exist under previous GAAP.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

2 Property, plant and equipment

Current year

(₹ In Crore)

Particulars	Gross block				Depreciation				Net block
	As at 1 April 2016	Additions	Deductions/ adjustments	As at 31 March 2017	As at 1 April 2016	Deductions	For the year	As at 31 March 2017	As at 31 March 2017
Land freehold	20.18	–	–	20.18	–	–	–	–	20.18
Land leasehold	54.34	–	0.65	53.69	–	–	–	–	53.69
Buildings	822.51	54.96	0.01	877.46	231.36	0.01	27.90	259.25	618.21
Waterpumps, reservoirs and mains	16.75	0.43	–	17.18	10.05	–	1.11	11.16	6.02
Plant and machinery	1,485.35	64.30	113.24	1,436.41	1,029.31	106.21	60.05	983.15	453.26
Computers and IT Equipment	82.60	8.86	4.94	86.52	59.94	4.94	11.29	66.29	20.23
Dies and jigs	643.16	55.05	3.24	694.97	443.25	2.28	48.19	489.16	205.81
Electric installations	72.84	0.15	0.01	72.98	58.29	–	6.07	64.36	8.62
Factory equipments	347.71	27.62	6.34	368.99	139.48	5.19	24.70	158.99	210.00
Furniture	41.93	5.43	0.29	47.07	22.79	0.24	3.95	26.50	20.57
Office equipment	45.95	3.51	0.29	49.17	32.26	0.27	5.28	37.27	11.90
Electric fittings	29.03	2.49	0.14	31.38	16.19	0.14	3.01	19.06	12.32
Vehicles and aircraft	638.61	16.07	11.40	643.28	321.66	4.73	68.55	385.48	257.80
Total	**4,300.96**	**238.87**	**140.55**	**4,399.28**	**2,364.58**	**124.01**	**260.10**	**2,500.67**	**1,898.61**
Capital work-in-progress	**26.89**	**8.15**	**24.40**	**10.64**	**–**	**–**	**–**	**–**	**10.64**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per previous GAAP, which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 16 Property, plant and equipment. As on 1 April 2015, gross block and accumulated depreciation was ₹ 4,100.91 crore and ₹ 2,183.67 crore respectively.

Previous year

(₹ In Crore)

Particulars	Gross block				Depreciation				Net block
	As at 1 April 2015	Additions	Deductions/ adjustments	As at 31 March 2016	As at 1 April 2015	Deductions	For the year	As at 31 March 2016	As at 31 March 2016
Land freehold	20.18	–	–	20.18	–	–	–	–	20.18
Land leasehold	54.99	–	0.65	54.34	–	–	–	–	54.34
Buildings	751.72	82.99	12.20	822.51	211.23	6.05	26.18	231.36	591.15
Waterpumps, reservoirs and mains	14.34	0.97	(1.44)	16.75	8.29	(1.02)	0.74	10.05	6.70
Plant and machinery	1,502.89	49.85	67.39	1,485.35	1,026.75	63.10	65.66	1,029.31	456.04
Computers and IT Equipment	67.63	15.28	0.31	82.60	49.40	0.30	10.84	59.94	22.66
Dies and jigs	590.48	56.99	4.31	643.16	402.10	3.89	45.04	443.25	199.91
Electric installations	72.64	0.20	–	72.84	50.18	–	8.11	58.29	14.55
Factory equipments	294.11	55.08	1.48	347.71	118.42	1.23	22.29	139.48	208.23
Furniture	32.06	10.23	0.36	41.93	18.97	0.21	4.03	22.79	19.14
Office equipment	42.57	3.70	0.32	45.95	27.28	0.32	5.30	32.26	13.69
Electric fittings	23.04	6.03	0.04	29.03	13.33	0.03	2.89	16.19	12.84
Vehicles and aircraft	634.26	14.12	9.77	638.61	257.72	4.28	68.22	321.66	316.95
Total	**4,100.91**	**295.44**	**95.39**	**4,300.96**	**2,183.67**	**78.39**	**259.30**	**2,364.58**	**1,936.38**
Capital work-in-progress	**101.72**	**26.89**	**101.72**	**26.89**	**–**	**–**	**–**	**–**	**26.89**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per previous GAAP, which in case of the Company, corresponds with carrying costs measured in accordance with Ind AS 16 Property, plant and equipment. As on 1 April 2015, gross block and accumulated depreciation was ₹ 4,100.91 crore and ₹ 2,183.67 crore respectively.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

3 Investment property

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Gross carrying amount			
Opening balance	69.46	67.98	
Additions	–	1.48	
Closing balance	69.46	69.46	67.98
Accumulated depreciation			
Opening balance	9.03	6.46	
Depreciation charge	1.90	2.57	
Closing balance	10.93	9.03	6.46
Net carrying amount	58.53	60.43	61.52

4 Intangible assets

Current year

(₹ In Crore)

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2016	Additions	Deductions/ adjustments	As at 31 March 2017	As at 1 April 2016	Deductions	For the year	As at 31 March 2017	As at 31 March 2017
Intangible assets									
Technical know-how developed	133.93	–	–	133.93	44.64	–	44.64	89.28	44.65
Total Intangible assets	**133.93**	**–**	**–**	**133.93**	**44.64**	**–**	**44.64**	**89.28**	**44.65**
Intangible assets under development	**25.35**	**6.18**	**–**	**31.53**	**–**	**–**	**–**	**–**	**31.53**

Previous year

(₹ In Crore)

Particulars	Gross block				Amortisation				Net block
	As at 1 April 2015	Additions	Deductions/ adjustments	As at 31 March 2016	As at 1 April 2015	Deductions	For the year	As at 31 March 2016	As at 31 March 2016
Intangible assets									
Technical know-how developed	–	133.93	–	133.93	–	–	44.64	44.64	89.29
Total Intangible assets	**–**	**133.93**	**–**	**133.93**	**–**	**–**	**44.64**	**44.64**	**89.29**
Intangible assets under development	**153.22**	**6.06**	**133.93**	**25.35**	**–**	**–**	**–**	**–**	**25.35**

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

5 Investments

(₹ In Crore)

Particulars	Non-current investments			Current investments		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
A) Investments in associate of subsidiary						
Investment excluding goodwill	1,420.89	1,373.32	1,054.65	–	–	–
Goodwill on investment in associate of subsidiary	547.40	595.61	530.79	–	–	–
	1,968.29	1,968.93	1,585.44	–	–	–
B) Other investments						
Investment carried at amortised cost						
In Government and trust securities	–	–	0.01	–	0.01	–
In Bonds and Debentures	653.76	305.84	489.83	425.05	362.92	713.19
In Commercial paper	–	–	–	340.01	336.86	46.11
In Certificate of deposits	–	–	–	–	–	370.42
Investment carried at fair value through profit or loss						
In Mutual fund units	6,804.91	7,412.09	1,629.33	5,285.02	620.15	5,161.66
	7,458.67	7,717.93	2,119.17	6,050.08	1,319.94	6,291.38
	9,426.96	9,686.86	3,704.61	6,050.08	1,319.94	6,291.38

6 Loans
(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Security deposits	22.75	22.41	22.33	–	–	–
Employee loans	6.99	7.06	6.52	6.47	7.05	6.80
Loans to related party	–	–	–	69.29	–	33.60
	29.74	29.47	28.85	75.76	7.05	40.40

Security deposits include a sum of ₹ 9.92 crore (previous year ₹ 9.92 crore) against use of premises on a Leave License basis, placed with directors and their relatives, jointly and severally.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

7 Other financial assets

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Non-current bank balances [See note 12]	0.02	–	0.02	–	–	–
Interest receivable on investments	–	–	–	38.39	26.63	34.04
Interest receivable on loans, deposits etc.	–	–	–	0.46	0.44	0.70
Valuation gains on derivative hedging instruments	–	–	–	207.38	12.88	56.14
Other advances	–	–	–	17.07	12.94	8.64
	0.02	–	0.02	263.30	52.89	99.52

8 Other assets
(Unsecured, good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances	114.67	137.85	93.32	–	–	–
Security deposits	5.63	5.28	4.72	–	–	–
Advances to related parties	–	–	–	3.73	7.11	7.14
Advances recoverable in cash or kind						
Unsecured considered good	22.77	22.67	20.12	67.18	63.80	59.97
Doubtful	7.38	4.80	4.67	–	–	–
	30.15	27.47	24.79	67.18	63.80	59.97
Provision for doubtful advances	7.38	4.80	4.67	–	–	–
	22.77	22.67	20.12	67.18	63.80	59.97
VAT refund receivable	106.34	94.26	67.19	638.26	598.25	850.63
Excise duty rebate receivable on export	–	–	–	172.57	138.66	311.23
Balances with Central Excise Department	19.06	19.06	19.06	33.29	43.78	17.26
Export incentives receivable						
Unsecured considered good	–	0.02	0.02	181.33	197.40	263.79
Doubtful	5.73	5.73	5.73	–	–	–
	5.73	5.75	5.75	181.33	197.40	263.79
Provision for doubtful export incentives	5.73	5.73	5.73	–	–	–
	–	0.02	0.02	181.33	197.40	263.79
	268.47	279.14	204.43	1,096.36	1,049.00	1,510.02

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

9 Inventories

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw materials and components (includes in transit ₹ 39.78 crore (previous year ₹ 46.10 crore))	239.27	271.92	303.36
Work-in-progress	39.83	42.61	28.65
Finished goods	430.80	384.34	461.75
Stores, spares and packing material	14.99	15.85	17.47
Loose tools	3.49	4.35	2.92
	728.38	719.07	814.15

Amount recognised in profit or loss

Write-downs of inventories to net realisable value resulted in net loss/(gain) of ₹ (3.23) crore [Previous year – ₹ 11.11 crore]. These were recognised as an expense/income during the year in the Statement of Profit and Loss.

