



**CimplifyFive<sup>®</sup>**

YOUR COMPLIANCE SIMPLIFIED

## **Disclosures in Annual Report for COVID**

July 22, 2020



## Agenda

- 01** **Triggers for Disclosure**

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- 02** **COVID Disclosures in USA**

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- 03** **Indian Regulations**

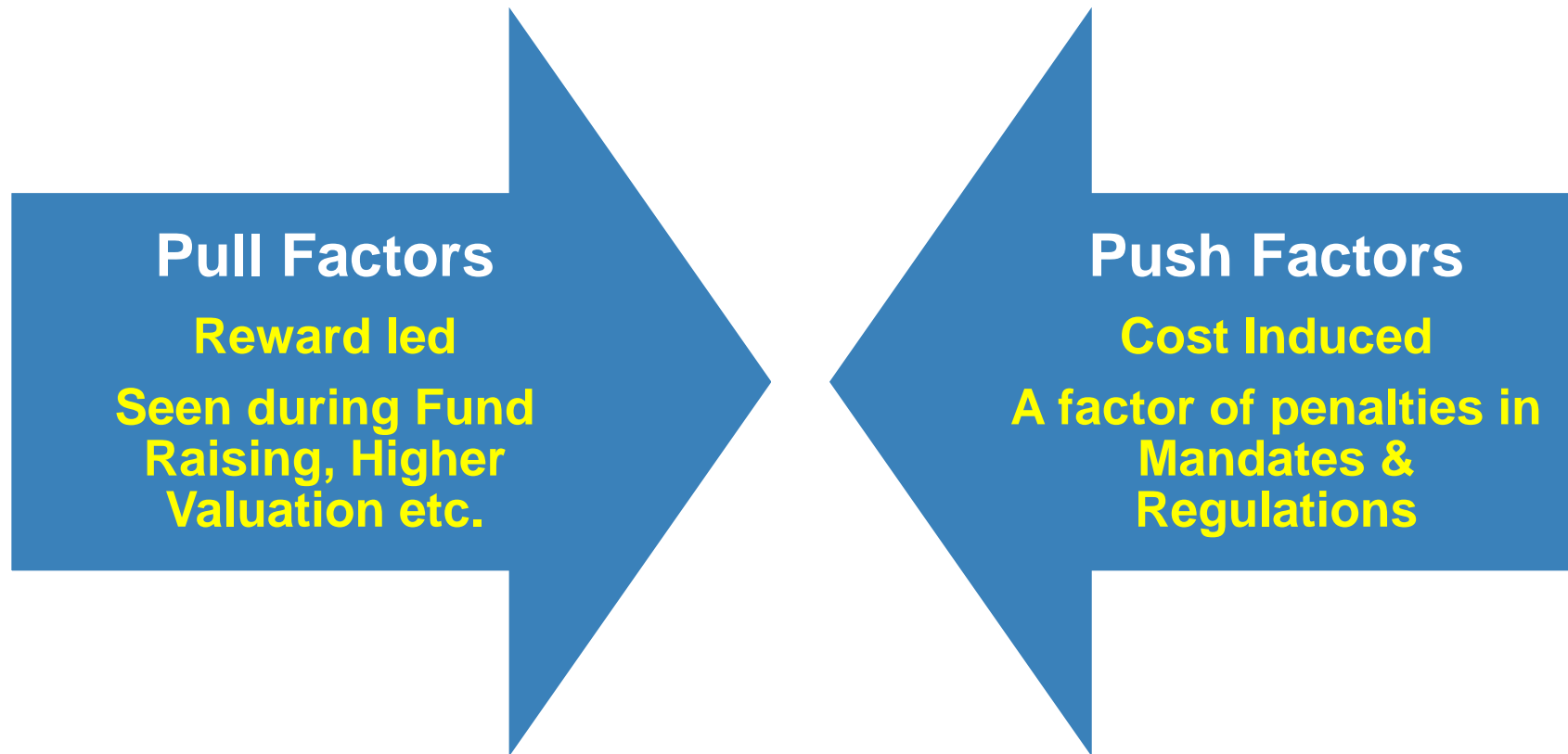
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- 04** **Disclosures in Annual Reports of Indian Companies**

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- 05** **A Model for Reporting on COVID-19 Impact**

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## 1.0 Motives for Disclosures



**Bull Markets lead to Valuation Methods & Bear Markets to Disclosures**





# 1.1 Triggers for Disclosure

## Mandated Disclosures

### **Letter of Law: Pay no fines:**

- Do the minimum required
- High legal exposure
- e.g. Prospectus for IPO or Secondary offerings

