

Independent Auditor's Report

To the Members of **Bajaj Electricals Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Bajaj Electricals Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company

in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters

How our audit addressed the key audit matters

A. Cost to complete estimates in the EPC business segment (Refer Note 1D(3) of the standalone financial statements)

Revenue from construction contracts is recognised based on the stage of completion determined with reference to the actual costs incurred up to reporting date on the construction contract and the estimated cost to complete the project. Cost estimates involves judgments including those relating to cost escalations; assessment of related contract risks and their financial estimation; scope

Our audit procedures included the following:

- Performed procedures to test the design and operating effectiveness of controls relating to cost estimation;
- Selected projects by applying audit sampling techniques and examined whether the cost estimates for these projects are in line with the supplier quotations obtained by the management and other internal estimates where latest supplier quotations are not available.

Key audit matters	How our audit addressed the key audit matters
<p>of deliveries and services required for fulfilling the contractually defined obligations and expected delays, if any.</p> <p>Accordingly, cost to complete estimates have been considered as a key audit matter.</p>	<ul style="list-style-type: none"> Examined whether the future supply quantities in the selected projects are in line with the contractual Bill of Quantities (BOQ) / survey conducted by the management. Further, also performed audit tests in respect of erection and other overhead costs considered in the selected projects. Examined the contingencies identified by the management in these selected projects and corroborated the same with internal / external evidence available with the management. Examined project contractual terms and customer correspondences for the selected projects, to determine any adjustments to be considered to the project margins.
<p>B. Impairment allowance on trade receivables pertaining to operationally closed projects in Power Distribution (PD) and Transmission Line Tower (TLT) business (Refer Note 1D(2) and Note 6 of the standalone financial statements)</p> <p>As at March 31, 2023, trade receivables of ₹ 15,688.56 lakhs (net of impairment allowance of ₹ 3,362.88 lakhs) related to amounts collectible in respect of operationally closed projects in the PD and TLT business.</p> <p>In determining whether an impairment allowance is required, the management takes into consideration the ageing status and likelihood of collection based on contractual terms, past experience, customer correspondences etc. Based on such assessment, specific allowances are made for receivables that are unlikely to be collected.</p> <p>Due to the involvement of management's judgement and materiality of the amounts involved, we have considered the same as a key audit matter.</p>	<p>Our audit procedures included the following</p> <ul style="list-style-type: none"> Obtained management's assessment of recoverability of receivables from operationally closed projects. Discussed with the business heads in the PD and TLT business on the steps taken by them for recovery of the amounts, including discussions with customers during the period under audit. For samples, assessed whether the rationale behind the management's judgment in determining the impairment provisions are in line with the customer correspondences (including any disputes), material reconciliations (where done during the year) and post year end payments.
<p>C. Impairment of investment and recoverability of advances to subsidiary and recognition of liability for guarantee given for loans taken by the subsidiary (Refer Notes 5.1, 7, 14 and 40a(x) of the standalone financial statements)</p> <p>As at March 31, 2023, the Company has the following exposure in respect of Nirlep Appliances Private Limited ('NAPL'), other than those provided for in the books: -</p> <p>Investment of ₹ 4,333.20 lakhs</p> <p>Trade advances of ₹ 3,000.00 lakhs</p> <p>Loans of ₹ 6,323.00 lakhs</p> <p>Financial guarantee given by the Holding Company for loans taken by NAPL from the banks (outstanding balance of ₹ 0.00 lakhs to the extent of borrowings as at March 31, 2023)</p> <p>NAPL has been making losses over the past years. Management has performed a fair value assessment by forecasting and discounting future cash flows which involve significant estimates and judgment and determined that: -</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained management's future cash flow forecasts along with the discounted cash flow working for subsidiary and tested the mathematical accuracy of the underlying calculations. Compared historical actual results to those budgeted and inquired with management on the reasons for significant deviations, to assess the quality of management's forecasts. Assessed the key assumptions used in the fair value assessment, comprising sales growth rates with reference to the contractual arrangements, EBITDA margin perpetual growth rate and discount rates. Examined the valuation report obtained by the management from external valuation specialists. Also, examined the objectivity and competence of the specialists involved.