10 Trade receivables

(Unsecured, considered good, unless stated otherwise)

(₹ In Crore)

Particulars	Non-current, As at 31 March 2017	Non-current, As at 31 March 2016	Non-current, As at 1 April 2015	Current, As at 31 March 2017	Current, As at 31 March 2016	Current, As at 1 April 2015
Good	–	–	–	953.29	717.93	716.96
Doubtful	4.95	4.83	4.26	–	–	–
	4.95	4.83	4.26	953.29	717.93	716.96
Provision for doubtful receivable	4.95	4.83	4.26	–	–	–
	–	–	–	953.29	717.93	716.96

11 Cash and cash equivalents

(₹ In Crore)

Particulars	Current, As at 31 March 2017	Current, As at 31 March 2016	Current, As at 1 April 2015
Balances with banks	287.31	524.66	581.54
Cash on hand	0.19	0.20	0.12
Cash equivalents			
Certificate of deposits with maturity of less than 3 months from date of acquisition	–	295.05	–
	287.50	819.91	581.66

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

12 Other bank balances

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Unclaimed dividend accounts	–	–	–	13.86	41.95	11.08
Deposits with residual maturity for more than 12 months	0.02	–	0.02	–	–	–
Deposits with residual maturity for less than 12 months	–	–	–	–	5.17	–
	0.02	–	0.02	13.86	47.12	11.08
Amount disclosed under 'other financial assets' [See note 7]	(0.02)	–	(0.02)	–	–	–
	–	–	–	13.86	47.12	11.08

13 Equity share capital

(₹ In Crore)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Authorised			
300,000,000 equity shares of ₹ 10 each	300.00	300.00	300.00
Issued, subscribed and fully paid-up shares			
289,367,020 equity shares of ₹ 10 each	289.37	289.37	289.37
	289.37	289.37	289.37

a. Of the above

Euro Equity Issue represented by Global Depository Receipts (GDR) evidencing Global Depository Shares issued in earlier years has been disbanded during the year 2016-17, hence there are no outstanding GDRs at the close of the year.

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The interim dividend declared by the Board of Directors and the dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at					
	31 March 2017		31 March 2016		1 April 2015	
	Nos.	% Holding	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid						
Bajaj Holdings & Investment Ltd.	91,280,000	31.54%	91,119,000	31.49%	91,119,000	31.49%
Jamnalal Sons Pvt. Ltd.	25,844,400	8.93%	25,844,400	8.93%	25,844,400	8.93%
Life Insurance Corporation of India	15,602,107	5.39%	17,584,960	6.08%	16,967,330	5.86%

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

14 Other equity

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Reserves and surplus:			
General reserve			
Balance as at the beginning of the year	4,166.16	3,650.85	
Add: Adjustments on account of change in share of net assets of associate/subsidiary	(7.25)	17.74	
Add: Transferred from Retained earnings	634.93	497.57	
Closing balance	4,793.84	4,166.16	3,650.85
Retained earnings			
Balance as at the beginning of the year	9,305.17	9,206.96	
Profit for the year	4,079.49	4,061.24	
Items of other comprehensive income recognised directly in retained earnings			
Actuarial gains/losses of gratuity (net of tax)	(13.04)	(0.86)	
Less: Appropriations			
Transfer to General reserve	634.93	497.57	
Interim dividend	–	1,446.84	
Tax on interim dividend	–	294.54	
Final dividend paid	144.68	1,446.84	
Tax on final dividend paid	29.45	287.73	
Provision for Corporate Dividend Tax for previous year written back under section 115(O) of Income-tax Act, 1961	–	(11.35)	
Total appropriations	809.06	3,962.17	
Balance in retained earnings	12,562.56	9,305.17	9,206.96
Other reserves:			
Cash flow hedging reserve	200.27	23.86	121.13
Costs of hedging reserve	(64.67)	(15.45)	(84.42)
Foreign exchange difference of subsidiary on paid-up capital	8.51	8.73	8.36
Foreign currency translation reserve	66.69	242.47	41.56
	17,567.20	13,730.94	12,944.44

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

15 Sales tax deferral

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Unsecured						
Sales tax deferral liability/loan, an incentive under Package Scheme of Incentives 1983 and 1993 - interest free, partially prepaid	119.90	117.86	111.77	–	–	0.58
	119.90	117.86	111.77	–	–	0.58
Amount disclosed under the head 'other financial liabilities' [See note 19]	–	–	–	–	–	(0.58)
	119.90	117.86	111.77	–	–	–

The exemption of interest on the sales tax liability deferred for payment is considered as a Government grant and measured at internal rate of return available for pre-payment of the liability as per the sales tax rules

16 Provisions

(₹ In Crore)

Particulars	Non-current			Current		
	As at			As at		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits						
Provision for gratuity	74.18	43.14	77.61	–	–	–
Provision for compensated absences	–	–	–	99.65	87.24	79.56
Provision for welfare scheme	3.95	4.43	4.83	0.29	0.41	0.38
	78.13	47.57	82.44	99.94	87.65	79.94
Other provisions						
Provision for warranties	–	–	–	20.99	25.30	23.16
	78.13	47.57	82.44	120.93	112.95	103.10

17 Deferred tax liabilities (net)

(₹ In Crore)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Deferred tax liabilities	482.19	330.12	423.86
Deferred tax assets	168.57	127.32	137.19
	313.62	202.80	286.67

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

18 Other non-current liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Annuity payable to VRS optees	7.27	29.78	57.59
	7.27	29.78	57.59

19 Other financial liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of sales tax deferral liability [See note 15]	–	–	0.58
Security deposits	23.97	17.99	17.28
Unclaimed dividend	13.86	41.95	11.08
Book overdraft	–	–	0.25
Directors' remuneration and commission payable	28.86	27.02	25.36
Employee benefits payable	89.18	80.71	62.84
Other payables	124.05	137.73	127.57
	279.92	305.40	244.96

20 Other current liabilities

(₹ In Crore)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Annuity payable to VRS optees	22.90	27.93	29.95
Advance received from customers	413.56	174.78	439.57
Taxes and duties payable	94.89	75.50	72.62
Other payables	26.27	20.90	19.59
	557.62	299.11	561.73

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

21 Revenue from operations

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Revenue from operations		
Sale of products (including excise duty)	22,694.87	23,448.39
Other operating revenue		
Scrap sales	29.93	46.11
Export incentives	289.45	330.63
Royalty	70.74	58.07
Technical know how fees	3.04	–
	393.16	434.81
	23,088.03	23,883.20

22 Other income

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Investment income		
Interest income on fixed income securities	75.02	84.19
Amortisation of (premium)/discount on acquisition of fixed income securities	67.76	129.18
Interest income from financial assets at amortised cost	142.78	213.37
Gain on valuation/realisation of mutual funds measured at fair value through profit or loss	817.32	592.67
Profit on sale of investments, net	3.09	3.78
	963.19	809.82
Others		
Interest - others	70.03	34.16
Rent	27.03	20.11
Insurance claims	0.40	0.72
Miscellaneous receipts	79.31	57.16
Government grants	2.65	2.12
Surplus on sale of assets	2.00	1.26
Bad debts recovered	0.41	–
Sundry credit balances appropriated	0.65	0.67
Provision for doubtful debts and advances written back	0.76	0.08
Less: Write backs on account of amounts written off during the year, as per contra	0.62	–
	0.14	0.08
Liabilities no longer required	75.89	49.02
Gain on derivative contracts on break in designation of hedge	0.53	0.13
Gains on exchange fluctuations	–	9.33
	259.04	174.76
	1,222.23	984.58

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

23 Changes in inventories

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016	(Increase)/ decrease
Inventories at the end of the year			
Work-in-progress	39.83	42.61	2.78
Finished goods	430.80	384.34	(46.46)
	470.63	426.95	(43.68)
Inventories at the beginning of the year			
Work-in-progress	42.61	28.65	(13.96)
Finished goods	384.34	461.75	77.41
	426.95	490.40	63.45
	(43.68)	63.45	

24 Employee benefits expense

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Salaries, wages and bonus to employees	827.66	756.65
Remuneration to whole-time directors	36.55	33.70
Contribution to provident and other funds	69.19	68.11
Staff welfare expenses	63.99	58.66
	997.39	917.12

25 Finance costs

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Interest expense	0.62	0.48
Interest adjustment on Government grant	0.78	0.57
	1.40	1.05

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

26 Depreciation and amortisation expense

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Depreciation on property, plant and equipment	260.10	259.30
Depreciation on investment property	1.90	2.57
Amount amortised/written off against technical know-how	44.64	44.64
Amount written off against leasehold land	0.65	0.65
	307.29	307.16

27 Other expenses

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
Stores and tools consumed	114.63	131.80
Power, fuel and water	96.46	120.66
Rent	13.34	11.88
Repairs to buildings	60.19	49.90
Repairs to machinery	121.08	146.58
Other repairs	6.79	6.53
Insurance	3.72	3.33
Rates and taxes	13.00	3.96
Payment to auditor	1.58	1.45
Directors' fees and travelling expenses	0.99	1.14
Commission to non-executive directors	1.45	1.75
Travelling expenses	58.59	55.49
Miscellaneous expenses	292.34	272.32
Sales tax/VAT expenses	11.96	12.83
Packing material consumed	244.85	309.38
Freight and forwarding expenses	45.95	39.35
Advertisement	395.32	434.21
Vehicle service charges and other expenses	102.86	104.87
Sales promotion	53.41	41.57
Expenditure towards Corporate Social Responsibility (CSR) activities	94.98	86.72
Bad debts and other irrecoverable debit balances written off	0.74	0.11
Less: Provisions made in earlier years in respect of amounts written off during the year,adjusted as per contra	0.62	–
	0.12	0.11
Loss on exchange fluctuations	1.70	–
Loss on assets sold, demolished, discarded and scrapped	9.24	11.87
Provision for doubtful debts and advances	3.47	0.78
	1,748.02	1,848.48

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

28 Tax expense

(₹ In Crore)