## Opportunistic Disclosures

### **Disclose when in doubt:**

- More where it benefits
- Not much legal scrutiny
- e.g. Investor presentations

## Voluntary disclosures

### **Transparency as the norm:**

- Disclose what is needed, both good & bad
- Sets standard for investor expectations
- e.g. Annual Reports



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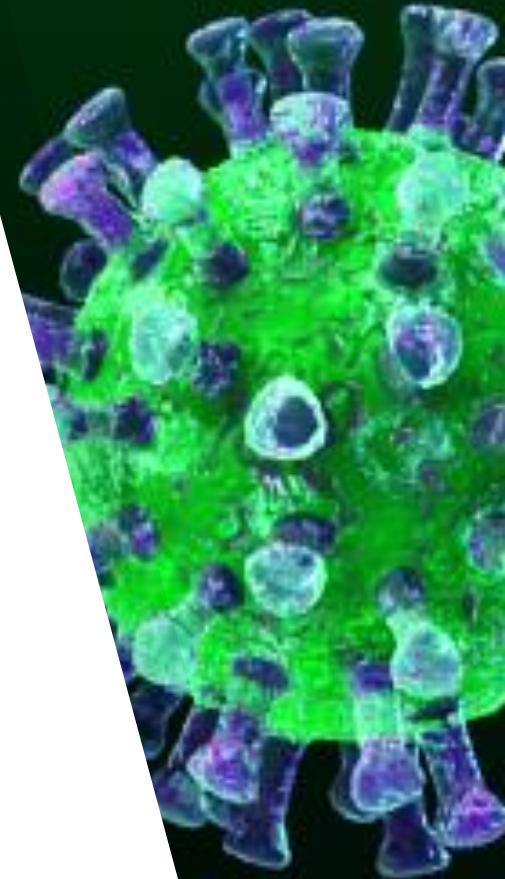
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- 05 A Model for Reporting on COVID-19 Impact

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## 2.0 US Practice on COVID-19 Disclosures

- Comprehensive Research Report on **COVID-19 Disclosures by the US Listed Companies**
- Report published by **Stanford Closer Look Series**
- Published on **June 29, 2020**
- Covers disclosures by **3644 companies**
- Disclosures made between **January 1 2020 to May 29, 2020**
- Disclosures made in
  - **8-K –Form filed with SEC to intimate information important to Investors**
  - **10-Q –Quarterly Report required to be filed by Public Companies with SEC**
  - **10-F –Annual Report required to be filed by Public Companies with SEC**





## 2.1 US Practice on COVID-19 Disclosures

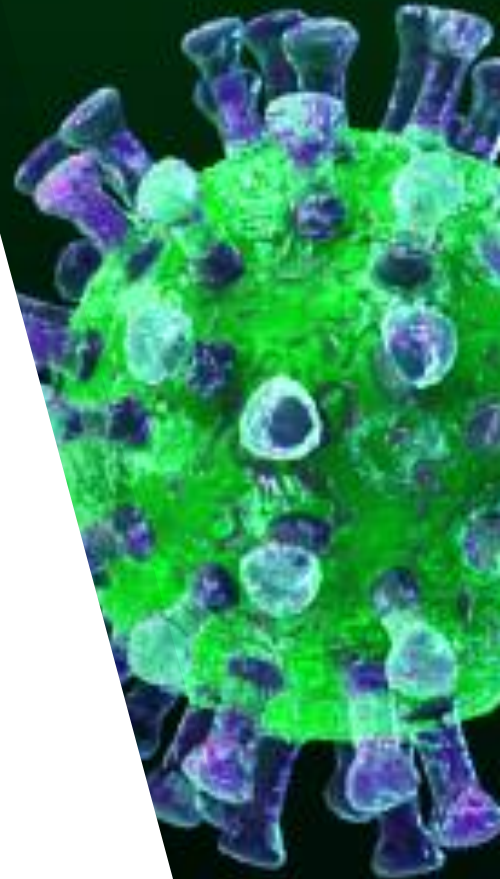
### Initial references to COVID-19

#### **-Moderna on 22<sup>nd</sup> January –its participation in finding a vaccine for COVID-19**

Moderna's mRNA vaccine technology could serve as a rapid and flexible platform that may be useful in responding to newly emerging viral threats, such as the novel coronavirus. While we have not previously tested this rapid response capability, Moderna confirms that we are working with NIH/NIAID/VRC on a potential vaccine response to the current public health emergency. Moderna is committed to addressing infectious diseases and improving global public health