Key audit matters	How our audit addressed the key audit matters
<ul style="list-style-type: none"> No impairment is required to be recorded for the year ended March 31, 2023 No liability is probable on the financial guarantee given by the Company for loans taken by NAPL. <p>Considering the judgments / estimates as discussed above, it has been determined as a key audit matter.</p> <p>D. Timing of revenue recognition for Consumer Product business (Refer Notes 1B(2)(1) and 24 of the standalone Ind AS financial statements)</p> <p>Revenue from contracts with customers is recognised upon transfer of control of promised goods and is measured at the fair value of the consideration received or receivable, net of returns, schemes and rebates, based on contractually defined terms.</p> <p>The timing of transfer of control in case of sales to distributors is basis the arrangements including delivery specifications and incoterms, payment terms and ability of customers to return the goods if unsold in the market which create complexity and judgment in determining the timing of recognition of revenues.</p> <p>The risk is, therefore, that revenue is not recognized in the correct period and accordingly, it was determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<ul style="list-style-type: none"> Assessed the sensitivity analysis of key assumptions used, including management assessment on the impact on change in assumptions. <p>Audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the Company's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from contracts with customers'. Assessed the design and tested the operating effectiveness of internal financial controls related to timing of revenue recognition. For sample customers, obtained and assessed the arrangements with the Company and impact on revenue recognition including their payment terms and right to returns Performed sample tests of individual sales transaction based on sales invoices and other related documents. In respect of the samples selected, tested the timing of revenue recognition in accordance with Ind AS 115. Selected sample of sales transactions made pre- and post-year end, agreed the period of revenue recognition to underlying documents and the terms of sale. Performed analytical procedures on sales and sales return trend For sample customer balances, obtained direct confirmation and tested the reconciliations if any

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

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether

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

Responsibilities of Management for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit

procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and

to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March

31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 40 to the standalone financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons

or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. As stated in note 17, the final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. Further, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

per **Vikram Mehta**
Partner
Membership No.: 105938
UDIN: 23105938BGXGGZ9835
Mumbai, May 23, 2023

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Bajaj Electricals Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment
- (i) (a) (B) The Company has maintained proper records showing full particulars of Intangible assets
- (i) (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our

opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.

- (i) (c) The title deeds of immovable properties as disclosed in note 2 to the standalone financial statements included in property, plant and equipment are held in the name of the Company. Certain title deeds of the immovable Properties, in the nature of freehold land and building, as indicated in the below mentioned cases which were acquired pursuant to a Scheme of Amalgamation approved by National Company Law Tribunal's (NCLT) Order dated May 21st 2020, are not individually held in the name of the Company, however the deed of merger has been registered by the Company on March 31, 2023.

Description of Property	Gross carrying value (₹ in lakhs)	Held in name of	Whether Promoter, Director or their relative or employee	Period held- indicate range, where appropriate	Reason for not held in the name of Company
Freehold land	12,600.00	Hind Lamps Limited	No	March 31, 2020 to March 31, 2023	—
Building	750.47	Hind Lamps Limited	No	March 31, 2020 to March 31, 2023	—

In case of 1 lease agreements of immovable property as indicated below as at March 31, 2023 and as disclosed in note 3 to the standalone financial statements, the lease agreement is not duly executed in favour of the Company and hence we are unable to comment on the same

Description of Property	Gross carrying value (₹ in lakhs)	Held in name of	Whether Promoter, Director or their relative or employee	Period held- indicate range, where appropriate	Reason for not held in the name of Company
Leasehold Building	32.22	Not applicable	No	October 01, 2022 to March 31, 2023	—

- (i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (i) (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies on such physical verification were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account. Inventories lying with third parties
- have been confirmed by them as at March 31, 2023 and no discrepancies were noticed.
- (ii) (b) As disclosed in note 18 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies as follows:

(₹ in Lakhs)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted/ provided during the year –Subsidiaries	Nil	Nil	2,556.00	9,235.00
Balance outstanding as at balance sheet date in respect of above cases – Subsidiaries	2,000.00	Nil	6,323.00	3,000.00

- (iii) (b) During the year the guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans to companies are not prejudicial to the Company's interest.
- (iii) (c) The Company has granted loans and advance in the nature of loans during the year to companies where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (iii) (d) There are no amounts of loans and advances in the nature of loans granted to companies, which are overdue for more than ninety days.
- (iii) (e) There were no loans or advance in the nature of loan granted to companies which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (iii) (f) The Company has not granted any loans or advances in the nature of loans, either
- repayable on demand or without specifying any terms or period of repayment to companies Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of its products, and are of the opinion

that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year-end, for a period of more than six months from the date they become payable.
- (vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

(₹ in Lakhs)

Matter	Year	Forum where dispute is pending				Total*
		Dy. Commissioner / Commissioner / Jt. Commissioner Appeals	Appellate/ Revision	Tribunal	High court	
Entry Tax	2010-13	1.15	–	–	–	1.15
Entry Tax	2015-16	1.70	–	–	–	1.70
Entry Tax	2016-17	0.39	–	–	–	0.39
Sales tax	2001-02	95.14	–	–	–	95.14
Sales tax	2005-06	37.80	–	–	–	37.80
Sales tax	2006-07	–	–	8.19	–	8.19
Sales tax	2007-08	24.33	–	–	–	24.33
Sales tax	2008-09	2.62	–	–	–	2.62
Sales tax	2009-10	13.77	–	–	–	13.77
Sales tax	2010-11	18.98	–	–	–	18.98
Sales tax	2010-12	–	–	–	6.40	6.40
Sales tax	2011-12	0.61	–	–	–	0.61
Sales tax	2012-13	14.90	–	267.83	41.96	324.69
Sales tax	2013-14	457.85	–	–	–	457.85
Sales tax	2013-15	–	–	846.97	–	846.97
Sales tax	2014-15	120.12	19.38	–	–	139.50
Sales tax	2015-16	82.34	87.41	10.79	–	180.53
Sales tax	2016-17	830.86	–	–	–	830.86
Sales tax	2017-18	519.68	–	–	–	519.58
Sales tax	2017-20	881.06	–	–	–	881.06
Sales tax	2018-19	161.11	–	–	–	161.11
Sales tax	2019-20	70.51	–	–	–	70.51
Sales tax	2020-21	14.98	–	–	–	14.98
Service Tax	2005-10	139.14	–	–	–	139.14
Customs	2016-17	24,175.85	24,175.85	24,175.85	24,175.85	20,991.62
Total		3,545.23	106.79	1,149.27	48.36	4,849.54

* The unpaid amount mentioned above is net of ₹ 1,000.23 lakhs paid under protest

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) (c) The Company did not raise any money under any term loans during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (ix) (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (ix) (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x) (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (xi) (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv)(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the /Order is not applicable to the Company.
- (xvi)(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvi)(d) In our opinion, and according to the information and explanation given to us, in the group (in accordance with Core Investment Companies (Reserve Bank) Directions, 2016) there are 16 companies forming part of the promoter/promoter group of the Company which are CICs (These are unregistered CICs as per Para 9.1 of Notification No. RBI/2020-21/24 dated 13th August 2020 of the Reserve Bank of India).
- (xvii) The Company has not incurred cash losses in the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 46 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 43 to the standalone financial statements.
- (xx)(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 43 to the standalone financial statements.

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

per **Vikram Mehta**
Partner
Membership No.: 105938
UDIN: 23105938BGXGGZ9835

Mumbai, May 23, 2023

Annexure '2' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Bajaj Electricals Limited ("the Holding Company")

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Bajaj Electricals Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and

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

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**

Partner

Membership No.: 105938

UDIN: 23105938BGXGGZ9835

Mumbai, May 23, 2023