Particulars	For the year ended 31 March 2017	31 March 2016
(a) Tax expense		
Current tax		
Current tax on profits for the year	1,455.92	1,641.42
Adjustments for current tax of prior periods	1.74	–
Total current tax expense	1,457.66	1,641.42
Deferred tax		
Decrease/(increase) in deferred tax assets	(8.30)	18.51
(Decrease)/increase in deferred tax liabilities	58.71	(42.28)
Total deferred tax expense/(benefit)	50.41	(23.77)
Tax expense	1,508.07	1,617.65
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before tax	5,587.55	5,678.89
Tax at the Indian tax rate of 34.608% (previous year - 34.608%)	1,933.73	1,965.35
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Corporate social responsibility expenditure	16.26	14.15
– Taxes paid on account of dividend received from subsidiary	–	15.43
– Net present value on prepayment of sales tax assessment	0.54	1.41
– Disallowance of estimated expenditure to earn tax exempt income	0.10	0.05
– Disallowance of expenditure incurred on rented property (net)	–	0.84
– Rate difference in amortisation of fixed income securities	4.03	–
– Rate difference on account of fair value of mutual funds	32.19	–
– Adjustments for current tax of prior periods	1.74	–
– Others	2.97	6.63
Tax effect of amounts which are deductible (non-taxable) in calculating taxable income:		
– Weighted deduction for Research and Development expenditure	(122.08)	(109.99)
– Profits of subsidiaries not taxable in India	(87.18)	(76.39)
– Tax–free interest	(0.69)	(0.70)
– Deduction for profit from specified undertaking	(64.80)	(26.32)
– Profit on investments not taxable	(69.10)	–
– Income from fair valuation of mutual funds	(138.64)	(172.81)
– Disallowance of expenditure incurred on rented property (net)	(1.00)	–
Tax expense	1,508.07	1,617.65

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

29 Earnings Per Share (EPS)

Particulars		For the year ended 31 March 2017	31 March 2016
a.	Profit for the year (₹ In Crore)	4,079.49	4,061.24
	Weighted average number of shares outstanding during the year (Nos)	289,367,020	289,367,020
b.	Earnings per share (Basic and Diluted) ₹	141.0	140.3
	Face value per share ₹	10.0	10.0

30 Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

31 The accounting policies, notes and disclosures made by the parent are best viewed in its standalone financial statements to which these consolidated financial statements are attached. Accounting policies specifically related to consolidated financial statements are mentioned in note 1. Differences in accounting policies followed by the other entities consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

32 Consolidated contingent liability is same as contingent liability of standalone Bajaj Auto Ltd.

33 Consolidated capital commitments are same as capital commitments of standalone Bajaj Auto Ltd.

34 Consolidated related party transactions are same as related party transactions of standalone Bajaj Auto Ltd. except for following transactions which are additional in consolidated financial statements:

Loan to KTM AG: ₹ 69.29 crore (previous year - Nil)
Interest received from KTM AG: ₹ 0.20 crore (previous year - Nil)

35 As required by MCA notification dated 30 March 2017, amending Schedule III of the Companies Act, 2013, the details of Specified Bank Notes (SBN) held and transacted during the specified period are given for parent company (Bajaj Auto Ltd.) in note 40 of the standalone financial statements. Such details are not disclosed for the foreign subsidiaries, as this disclosure is required only for companies to which Schedule III of the Companies Act, 2013 is applicable.

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

36 Segment information

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2017

The Company's Core Management Committee (CMC), examines the group's performance both from a product and geographical perspective and has identified two reportable operative business segments. The group's significant source of risk and rewards are derived from Automotive business and Investments, the performance of which is reviewed by the committee on a periodic basis and hence considered as individual operative segments.

(₹ In Crore)

(a) Business segment

Particulars	Automotive	Investments	Consolidated
Revenue			
External sales and other income	23,347.07	963.19	24,310.26
Inter segment sales and other income	–	–	–
Total revenue	**23,347.07**	**963.19**	**24,310.26**
Segment result	4,627.42	961.53	5,588.95
Finance costs	1.40	–	1.40
Tax expense	–	–	1,508.07
Non-controlling interest	–	–	(0.01)
Profit for the year	**4,626.02**	**961.53**	**4,079.49**
Segment assets	5,663.70	13,605.69	19,269.39
Investments in associate of subsidiary	1,968.29	–	1,968.29
Unallocated corporate assets	–	–	399.94
Total assets	**7,631.99**	**13,605.69**	**21,637.62**
Segment liabilities	3,279.85	–	3,279.85
Unallocated corporate liabilities	–	–	15.74
Total liabilities	**3,279.85**	**–**	**3,295.59**
Capital employed	**4,352.14**	**13,605.69**	**18,342.03**
Reconciliation of segment liabilities			
Total segment liabilities as above			3,295.59
Add: Considered as part of capital employed			
Sales tax deferral			119.90
Deferred tax liabilities			313.62
Government grant (current and non-current)			51.91
Total liabilities as per Balance Sheet			**3,781.02**
Capital expenditure	238.87	–	238.87
Depreciation and write downs	307.29	–	307.29
Non cash expenses other than depreciation	3.47	–	3.47

(b) Geographic segment

Particulars	India	Rest of the world	Consolidated
Segment revenue: External sales and other income	16,431.33	7,878.93	24,310.26
Segment assets	19,337.77	2,299.85	21,637.62
Capital expenditure	238.87	–	238.87

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

36 Segment information (Contd.)

Segment information is based on the consolidated financial statements.

Segment wise revenue, results and capital employed for the year ended 31 March 2016

The Company's Core Management Committee (CMC), examines the group's performance both from a product and geographical perspective and has identified two reportable operative business segments. The group's significant source of risk and rewards are derived from Automotive business and Investments, the performance of which is reviewed by the committee on a periodic basis and hence considered as individual operative segments.

(₹ In Crore)

(a) Business segment

Particulars	Automotive	Investments	Consolidated
Revenue			
External sales and other income	24,058.05	809.73	24,867.78
Inter segment sales and other income	–	–	–
Total revenue	**24,058.05**	**809.73**	**24,867.78**
Segment result	4,871.32	808.62	5,679.94
Finance costs	1.05	–	1.05
Tax expense	–	–	1,617.65
Non-controlling interest	–	–	–
Profit for the year	**4,870.27**	**808.62**	**4,061.24**
Segment assets	5,477.79	9,420.00	14,897.79
Investments in associate of subsidiary	1,968.93	–	1,968.93
Unallocated corporate assets	–	–	373.65
Total assets	**7,446.72**	**9,420.00**	**17,240.37**
Segment liabilities	2,821.92	–	2,821.92
Unallocated corporate liabilities	–	–	34.37
Total liabilities	**2,821.92**	**–**	**2,856.29**
Capital employed	**4,624.80**	**9,420.00**	**14,384.08**
Reconciliation of segment liabilities			
Total segment liabilities as above			2,856.29
Add: Considered as part of capital employed			
Sales tax deferral			117.86
Deferred tax liabilities			202.80
Government grant (current and non-current)			43.07
Total liabilities as per Balance Sheet			**3,220.02**
Capital expenditure	295.44	-	295.44
Depreciation and write downs	307.16	-	307.16
Non cash expenses other than depreciation	0.78	-	0.78

(b) Geographic segment

Particulars	India	Rest of the world	Consolidated
Segment revenue: External sales and other income	15,086.65	9,781.13	24,867.78
Segment assets	14,998.48	2,241.89	17,240.37
Capital expenditure	295.20	0.24	295.44

Notes to consolidated financial statements for the year ended 31 March 2017 (Contd.)

37 Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ In Crore)

Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in Profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1. Parent								
Bajaj Auto Ltd.	95.39%	17,034.13	93.82%	3,827.56	(165.20%)	114.15	98.29%	3,941.71
2. Subsidiaries (Foreign)								
PT Bajaj Auto Indonesia	0.03%	4.57	(0.02%)	(0.97)	(6.71%)	4.64	0.09%	3.67
Bajaj Auto International Holdings BV	11.43%	2,040.62	6.20%	252.89	90.17%	(62.31)	4.75%	190.58
Add/(Less): Non-controlling interest in all subsidiaries	–	(0.03)	–	0.01	–	–	–	0.01
Add/(Less): Inter-company eliminations	(6.85%)	(1,222.72)	–	–	181.74%	(125.58)	(3.13%)	(125.58)
Total	**100.00%**	**17,856.57**	**100.00%**	**4,079.49**	**100.00%**	**(69.10)**	**100.00%**	**4,010.39**

38 Miscellaneous

₹ 1 crore is equal to ₹ 10 million.

In terms of our report of even date

For Dalal & Shah LLP
Firm Registration Number: 102021W/W100110
Chartered Accountants

Anish P Amin
Partner
Membership Number: 40451
Pune: 18 May 2017

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Salient features of the financial statements of subsidiaries for the year ended 31 March 2017

Form AOC-1:
In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

(₹ In Crore)

	Particulars	PT. Bajaj Auto Indonesia	Bajaj Auto International Holdings BV. (Consolidated)
a	The date since when subsidiary was acquired	20 February 2008 (being the effective date of demerger of erstwhile BAL)	20 February 2008 (being the effective date of demerger of erstwhile BAL)
b	Reporting period for the subsidiary	1 April 2016 to 31 March 2017	1 April 2016 to 31 March 2017
c	Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries	IDR (Indonesian Rupiah)	Euro
d	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	1 USD = IDR 13321 1 USD = ₹ 64.8500	1 Euro = ₹ 69.2925
e	Share capital	189.00	1,371.99
f	Reserves and surplus	(184.43)	668.63
g	Total assets	4.75	2,040.70
h	Total liabilities	4.75	2,040.70
i	Investments	–	1,420.89
j	Turnover	0.06	0.20
k	Profit before tax	(0.97)	252.89
l	Provision for tax	–	–
m	Profit after tax	(0.97)	252.89
n	Proposed dividend	–	–
o	% of shareholding	99.25%	100.00%

On behalf of the Board of Directors

Rahul Bajaj
Chairman

Kevin D'sa
Chief Financial Officer

Rajiv Bajaj
Managing Director

J Sridhar
Company Secretary

Nanoo Pamnani
Chairman - Audit Committee

Pune: 18 May 2017

Notes


DOMINAR



BAJAJ

Bajaj Auto Limited
Akurdi, Pune - 411 035, India.
www.bajajauto.com

BAJAJ AUTO LTD.
CIN: L65993PN2007PLC130076

Regd. Office:
Bajaj Auto Ltd. Complex,
Mumbai-Pune Road,
Akurdi, Pune 411 035

NOTICE

Notice is hereby given that the Tenth annual general meeting of the shareholders of Bajaj Auto Ltd. will be held on **Thursday, 20 July 2017** at **12.15 p.m.** at the registered office of the Company at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the standalone financial statements and the consolidated financial statements of the Company for the year ended 31 March 2017, together with the Directors' and Auditors' Reports thereon.