#### **-Starbucks 28<sup>th</sup> January –closure of 50% of shops in China, where it earns 15% revenue**

In late January 2020, we closed more than half of our stores in China and continue to monitor and modify the operating hours of all of our stores in the market in response to the outbreak of the coronavirus. This is expected to be temporary. Given the dynamic nature of these circumstances, the duration of business disruption, reduced customer traffic and related financial impact cannot be reasonably estimated at this time



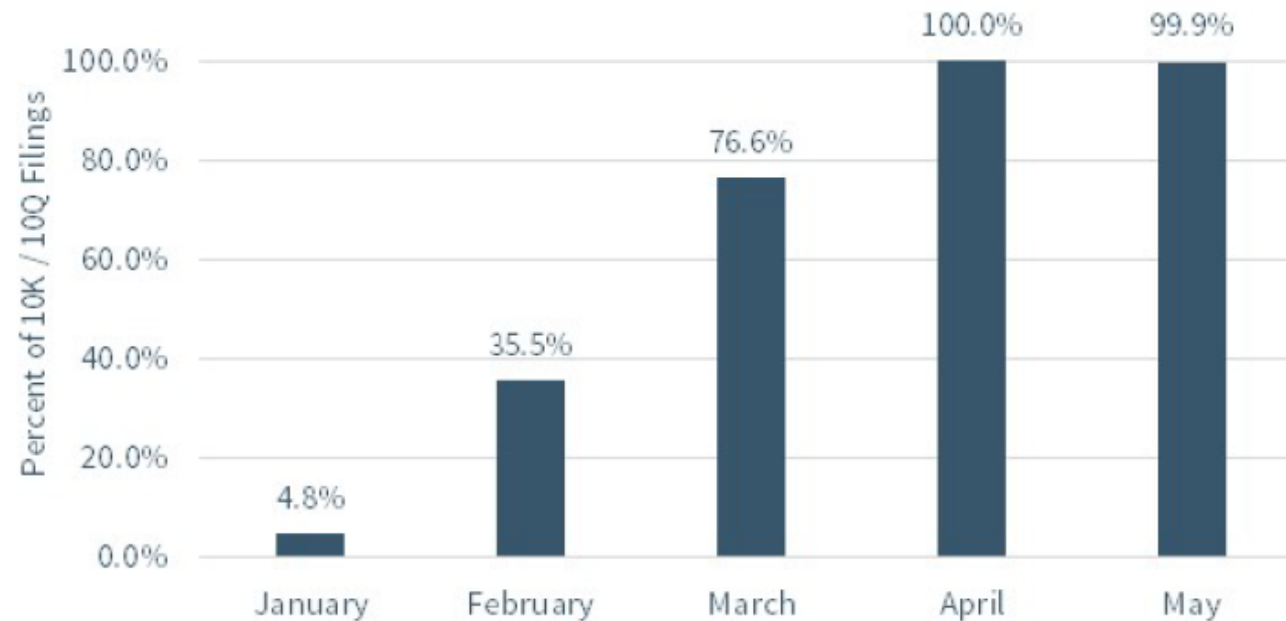




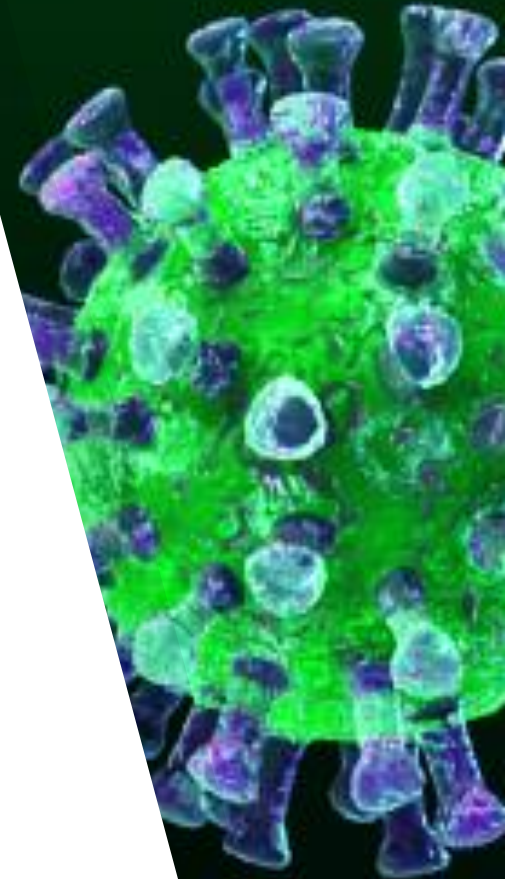
## 2.2 US Practice on COVID-19 Disclosures