2. To declare a dividend

3. To appoint a director in place of Madhur Bajaj (DIN 00014593), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

4. To appoint a director in place of Shekhar Bajaj (DIN 00089358), who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **ordinary resolution:**

   'RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, S R B C & Co LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) be and are hereby appointed as Statutory Auditors of the Company in place of Dalal & Shah LLP, Chartered Accountants, (Firm Registration No. 102021W/W100110) who shall hold office for a period of five years, from the conclusion of this annual general meeting until the conclusion of the Fifteenth annual general meeting of the Company, subject to ratification by shareholders at each annual general meeting to be held hereafter, on a remuneration of ₹ 11,000,000 (Rupees one crore ten lakh only) plus taxes thereon and reimbursement of travelling and other out-of-pocket expenses for the year 2017-18.

   'RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.'

SPECIAL BUSINESS

6. Appointment of Dr. Naushad Forbes as an Independent Director

To consider and if thought fit to pass, with or without modifications, the following resolution as an **ordinary resolution**:

'RESOLVED THAT Dr. Naushad Forbes (DIN 00630825) who was appointed by the Board of Directors as an Additional Director under section 161(1) of the Companies Act, 2013 and who vacates his office at this annual general meeting and in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013 has been received in the prescribed manner, be and is hereby appointed as an Independent Director of the Company, pursuant to section 149 of the Companies Act, 2013 and Rules made thereunder, for a period of five years with effect from 18 May 2017 up to 17 May 2022.

'RESOLVED FURTHER THAT pursuant to the provisions of section 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Dr. Naushad Forbes be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.'

7. Appointment of Dr. Omkar Goswami as an Independent Director

To consider and if thought fit to pass, with or without modifications, the following resolution as an **ordinary resolution:**

'RESOLVED THAT Dr. Omkar Goswami (DIN 00004258) who was appointed by the Board of Directors as an Additional Director under section 161(1) of the Companies Act, 2013 and who vacates his office at this annual general meeting and in respect of whom a notice in writing pursuant to section 160 of the Companies Act, 2013 has been received in the prescribed manner, be and is hereby appointed as

an Independent Director of the Company, pursuant to section 149 of the Companies Act, 2013 and Rules made thereunder, for a period of five years with effect from 18 May 2017 up to 17 May 2022.

'RESOLVED FURTHER THAT pursuant to the provisions of section 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Dr. Omkar Goswami be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.'

By order of the Board of Directors
for Bajaj Auto Ltd.



J Sridhar
Company Secretary

Pune: 18 May 2017

NOTES:

1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UP TO AND NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. THE INSTRUMENT APPOINTING PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.

2 During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days' written notice is given to the Company.

3 Explanatory Statement pursuant to section 102 of the Companies Act, 2013 forms part of this Notice.

4 Brief details of the directors, who are seeking appointment/re-appointment, are annexed hereto as per requirements of regulation 36(3) of the SEBI Listing Regulations, 2015.

5 Pursuant to the provisions of section 91 of the Companies Act, 2013, the register of members and share transfer books of the Company will remain closed from **Saturday, 8 July 2017** to **Thursday, 20 July 2017**, both days inclusive.

6 Subject to the provisions of section 126 of the Companies Act, 2013, dividend on equity shares, if declared at the annual general meeting, will be credited/dispatched between **24 July 2017** and/or **25 July 2017** as under:

a) to all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on **Friday, 7 July 2017**; and

b) to all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent (i.e., Karvy Computershare Pvt. Ltd.) on or before the closing hours on **Friday, 7 July 2017**.

7 As per the SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Where the dividend cannot be paid through electronic mode, the same will be paid by warrants with bank account details printed thereon. In case of non-availability of bank account details, address of the members will be printed on the warrants.

8 **To ensure timely credit of dividend through the electronic mode or dividend warrants/payment instruments, members are requested to notify change of address, or particulars of their bank account, if changed, along with the 9 digit MICR/relevant details along with a photocopy of a 'cancelled' cheque of the bank account and self-attested copy of Permanent Account Number (PAN) card, to the respective depository participant, in case of shares held in demat mode/share transfer agent of the Company, in case of shares held in physical mode, on or before 7 July 2017.**

9 To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company. Members are requested to keep the same updated.

10 The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every person dealing in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Karvy.

11 In terms of section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of annual general meeting and the annual report, including Financial Statements, Board Report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members, who have registered their email ids with their respective depository participants or with the share transfer agent of the Company.

12 **To receive shareholders' communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their email address with their respective depository participant, where shares are held in electronic form. If, however, shares are held in physical form, members are advised to register their email address with Karvy Computershare Pvt. Ltd. on** mohsin.mohd@karvy.com

13 With a view to help us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.

14 Members, who still hold share certificates in physical form are advised to dematerialise their shareholding to avail of the numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.

15 Documents referred to in the Notice and the explanatory statement shall be open for inspection by the members at the registered office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. except holidays, up to the date of the meeting.

16 The Company has been maintaining, inter alia, the following statutory registers at its registered office at Akurdi, Pune, which are open for inspection in terms of the applicable provisions of Companies Act, 2013 by members and others as specified below:

i) Register of contracts or arrangements in which directors are interested under section 189 of the Companies Act, 2013, on all working days during business hours. The said Register shall also be produced at the commencement of the annual general meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

ii) Register of Directors and Key Managerial Personnel and their shareholding under section 170 of the Companies Act, 2013, on all working days during business hours. The said Register shall be kept open for inspection at the annual general meeting of the Company and shall be made accessible to any person attending the meeting.

17 Pursuant to section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 (a copy of which is available on the website of the Company) with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.

18 In terms of section 124(5) of the Companies Act, 2013, dividend amount for the year ended 31 March 2010 remaining unclaimed for a period of seven years shall become due for transfer in August 2017 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of seven years, the corresponding shares shall be transferred to the IEPF demat account.

Members who have not claimed dividends in respect of the financial years from 2009-10 onwards are requested to approach the Company/Karvy for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF demat account.

19 Corporate members are requested to send in advance, a duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend the annual general meeting.

20 Members/Proxies are requested to bring the attendance slip/proxy form duly filled and signed for attending the meeting. Proxies are requested to bring their identity proof to the meeting for the purpose of identification.

21 Please note that for security reasons, no article/baggage will be allowed at the venue of the meeting.

22 Route map for directions to the venue of the meeting is available on http://www.bajajauto.com/pdf/AGM_Route_map.pdf

23 For more details on shareholders' matters, please refer to the chapter on General Shareholder Information, included in the Annual Report.

24 **Voting through electronic means –**

In terms of the provisions of section 108 of the Companies Act, 2013 (the Act), read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the SEBI Listing Regulations, 2015, the Company is providing remote e-voting facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on 13 July 2017 (End of Day), being the Cut-off date for the purpose of Rule 20(4)(vii) of the Rules fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by Karvy Computershare Pvt. Ltd. (Karvy) or to vote at the annual general meeting. Person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The instructions for remote e-voting are as under:

A. For members who receive Notice of annual general meeting through email:

i. Use the following URL for e-voting: https://evoting.karvy.com

ii. Enter the login credentials, i.e., user id and password mentioned in your email. Your Folio No./DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your votes.

iii. After entering the details appropriately, click on LOGIN.

iv. You will reach the Password change menu, wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,etc.). **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the EVENT, i.e., **Bajaj Auto Ltd.**

vii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, then enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR'/'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

ix. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. **Once you confirm, you will not be allowed to modify your vote subsequently.** During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

x. Corporate/Institutional members (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the scrutiniser through email cssdlimaye@gmail.com They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'Corporate Name_EVENT No.'

xi. Remote e-voting facility where members can cast their vote online shall be open from: **17 July 2017 (9.00 a.m.)** till **19 July 2017 (5.00 p.m.)** and at the end of remote e-voting period, the facility shall forthwith be blocked.

xii. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of https://evoting.karvy.com or call Karvy Computershare Pvt. Ltd. on 1800 345 4001 (toll free).

B. For members who receive the Notice of annual general meeting in physical form:

i. Members holding shares either in demat or physical mode, who are in receipt of Notice in physical form, may cast their votes using the e-voting facility, for which the User Id and Initial password are provided on the attendance slip. Please follow steps from Sr. No. (i) to (xii) under heading A above to vote through e-voting platform.

C. Voting facility at Annual General Meeting:

i. In addition to the remote e-voting facility as described above, the Company shall make a voting facility available at the venue of the annual general meeting, through electronic voting system and members attending the meeting, who have not already cast their votes by remote e-voting, shall be able to exercise their right at the meeting.

ii. Members who have cast their votes by remote e-voting prior to the meeting may attend the meeting, but shall not be entitled to cast their vote again.