### Disclosures over the 5 month period

PERCENT OF 10-K AND 10-Q FILINGS REFERENCING COVID-19



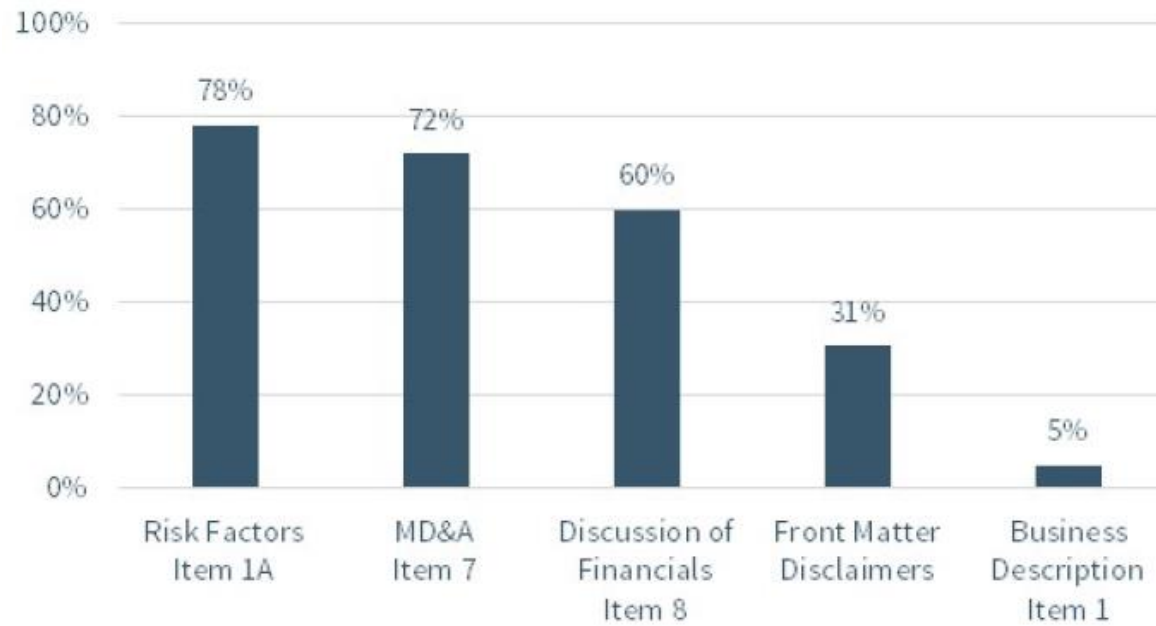
10-Q Quarterly Report required to be filed by Public Companies with SEC;  
10-K Annual Report required to be filed by Public Companies with SEC



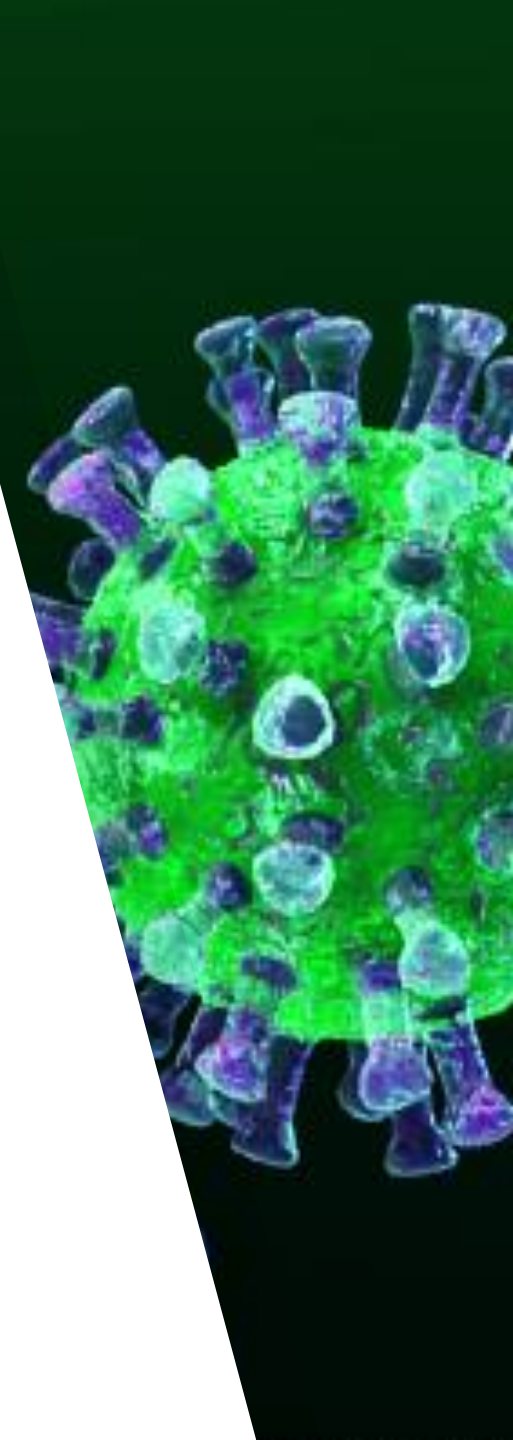




## 2.3 US Practice on COVID-19 Disclosures



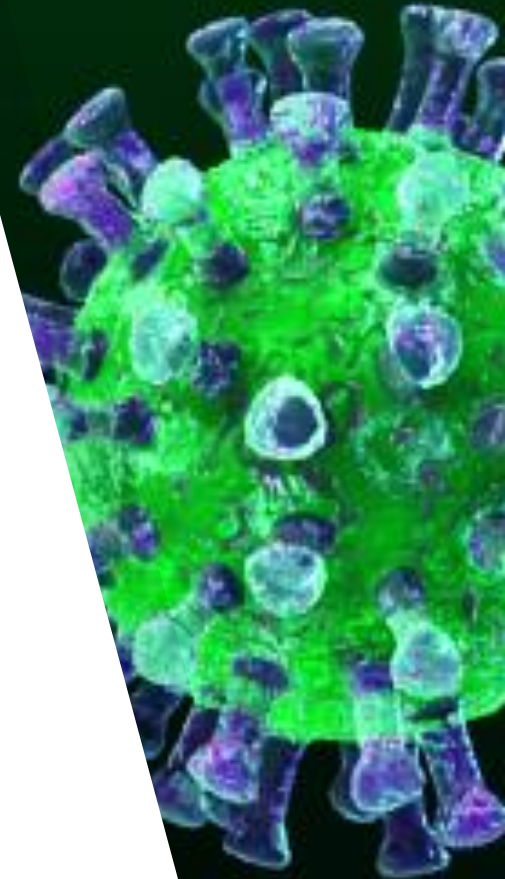
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## 2.43 US Practice on COVID-19 Disclosures

| Rank | COVID-19 referred to in           | % of mentions |
|------|-----------------------------------|---------------|
| 1    | Forward looking statement         | 59%           |
| 2    | Cash                              | 47%           |
| 3    | Top line (Revenue/ Sales)         | 44%           |
| 4    | Supply Chain /Debt                | 40%           |
| 5    | Employees/ M&A                    | 36%           |
| 6    | Losses                            | 27%           |
| 7    | Guidance                          | 26%           |
| 8    | Expenses                          | 20%           |
| 9    | Bottomline (income)               | 18%           |
| 10   | Litigation                        | 16%           |
| 11   | Compensation                      | 9%            |
| 12   | EBIT(DA)                          | 5%            |
| 13   | Non-GAP/ Furloughs (forced leave) | 3%            |
| 14   | Lay-offs (forced separations)     | 1%            |





## 2.5 US Practice on COVID-19 Disclosures

### Illustrative Disclosures

#### Forward Looking statement

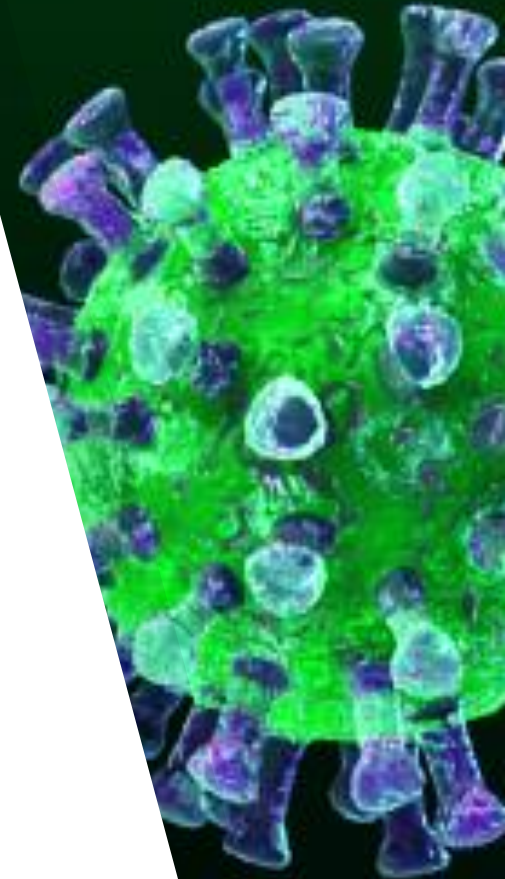
*Certain statements may constitute forward-looking statements within the meaning of U.S. federal securities law ... and are subject to certain risks and uncertainties that could cause actual results to differ materially ... including but not limited to ... **the outbreak of the recent coronavirus (COVID-19), [etc.].***