D. General Instructions:

i. The Board of Directors has appointed Shyamprasad D Limaye, Practising Company Secretary (FCS No. 1587 CP No. 572) as the scrutiniser to the e-voting process, and voting at the venue of the annual general meeting in a fair and transparent manner.

ii. The scrutiniser shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unlock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Company and make, not later than three (3) days from the conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.

iii. The scrutiniser shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the scrutiniser's report shall be placed on the Company's website www.bajajauto.com and on the website of Karvy https://evoting.karvy.com and shall also be communicated to the stock exchanges. The resolution shall be deemed to be passed at the annual general meeting of the Company, scheduled to be held on **Thursday, 20 July 2017.**

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36(3) OF THE SEBI LISTING REGULATIONS, 2015.

Item No. 3 of the Notice

Madhur Bajaj (DIN 00014593)

As regards re-appointment of Madhur Bajaj referred to in Item No. 3 of the Notice, the following disclosures are made for the information of the shareholders:

The members of the Company at the annual general meeting held on 23 July 2015 approved the re-appointment of Madhur Bajaj, as a whole-time director and Vice Chairman of the Company for a period of five years with effect from 1 April 2015 till 31 March 2020.

He informed the Board that due to certain commitments and other pre-occupations, he would be unable to continue as a whole-time director of the Company and that he may be relieved of his responsibilities as a whole-time director of the Company with effect from 1 April 2017. He, however, informed that he would be willing to continue as a non-executive director and Vice Chairman of the Company and that his services will continue to be available to the Company on various matters as and when required.

Accordingly, the Board of Directors at its meeting held on 15 March 2017, on the recommendation of the Nomination and Remuneration Committee, approved the change in status of Madhur Bajaj from whole-time director to non-executive director of the Company effective from 1 April 2017, with the designation of Vice Chairman remaining unchanged.

In consideration of the services that will be rendered by him at the request of the Company from time to time in his capacity as non-executive Vice Chairman and taking into account his 31 years' contribution to the Company and in order to facilitate him to render such services as will be beneficial for the Company, the Board at its meeting held on 15 March 2017 decided that in addition to the commission and sitting fee as may be payable to him for attending the Board meetings as non-executive director, he may be extended the following facilities during his current tenure as Vice Chairman of the Company from 1 April 2017 until 31 March 2020:

A – Car with driver

B – Corporate Guest House facilities

Information about the appointee:

Brief profile

Madhur Bajaj (born on 19 August 1952) graduated in commerce from Sydenham College, Bombay, in 1973, and did his MBA from the International Institute of Management Development (IMD), Lausanne, Switzerland, in 1979. He is the recipient of the Vikas Rattan Award from the International Friendship Society of India, for enriching human life and outstanding achievements.

He is the Past President of SIAM, the apex association of Indian automobile manufacturers as also the Past President of Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA), the apex Industries Association of Pune. He is also the past Chairman of the Western Region of the Confederation of Indian Industry (CII). He is currently a National Council Member of CII.

Major Directorships

Maharashtra Scooters Ltd.-Chairman

Bajaj Auto Ltd. – Vice Chairman

Bajaj Holdings & Investment Ltd.

Bajaj Finserv Ltd.

Bajaj Electricals Ltd.

Bajaj Finance Ltd.

Committee Position: Nil

Shareholding in the Company

Madhur Bajaj is not disqualified from being appointed as director in terms of section 164 of the Act. He holds 1,571,252 equity shares of ₹ 10 each in the Company as on 31 March 2017, and will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company.

Disclosures of his relationship inter-se with other directors and on the number of Board meetings attended by him are given in the Corporate Governance Report.

He is not related to any directors or key managerial personnel of the Company, except Shekhar Bajaj and Niraj Bajaj.

None of the directors, or key managerial personnel or their relatives, except Shekhar Bajaj, Madhur Bajaj and Niraj Bajaj, is concerned or interested in the said resolution.

The Board commends the resolution for approval.

Item No. 4 of the Notice

Shekhar Bajaj (DIN 00089358)

As regards re-appointment of Shekhar Bajaj, referred to in Item No. 4 of the Notice, the following disclosures are made for the information of the shareholders:

Information about the appointee:

Brief profile

Shekhar Bajaj (born on 8 June 1948) is an honours graduate in science from Pune University with an MBA from New York University. He started his career as resident director of Bajaj Sevashram Ltd. in Udaipur in 1968.

During 1969-72, he was joint Managing Director of Bachhraj Factories Ltd., in Mumbai and took over as chief executive in 1974.

In 1975, he was appointed as part-time Managing Director of the Mumbai-based Bajaj International Pvt. Ltd. and later as its whole-time Managing Director.

Bajaj Electricals Ltd. is the company most closely associated with Shekhar Bajaj. In 1980, he became its Chief Executive and four years later, its Managing Director. Since 1994, he has been its Chairman and Managing Director. This company is a leading manufacturing and marketing enterprise in the electrical and white goods appliances segment.

Major Directorships

Bajaj Electricals Ltd.-Chairman and Managing Director

Bajaj Auto Ltd.

Hercules Hoists Ltd.

Hind Lamps Ltd.

Committee Position

Hind Lamps Ltd.

Shareholding in the Company

Shekhar Bajaj is not disqualified from being appointed as director in terms of section 164 of the Act. He holds 143,720 Equity Shares of ₹ 10 each in the Company as on 31 March 2017, and will be eligible for payment of sitting fee and commission, as payable to other non-executive directors of the Company.

Disclosures of his relationship inter-se with other directors and on the number of Board meetings attended by him are given in the Corporate Governance Report.

He is not related to any directors or key managerial personnel of the Company, except Madhur Bajaj and Niraj Bajaj.

None of the Directors, or Key Managerial Personnel or their relatives, except Shekhar Bajaj, Madhur Bajaj and Niraj Bajaj, is concerned or interested in the said resolution.

The Board commends the resolution for approval.

Item No. 5 of the Notice

As regards appointment of statutory auditors referred to in Item No. 5 of the Notice, the following disclosures are made for the information of the shareholders:

The current auditors, viz Dalal & Shah LLP, Chartered Accountants (Firm Registration No. 102021W/W100110) were last re-appointed by the members at their annual general meeting held on 17 July 2014 to hold the office of auditor from the conclusion of the Seventh annual general meeting till the conclusion of this Tenth annual general meeting.

As per the provisions of section 139 of the Companies Act, 2013, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. The Act also provided for an additional transition period of three years from the commencement of the Act i.e. 1 April 2014. The current auditors had completed a period of seven years at the commencement of the said Act. Hence, on their completing the transition period of three years provided under the Act, the term of the current auditors expires at the conclusion of the ensuing annual general meeting.

The Board of Directors at its meeting held on 18 May 2017, based on the recommendation of the Audit Committee has recommended the appointment of S R B C & Co LLP, Chartered Accountants (Firm Registration No. 324982E/E300003), as the statutory auditors of the Company for approval by the members.

S R B C & Co LLP, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under section 141(3) (g) of the Act and that they are not disqualified to be appointed as statutory auditors, in terms of section 143 of the Act.

S R B C & Co LLP, Chartered Accountants will be appointed as the statutory auditors of the Company from the conclusion of this annual general meeting till the conclusion of the Fifteenth annual general meeting, subject to ratification of their appointment by the members at every intervening annual general meeting on a remuneration, out-of-pocket expenses etc., incurred in connection with the Audit as may be decided by the Board in consultation with the auditors from year to year.

Brief profile of the Auditors is as under:

S R B C & Co LLP (Firm Registration No. 324982E/E300003) is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. The audit firm was established in the year 2002 and is a limited liability partnership firm ('LLP') incorporated in India. It has registered office at 22, Camac Street, Kolkata and has 11 branch offices in various cities in India. It has valid Peer Review certificate and is part of the S.R. Batliboi & Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

None of the directors or key managerial personnel or their relatives are concerned or interested in the said resolution.

The Board commends the resolution for approval.

Explanatory Statement to item No. 6

Dr. Naushad Forbes (DIN 00630825) was appointed by the Board of Directors of the Company as Additional Director in the capacity of Independent Director on 18 May 2017 with effect from 18 May 2017. He holds office until the ensuing annual general meeting under section 161(1) of the Companies Act, 2013.

He has submitted the declaration of Independence, as required pursuant to section 149 (7) of the Companies Act, 2013 stating that he meets the criteria of independence as provided in section 149 (6) and regulation 16 of SEBI Listing Regulations, 2015. Dr. Forbes is not disqualified from being appointed as a Director in terms of section 164 of the Act.

In respect of the appointment of Dr. Forbes, a notice in writing in the prescribed manner, as required by section 160 of the Companies Act, 2013 and Rules made thereunder, has been received by the Company, regarding his candidature for the office of the director.

According to section 152 of the Companies Act, 2013, read with Schedule IV to the Companies Act, 2013, in the opinion of the Board, the proposed appointment of Dr. Forbes as an Independent Director fulfils the conditions specified in the Act and the Rules made thereunder as also the SEBI Listing Regulations, 2015 and that the proposed appointment of Dr. Forbes is independent of the Management.

Brief profile

Dr. Naushad Forbes (born on 13 May 1960) is the Co-Chairman of Forbes Marshall, India's leading Steam Engineering and Control Instrumentation firm. He chairs the Steam Engineering Companies within the group.

Forbes Marshall's deep process knowledge helps their customers save energy, improve product quality, increase process efficiency, and run a clean and safe factory. Market leadership in India and, increasingly, internationally comes from highly trained people and the depth of their knowledge. A close connect with customers enables the design of products that address customer needs around the world. The products are made in a facility that is world-class in scale, aesthetics and work environment. Forbes Marshall has consistently ranked amongst India's Great Places to Work.

Dr. Forbes was an occasional Lecturer and Consulting Professor at Stanford University from 1987 to 2004 where he developed courses on Technology in Newly Industrialising Countries. He received his Bachelors, Masters and PhD Degrees from Stanford University.

Dr. Forbes is on the Board of several educational institutions and companies.

Dr. Forbes has long been an active member of CII and has chaired the National Committees on Higher Education, Innovation, Technology and International Business.

Dr. Forbes was President of CII for 2016 – 17.