#### Liquidity/ Cash

*Our key liquidity objective during these unprecedented and uncertain times is to **prioritize actions that preserve or improve our cash balance until we are able to resume and sustain normal production and generate revenue.***

#### Revenue/ Sales

*Revenues were impacted by COVID-19, which led to the suspension of operations, disruptions in our business, and closure of our retail stores. **We estimate that the impact of COVID-19 on current period revenue was approximately \$1.0 billion.***





## 2.6 US Practice on COVID-19 Disclosures

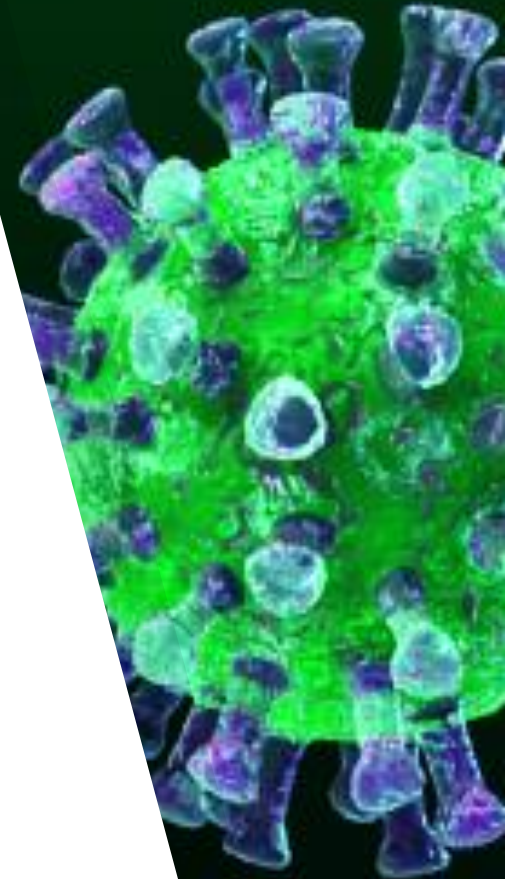
### Illustrative Disclosures

#### Supply Chain

*The COVID-19 pandemic has led, and could continue to lead, to interruptions in the delivery of supplies arising from delays or restrictions on shipping or manufacturing, closures of supplier or distributor facilities, or other factors.*

#### Debt

*While the COVID-19 pandemic caused a disruption in the commercial paper market, we currently still have the ability to borrow funds in this market and expect to continue to be able to do so in the future.*