Directorships

Forbes Marshall Pvt. Ltd.

Forbes Solar Pvt. Ltd.

J N Marshall Pvt. Ltd.

Forbes Marshall Steam Systems Pvt. Ltd.

Forbes Marshall Arca Pvt. Ltd.

Krohne Marshall Pvt. Ltd.

Forbes Marshall (Hyd) Pvt. Ltd.

Forbesvyncke Pvt. Ltd.

Centre for Technology Innovation and Economic Research

Committee position: Nil

Shareholding in the Company: Nil

None of the directors/key managerial personnel/their relatives, except Dr. Naushad Forbes, is directly or indirectly concerned or interested, financially or otherwise, except to the extent of his respective shareholding, if any, in the Company, in the resolution set out in item no.6 of the Notice.

The Board commends the ordinary resolution set out in item no.6 for approval by shareholders.

Explanatory Statement to item No. 7

Dr. Omkar Goswami (DIN 00004258) was appointed by the Board of Directors of the Company as Additional Director in the capacity of Independent Director on 18 May 2017 with effect from 18 May 2017. He holds office until the ensuing annual general meeting under section 161(1) of the Companies Act, 2013.

He has submitted the declaration of Independence, as required pursuant to section 149(7) stating that he meets the criteria of independence as provided in section 149 (6) and regulation 16 of SEBI Listing Regulations, 2015. Dr. Goswami is not disqualified from being appointed as a Director in terms of section 164 of the Act.

In respect of the appointment of Dr. Goswami, a notice in writing in the prescribed manner, as required by section 160 of the Companies Act, 2013 and Rules made thereunder, has been received by the Company, regarding his candidature for the office of the director.

According to section 152 of the Companies Act, 2013, read with Schedule IV to the Companies Act, 2013, in the opinion of the Board, the proposed appointment of Dr. Goswami as an Independent Director, fulfils the conditions specified in the Act and the Rules made thereunder as also the SEBI Listing Regulations and that the proposed appointment of Dr. Goswami is independent of the Management.

Brief profile

Dr. Omkar Goswami (born on 29 August 1956) is the Founder and Chairperson of CERG Advisory Private Ltd. CERG stands for the Corporate and Economic Research Group.

Dr. Goswami did his Masters in Economics from the Delhi School of Economics in 1978 and his D.Phil (Ph.D) from Oxford in 1982. He taught at Oxford, Delhi School of Economics, Tufts, Jawaharlal Nehru University, Rutgers University and the Indian Statistical Institute.

From March 1997 to July 1998, he was the Editor of Business India. From August 1998 up to March 2004, he was the Chief Economist of the Confederation of Indian Industry – the apex industry organisation of India.

Dr. Goswami has served on several government committees, and has been a consultant to the World Bank, the IMF, the ADB and the OECD. He serves as an independent director on the boards of several major listed Indian companies.

Other than his regular columns for newspapers and magazines, Dr. Goswami has authored three books and over 70 research papers.

Directorships

Dr. Reddy's Laboratories Ltd.

CG Power and Industrial Solutions Ltd.
(formerly known as Crompton Greaves Ltd.)

Ambuja Cements Ltd.

Cairn India Ltd.

Godrej Consumer Products Ltd.

Bajaj Finance Ltd.

Hindustan Construction Company Ltd.

Max Healthcare Institute Ltd.

Infosys BPO Ltd.

DSP BlackRock Investment Managers Pvt. Ltd.

CERG Advisory Pvt. Ltd.

Committee positions

Cairn India Ltd.

Dr. Reddy's Laboratories Ltd.

CG Power and Industrial Solutions Ltd.
(formerly known as Crompton Greaves Ltd.)

Ambuja Cements Ltd.

Godrej Consumer Products Ltd.

Bajaj Finance Ltd.

Infosys BPO Ltd.

Max Healthcare Institute Ltd.

Shareholding in the Company: Nil

None of the directors/key managerial personnel/their relatives, except Dr. Omkar Goswami, is directly or indirectly concerned or interested, financially or otherwise, except to the extent of his respective shareholding, if any, in the Company, in the resolution set out in item no. 7 of the Notice.

The Board commends the ordinary resolution set out in item no.7 for approval by shareholders.

By order of the Board of Directors
for Bajaj Auto Ltd.

J Sridhar
Company Secretary
Pune: 18 May 2017

BAJAJ AUTO LTD.
(CIN: L65993PN2007PLC130076)

Registered office:
Bajaj Auto Ltd. Complex,
Mumbai Pune Road, Akurdi, Pune 411 035
E-mail: investors@bajajauto.co.in
Website: www.bajajauto.com
Phone: (020)27472851, **Fax:** (020)27407380

PROXY FORM

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	L65993PN2007PLC130076
Name of the Company	:	BAJAJ AUTO LTD.
Registered office	:	Mumbai Pune Road, Akurdi, Pune 411 035
Name of the member (s)	:	_____
Registered address	:	_____
E-mail ID	:	_____
Folio No/Client ID/DP ID	:	_____

I/We, being the member(s) of _____ shares of the above named company, hereby appoint:

(1) Name : _____ Address : _____
E-mail Id : _____ Signature : _____ or failing him

(2) Name : _____ Address : _____
E-mail Id : _____ Signature : _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the TENTH annual general meeting of the Company, to be held on **Thursday, 20 July 2017** at **12.15 p.m.** at Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description	For	Against
	Ordinary Business		
1.	Adoption of financial statements for the year ended 31 March 2017 and Directors' and Auditors' Reports thereon		
2.	Declaration of dividend of ₹ 55 per equity share, for the year ended 31 March 2017		
3.	Re-appointment of Madhur Bajaj, who retires by rotation		
4.	Re-appointment of Shekhar Bajaj, who retires by rotation		
5.	Appointment of S R B C & Co LLP, Chartered Accountants, as Auditors and fixing their remuneration for the year 2017-18		
	Special Business		
6.	Appointment of Dr. Naushad Forbes as an Independent Director		
7.	Appointment of Dr. Omkar Goswami as an Independent Director		

Signed this_____ day of _____ 2017

Affix revenue stamp of ₹ 1

Signature of shareholder

Signature of Proxy holder(s)

Note:

1. **This form of proxy in order to be effective should be duly completed, signed, stamped and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. **As provided under Regulation 44 of the SEBI Listing Regulations, 2015, a shareholder may vote either for or against each resolution.**

BAJAJ AUTO LIMITED
(CIN: L65993PN2007PLC130076)
Registered office:
Bajaj Auto Ltd. complex,
Mumbai–Pune Road, Akurdi, Pune 411 035.
E-mail: investors@bajajauto.co.in
Website: www.bajajauto.com
Phone: (020) 27472851, **Fax**: (020) 27407380

ATTENDANCE SLIP

Reg. Folio No./DP Id No./Client Id No.:

Name & Address :

Name(s) of Joint Member(s),if any :

No. of Shares held :

I/We certify that I/we am/are member(s)/proxy for the member(s) of the Company.

I/We hereby record my/our presence at the TENTH annual general meeting of the Company on **Thursday, 20 July 2017** at **12.15 p.m.** at the registered office of the Company at Mumbai-Pune Road, Akurdi, Pune 411 035.

Signature of First holder/Proxy/Authorised Representative

Signature of Joint holder(s)

Place:
Date:

Notes:

1. Please sign this attendance slip and hand it over at the meeting venue.
2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.

E-VOTING

Users who wish to opt for e-voting may use the following login credentials:

EVEN (E-VOTING EVENT NO.)	USER ID	PASSWORD

Note:

- Please follow steps for remote e-voting procedure as given in the Notice of AGM by logging on to - **https://evoting.karvy.com**
- Instructions for e-voting procedure are available in the Notice of annual general meeting and are also placed on the website of the Company.

Business Responsibility Report

Section A	General information about the Company	
1	Corporate identification number	L65993PN2007PLC130076
2	Name of the Company	Bajaj Auto Ltd.
3	Registered address	Mumbai-Pune Road, Akurdi, Pune 411 035
4	Website	www.bajajauto.com
5	Email address	brr.response@bajajauto.co.in
6	Financial year reported	1 April 2016 – 31 March 2017
7	Sector(s) that the Company is engaged in	Automobile
8	Three key products/services manufactured/ provided by the Company	Motorcycles and Three and Four wheeler commercial vehicles
9	Total number of locations where business activity is undertaken by the Company	Akurdi, Chakan and Waluj (Maharashtra) and Pantnagar (Uttarakhand)
10	Markets served by the Company	India and 78 countries across the world

Section B	Financial details of the Company	
1	Paid up capital	₹ 289.37 crore
2	Total turnover	₹ 24,310.00 crore
3	Total profit after tax	₹ 3,827.56 crore
4	Total spending on CSR as percentage of PAT	Refer Annual Report on CSR activities
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR activities

Section C	Other details	
1	Does the Company has any subsidiary company/companies?	Yes (for details, refer Note 1 of Consolidated Financial Statements)
2	Do the subsidiary company/companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)	No, the BR initiatives of the Company are limited to its own operations
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%]	No, the BR initiatives of the Company are limited to its own operations

Section D	BR information	
1	Details of Director(s) responsible for BR	
(a)	Details of the Director responsible for implementation of the BR Policy	
	DIN	07464437
	Name	Pradeep Shrivastava
	Designation	Executive Director
(b)	Details of the BR head	
	DIN (if applicable)	Not applicable
	Name	Kevin D'sa
	Designation	CFO
	Telephone number	(020) 6610 6601
	E-mail id	kpdsa@bajajauto.co.in
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report

Section E	Principle-wise performance	
1	Principle-wise performance	Included in this report

Preface

Bajaj Auto Ltd. ('BAL' or 'the Company') presents its fifth 'Business Responsibility Report' (BRR), as mandated by Securities and Exchange Board of India (SEBI) and in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs) as released by the Ministry of Corporate Affairs in July 2011. The business responsibility performance of the Company is assessed annually by BAL's Board of Directors.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Ethics, transparency and accountability are central to BAL's business philosophy. The Company believes that trust, integrity and credibility are key elements in creating value for its stakeholders. In order to ensure that these principles are adhered to, BAL adopted a Company-wide 'Code of Conduct' (CoC) in 2009. It describes integrity, cultural and good working norms as well as the process to address any violations. All BAL employees are required to adhere to the CoC's requisites and they are introduced to the same during induction.

The CoC also contains a 'Grievance Redressal Policy' and a 'Whistle Blower Policy' which enable employees to raise concerns to the Company's Management. No complaints were received with respect to the above two policies in the year 2016-17.

There is a separate CoC specifically applicable to the Company's Directors and Senior Management. It states that 'Directors and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment'. All Directors and Senior Management personnel have affirmed compliance with the CoC. A declaration to this effect, signed by the Managing Director, is given in the Annual Report.

The Company is also signatory to the Model Code of Conduct developed by Confederation of Indian Industry (CII). It seeks to promote ethical practices in business and was signed by the Company's Executive Director on 13 April 2016.

Additionally, BAL is an industry partner of the World Economic Forum's initiative, 'Partnership Against Corruption Initiative' (PACI), and has a policy of a zero-tolerance towards bribery.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

BAL is a firm believer in the philosophy that aligning business actions with sustainability goals ensures long-term growth for the Company. It recognises that its business operations are dependent on the natural environment while simultaneously impacting it. Thus, it invests time and resources to ensure safety and resource efficiency at all stages of the product life, including product development, plant operations and supply chain management.

Product sustainability

All BAL products are compliant with the environmental standards in the Indian Central Motor Vehicle Rules (CMVR), as applicable from time to time. This includes regulating the tail-pipe emissions of air pollutants such as Carbon Monoxide (CO), Hydrocarbons (HC), Nitrogen oxides (NOx) gases as well as particulate matter, as applicable. For such compliances, all BAL models are 'Type approval' certified by the Automotive Research Association of India (ARAI).

BAL also ensures compliance with the Conformity of Production (COP) requirements for emissions, under CMVR. All existing BAL models are BS IV compliant and certified by ARAI. Additionally, BAL ensures that models which are exported to various countries meet the varying environmental requirements applicable for each country.

In a preliminary study of BAL products, it was observed that their recyclability and recoverability rates were 87% and 94% respectively.

BAL is constantly working towards improving the fuel efficiency of its Two and Three-wheeler models. It has introduced a few high fuel efficiency models, which are one of the best in the class.

Sustainable sourcing

BAL's 'Green Purchasing Policy' outlines the Company's requirements for energy, water and natural resource conservation for the entire supply chain. As per this Policy, all major vendors are being certified for ISO 14001 and OHSAS 18001 management systems.

An update is provided in the table below:

	ISO 14001/OHSAS 18001 certified Cumulative	
Vendor Cluster	**FY2016**	**FY2017**
Chakan	36	43
Waluj	52	61
Pantnagar	17	19
Total	105	123

All BAL plants have a cluster of vendors located in close proximity to the plant. BAL engages with its vendors through the 'Bajaj Auto Vendor Association' (BAVA). Currently, BAVA has 153 members out of, which 123 are ISO 14001/OHSAS 18001 certified. Going forward, the Company plans to make such certifications a mandatory requirement for all future vendors who want to become BAVA members.

Cross audits are conducted among critical vendors by safety officers. These audits, along with regular BAVA meetings, enable mutual learning. They provide the members with a platform to share their experiences, initiatives and best practices on various topics related to environmental, health and safety (EHS), quality improvement and logistics efficiency.

Another supply chain sustainability initiative is BAL's 'Total Productive Maintenance' (TPM) Policy, practiced by Tier I and II vendors which has helped improve their operational, human and cost efficiencies. As on date, 17 Tier I vendor groups and 222 Tier II vendors are practising TPM. In order to encourage adoption of TPM, BAL TPM Awards have been instituted to recognise vendors who are the best performers in TPM.

To further ensure compliance with regulations and promote the adoption of good environmental practices among vendors, third party legal and environmental audit of vendors has been started in the Pantnagar, Waluj and Chakan clusters. Also, energy audit for one vendor in each cluster was undertaken in the presence of other vendors of the cluster. This helped all of them identify best practices in energy efficiency and loss elimination. As a result, energy saving to the tune of 54 lakh units (KWH) was achieved in the year 2016-17.

Enhancing the efficiency of processes has dual benefits, it reduces their environmental impact, while also effecting their cost efficiency in a positive way. To reduce the cost of logistics, BAL focuses on the 'Bill to Ship to' (B2S2) initiative which has now been extended to the Pantnagar cluster. BAL also conducts a 'Cluster Kaizen Competition' every quarter to extend its culture of continuous improvement to vendors.

As planned in the previous year, 'Swachh Bharat Abhiyan' was rolled out across all three clusters this year. The activities under this program have progressed according to the road map. The initial cleaning and fencing activity was completed around the periphery of units, totalling to more than 28 kms. Along with fencing, tree plantation was undertaken and more than 50,000 saplings were planted. More than 100 Swachhata rallies, involving 3,000 people, were organised to create awareness.

Waste reduction

BAL makes continuous efforts to reduce the quantum of waste being generated, directly or indirectly, due to its operations. For this, it works closely with its vendors, who now supply more than 95% of the parts in reusable plastic bins and trollies. By adopting the philosophy of continuous improvement, the quantity of corrugated box material used for packaging has been reduced. Waste paint sludge generated in paint shops is burnt in incinerators to generate heat. This simultaneously reduces the quantity of waste that needs to be disposed and the energy that needs to be procured.

Principle 3: Businesses should promote the well-being of all

BAL believes that its employees are one of its greatest assets. Thus, it ensures the well-being of its employees by creating a safe, inclusive and positive work environment that nurtures a high performance culture for its workforce.

In the year 2016-17, BAL hired 1,715 employees, including 273 regular employees, 1,425 trainees and 17 contractual employees. This has taken the total headcount to 9,509. All four plants have Company recognised trade unions, and 48.73% of the employees are members of the same. Currently, BAL has 25 permanent employees with disabilities.

BAL encourages employment of women across the organisation. As on 31 March 2017, there were 362 women employees in BAL, including 128 regular employees and 234 trainees, representing a 12% increase over last year. The Company has a Policy on 'Prevention of Sexual Harassment at Workplace' (POSH) in place to ensure the safety and security of women employees. As part of the International Women's Day celebration, a programme called 'Shakti – Women in Focus' was conceptualised. This was the way to celebrate and engage the women workforce with the larger objective of positioning BAL as a woman friendly organisation. It underlined the fact that women employees in the Company are safe, both emotionally and physically and know that the environment at BAL is conducive to their development and growth. With inputs from different stakeholders, a week-long learning, engagement and recognition programme was simultaneously held across all the four locations. This programme also included short sessions on various relevant topics like POSH, personal finance, stress and work life balance, campus to corporate, self-defense and health & nutrition.

BAL believes that continuously enhancing the skills of its workforce goes a long way in increasing the overall productivity of the organisation. Therefore, it provides all its employees various avenues for skill upgradation. In the year 2016-17, more than 3,350 employees were trained through more than 235 training programmes, spanning 6,138 man-days. Over and above this, 11,836 man-days of training was conducted for workers and cell members through TPM pillars, which included Safety, Health and Environment related training of 5,477 man-days.

BAL's flagship programme for leadership development, 'Act to Adapt', which was designed in collaboration with IIM – Ahmedabad, continues to nurture future leaders for the Company. Further, all developmental efforts are aligned to the leadership competency framework (Anticipate – Align – Adapt – Act). The 'Relationship Management Program' was introduced this year for employees in higher positions. This enabled smooth transition of employees into their new roles.

The Company conducts regular audits for its contract labour suppliers, which ensures that they are compliant with all applicable norms.

In March 2017, BAL has also made the 'Charter of Fair and Responsible Workplace Guidelines' for contract labour and collaborative employee relations.

During the year 2016-17, there were no complaints filed or pending relating to child labour, forced labour, involuntary labour, sexual harassment or discriminatory employment.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

BAL is an equal opportunity employer and ensures that there is no discrimination of any type for socially disadvantaged sections in the work place. To formalise its commitment, it launched the 'Code of Conduct for Affirmative Action' in 2006, which ensures that preference is given to people from socially disadvantaged sections of the society, provided merit and other business considerations are equal.

In line with affirmative action, in the year 2016-17, BAL recruited 1,715 new employees of which 142 (8.28%) belong to scheduled castes and scheduled tribes.

Principle 5: Businesses should respect and promote human rights

The Company is dedicated to uphold the human rights of all its internal and external stakeholders. It ensures compliance with all applicable laws pertaining to human rights. A legal compliance report is submitted to the Company's Board of Directors on a quarterly basis. There were no complaints on violation of human rights in the year 2016-17.

Principle 6: Business should respect, protect and make efforts to restore the environment

BAL continually strives to minimise the environmental impact of its operations through sustainable practices and responsible use of natural resources. Further, it is committed to creating and preserving a clean environment and society.

BAL is dedicated to the continual improvement of its safety, occupational health and environmental performance. It continues to remain in full compliance with all applicable regulations.

BAL's Safety, Health and Environment (SHE) Policy guides the decisions and operations of the Company. 'Safety' creates a safe working environment and ensures that the risk of accidents is minimised. 'Health' covers provision of individual health check-ups, worker training on hygiene and health practices, access to safe drinking water, noise reduction etc. 'Environment' refers to the initiatives that reduce air, water and land pollution, as well as management of hazardous waste and resource conservation.