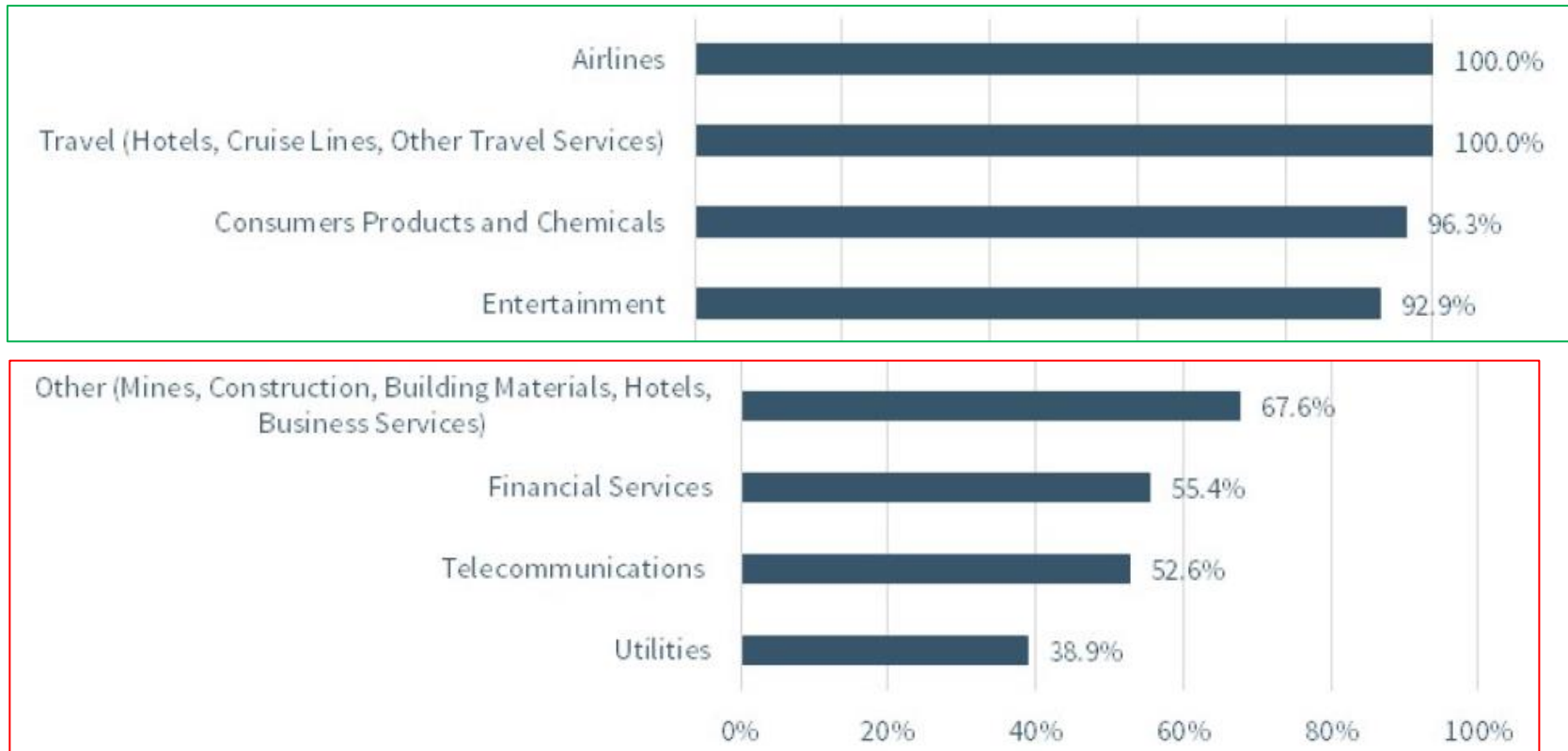




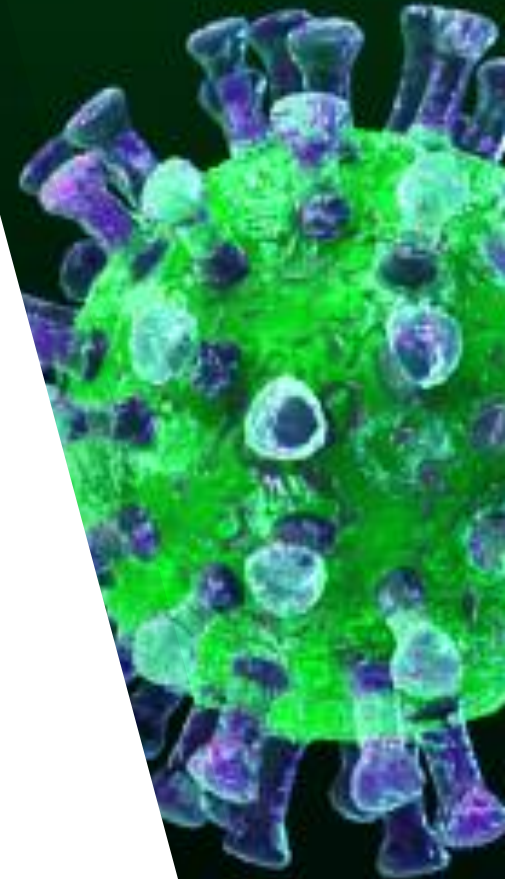


## 2.7 US Practice on COVID-19 Disclosures

### Sector wise disclosures –top 4 and bottom 4 sectors



10-Q Quarterly Report required to be filed by Public Companies with SEC;  
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# Agenda

**01** Triggers for Disclosure

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**02** COVID Disclosures in USA

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**03** **Indian Regulations**

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**04** Disclosures in Annual Reports of Indian Companies

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**05** A Model for Reporting on COVID-19 Impact

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## 3.1 Impact of COVID-19: What to Disclose

- **Companies Act, 2013 Section 135 Financial Statements, Boards' report, etc.**
- (3) (I) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

### BAJAJ FINANCE

Barring the impact of COVID-19 pandemic as described in the 'Management Discussion and Analysis' no significant event has taken place which will have an impact on the performance of the Company during FY2020, from the date of the Balance Sheet till the date of this report.