Plant-wise highlights of key environmental initiatives are provided below:

Chakan plant	Waluj plant
Certificate of Merit (Automobile Sector) - National Energy Conservation Award 2016 organised by Bureau of Energy Efficiency	Awarded National Award for Excellence in Water Management 2016 by Confederation of Indian Industry (CII)
2 MW Rooftop Solar plant being installed - phase I-1.2 MW completed	Excellent energy efficient unit award at National Level by CII - GBC
12% reduction in energy consumption of the paint shop by reduction in emission height and installation of energy efficient blowers. Also, heat energy required for pre-treatment process in paint shop is sourced through heat recovery at the in-house incinerator. This serves 30% of total heat energy requirement	Use of Renewable Energy increased by 41.27% to reach 58.47% of total energy consumed
4,000 cu. meter capacity of rain water harvesting pond restored	20% reduction in intensity of water consumption (cu. meter/vehicle produced)
Kaizens have resulted in reduction of plastic consumption by 6,014 kg/year and Corrugated box material by 19,350 kg/year	1.71% reduction in intensity of electricity consumption (KWH/vehicle produced)
Harvested rain water used for construction purpose during expansion of the plant	Five rain water harvesting ponds with a combined capacity of 70,000 cu. meter have been constructed
Green Building features incorporated during expansion-use of fly ash bricks, transparent roof for harnessing day light, use of wind ventilators for human comfort and use of energy efficient lighting	Collaborated with vendors to help them reduce their water consumption by 75%
Chakan plant is certified with the latest version of ISO 14001, i.e. ISO 14001-2015	As part of the 'Swachh Bharat Abhiyan', cleaned more than 3,000 MT of garbage in association with vendors

Pantnagar plant	Akurdi plant
Using solar energy to dry the sludge has reduced the weight of the sludge by 75%, leading to reduction in disposal cost	31.32% of electricity sourced from renewable sources
Notwithstanding load increase of approximately 440 KVA, Kaizens have helped reduce power consumption by 401,100 units/year compared to last year	R&D Centre is a IGBC Gold Certified construction with the following attributes: 1. Radiant cooling 2. 100% Day light usage 3. Electric vehicle charging points 4. Energy and water conservation devices and fittings 5. Recharge pit for ground water recharge 6. Source segregation of waste 7. Low emitting material used in construction and HVAC
Kaizens have reduced PNG consumption by 35,052 SCM/year compared to last year	1.11 MW rooftop solar plant installed in March 2017. Total installed solar capacity is 1.22 MW
Kaizens have reduced water consumption by 10,850 kl/year compared to last year	221,622 KWH reduction in electricity consumption
	25,000 cu. meter reduction in water consumption
	Booklet distribution to raise awareness about electrical safety

Other Initiatives
100% of canteen waste at Akurdi, Pantnagar and Chakan is composted.
Rallies were organised at Chakan and Waluj to raise awareness about waste reduction.
Both Waluj and Chakan are water positive plants with patented rain water harvesting structures.

All Four Plants
Certified under ISO 14001, 9001 and OHSAS 18001.
Zero Effluent Discharge (outside plant).
All plants have shifted from thinner to water based paints.

All plants of BAL operate as per the 'Consent-to-Operate' provided by the respective State Pollution Control Board (SPCB) and are within permissible limits with regards to the emissions and waste generated. No show cause notice was received from the Central Pollution Control Board or the respective SPCB.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

As a responsible member of various national as well as international associations, BAL actively engages in policy advocacy. BAL presents its views on the setting of new industry standards and regulatory developments pertaining to the automotive manufacturing industry. It covers areas such as governance and administration, economic reforms, inclusive development policies, among others.

Some of the key associations of which BAL is member are:

- Confederation of Indian Industry (CII)
- Society of Indian Automobile Manufacturers
- Association of Indian Automobile Manufacturers
- World Economic Forum
- Federation of Indian Export Organisations
- Business and Community Foundation
- Indian Federation of Green Energy
- International Road Federation - India Chapter
- The Automotive Research Association of India
- Mahratta Chamber of Commerce, Industries and Agriculture
- NAFEMS Ltd.
- National Safety Council
- The Advertising Standards Council of India
- Forum of Free Enterprise
- Indian Merchant Chamber
- Bombay Chamber of Commerce and Industry

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

Its goodwill resonates in the two simple words that live in the collective consciousness of Indians-Hamara Bajaj.

Guiding principles

The Bajaj Group believes that social investments should:

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

Our Activities
(Please refer to the **Annual Report on CSR activities** for a detailed list of partners and grant amounts)

1. **Education**

   - The two flagship projects for Bajaj Auto Ltd. have been the Bajaj Education Initiative (BEI) and the e-Learning Project. The BEI covers 76 low cost schools (a mix of private and government schools) in Pimpri-Chinchwad area of Pune, and supports them with infrastructure development and capacity building. The e-Learning Project has reached more than 1,550 schools till date - covering Maharashtra and Rajasthan. Both of these are implemented by Jankidevi Bajaj Gram Vikas Sanstha, our Group NGO.
   - In addition, Bajaj Auto also supported school infrastructure development, vocational training for entrepreneurship, teach-to-lead as well as scholarships for meritorious students.
   - Bajaj Auto is also supporting Bharatiya Yuva Shakti Trust (BYST) in training 25,000 young persons in Aurangabad and Wardha to create 1,000 entrepreneurs in five years. Over 177 entrepreneurs have been created in the first two years of the project.

2. **Environment and natural resources**

   - The extreme drought faced by many parts of the country, including in Maharashtra in 2014-15 and 2015-16, has highlighted the need for water conservation and increasing water availability. Bajaj Auto has been working with Jankidevi Bajaj Gram Vikas Sanstha (JBGVS) on this for a long time and has now expanded the size and scope of this activity to make it a focus area in the coming years.

- Bajaj Auto, in partnership with other Bajaj Group companies, is supporting JBGVS in launching the Bajaj Water Conservation Project (BWCP) at Aurangabad. BWCP aims to cover an area of 21,500 hectares over the next four years with JBGVS and is looking for partner NGOs to take up an additional 44,000 hectares.

- In addition, Bajaj Auto has supported Paani Foundation for water conservation work in Maharashtra.

- Bajaj Auto has continued its support to Swachh Bharat Abhiyan by taking part in 'Bajaj Majhi City Taka-Tak' programme run by CRT, Municipal Corporation, Aurangabad and CII. This programme aims to make Aurangabad a clean city, with minimal quantity of garbage going to landfills. Bulk of the wet garbage will be composted or used for bio-gas production and recyclable wastes will be sent to a recycling agency. The process is on and is likely to be completed by end of 2017.

- Starting 2016-17, Bajaj Auto also supported ICRIER in construction of a new green building.

3. Health

- Bajaj Auto works with a wide array of partners on issues related to health. The supported projects include projects on mid-day meals, clean drinking water, sanitation, blood banks, and pathology lab services in remote mountain villages, breast cancer research and vision care.

- Bajaj Auto and YCM Hospital Pune, in collaboration with National AIDS Central Organisation, have also been operating the ART centre in YCM Hospital. This centre supports more than 5,000 patients currently.

- Bajaj Auto has also financially supported Sri Aurobindo Society, Puducherry, to set up the 'International Centre of Excellence for Integral Yoga'.

4. Women's empowerment and self-reliance

- Bajaj Auto has supported IISER, one of India's leading research institutes, in constructing a dedicated hall of residence for women research scholars. Bajaj Auto has continued to support the Banasthali Vidyapeeth (a women's university) in setting up a Hostel, a Bajaj Centre for Automation and Bajaj Law School.

- Bajaj Auto also supports the Kailash Satyarthi Children's Foundation in its work on holistic development and empowerment of children.

5. Supporting armed forces and veterans

- Bajaj Auto has contributed ₹ 1 crore to the Armed Forces Flag Day Fund. Bajaj Auto has also supported Paraplegic Rehabilitation Centre at Khadki, Pune, with 20 state-of-the-art wheelchairs.

6. Rural development and other projects

- Bajaj Auto has supported Sevagram Pratishthan at Wardha for renovation of Bapu Kutir and associated buildings. Bajaj Auto has also initiated a partnership with Raja Dinkar Kelkar Museum at Pune for renovation of the museum.

- Other supported organisations include Social Work Research Centre - Barefoot College (Tilonia), Development Initiative for Self-Help and Awakening – DISHA (Pune), Chinmaya Organisation for Rural Development (New Delhi), Prafulla Dahanukar Arts Foundation (Mumbai) etc.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

BAL's philosophy 'Distinctly Ahead' provides guidance for its customer engagement process. BAL actively interacts with its customers through a variety of platforms such as call centres, web-based interfaces, dealer showrooms and service centres. The Company also organises service camps at various locations to interact with customers at a personal level and solve their issues.

BAL engages with its customers at different levels. In an endeavour to engage with its two-wheeler customers, BAL organises various riding activities in key markets. For its commercial vehicle customers, BAL has programmes to empower current and potential three-wheeler drivers. As part of its 'Driver Bane Malik' initiative, contract drivers are assisted in purchasing their own vehicles. The 'Swarozgar Campaign' encourages rural youth to enter the three-wheeler business.

The 'Certified Service Technician' programme helps local technicians by providing them the required tools and training. This helps the technicians increase their income, while simultaneously providing a wider network of trained technicians for BAL customers.

The Company conducts regular surveys with the dealers, brokers, roadside mechanics and its large network of retailers. It also tracks customer satisfaction trends at pre-defined intervals for significant product launches.

To ensure that its customers remain safe while driving its vehicles, BAL provides an owner's manual with each vehicle. The manual includes safety checking mechanisms, do's and don'ts and fuel saving tips, thus encouraging consumers to use BAL's vehicles in a responsible manner. During the year 2016-17, 124 cases were filed at the consumer forum, while 398 cases are pending as on 31 March 2017.

Hygiene factors in advertisements, such as displaying helmets being used by all passengers on bikes and disclaimers for advertisements with bikes performing stunts are ensured by the marketing department. BAL is a signatory to Advertising Standard Council of India (ASCI), who can evaluate and provide corrective recommendations for advertisements. There were no complaints received from ASCI in the year 2016-17.