Ministry of Corporate  
Affairs



## 3.2 Impact of COVID-19: When to Disclose LODR Requirements

- For the **equity listed entities**, Item no.6 in para B of Part A of the Schedule III of LODR referred to in Regulation 30(3), required them to keep the stock exchange and investors informed of “Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.” if their impact was considered material.
- For the **debt listed entities**, Clause 16 of Part B of Schedule III read with Regulation 51(2) of the LODR, required a debt listed entity to promptly inform the stock exchange(s) of any other information having bearing on the operation/performance of the listed entity. Further, Regulation 51(1) required the company to inform the stock exchanges of ‘any action that shall affect payment of interest or dividend.’



## 3.3 Impact of COVID-19: What to Disclose

### Specific notification due to COVID-19

SEBI's advisory of May 20<sup>th</sup> on 'material impact of Covid-19 pandemic on listed entities under the SEBI (LODR) Regulations, 2015'

As illustrations, the notification lists a few items for reporting, like

1. Ability to maintain operations including the factories/units/offices functioning and those closed down
2. Schedule, if any for restarting
3. Steps taken to ensure smooth functioning
4. Estimate of the future impact of Covid-19 on its operations
5. Details of impact on
  - i. Capital and financial resources
  - ii. Profitability
  - iii. Liquidity
  - iv. Ability to service debt and other financial arrangements
  - v. Assets
  - vi. Internal financial reporting and controls
  - vii. Supply chain
  - viii. Demand for its products and services
6. Existing contracts /agreements where non-fulfilment of the obligations by any party will have significant impact on listed entity's business.

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## 4.1 Analysis of Select Nifty 50 Companies

| Sectoral Representation | #s        |
|-------------------------|-----------|
| Fin Services            | 3         |
| IT                      | 1         |
| FMCG                    | 1         |
| Food                    | 1         |
| Telecom                 | 1         |
| Automobile              | 1         |
| Infrastructure          | 1         |
| Paints                  | 1         |
| Pharma                  | 1         |
| <b>Total</b>            | <b>11</b> |

| Sl no | Annual Report Section             | Total |
|-------|-----------------------------------|-------|
| 1     | Chairman's Message/Letter         | 9     |
| 2     | CEO's Message                     | 3     |
| 3     | Directors Report                  | 10    |
| 4     | Secretarial Audit Report          | 6     |
| 5     | MDNA                              | 11    |
| 6     | Statutory Auditors Report         | 4     |
| 7     | Notes to Financial Statement      | 10    |
| 8     | Consolidated Financial Statements | 11    |
| 9     | General Shareholders Information  | 4     |
| 10    | Corporate Governance Report       | 4     |
| 11    | Risk Management                   | 2     |
| 12    | Employee Reponse to COVID-19      | 1     |
| 13    | CCO Message                       | 1     |
| 14    | Chief Risk Officer Message        | 1     |
| 15    | Business Responsibility Report    | 1     |





## 4.2 Chairpersons Message

### Asian Paints –Chairman’s Letter

It is great to be communicating with you . We are in the midst of some exceptional and unprecedented times. Covid-19 has posed challenges across the Globe and disrupted our lives like never before. **I want to assure you that even in these uncertain times your Company has been taking all the measures to not just successfully mitigate risks and navigate business but also take care of its employees, our assets and our stakeholders and customers in a strong sustainable manner.**

### BAJAJ AUTO –Chairman’s Message

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







## 4.2 Chairpersons Message

### Kotak Mahindra Bank, Annual Report

In terms of business, there are a few principles we need to follow:

- Our topmost priority is the safety of our people and their well-being
- Second, a relentless focus on our costs and productivity
- Third, on the lending side, we will divide the world into 'Before COVID' (BC) and 'After COVID' (AC)



## 4.3 CEO's Message

### Infosys, Annual Report

Very quickly we had 93% of our employees working from home or remote working. I have talked with and received numerous notes from our clients on the highest quality delivery of our work during the transition. This demonstrated our operational rigor across the Company. In a large part, this was a result of an incredibly robust infrastructure we had built over the years in terms of networks, telecommunications, cybersecurity, and remote access. It is also a result of the social capital we had built by having a stable executive management team where leaders know each other well and are able to work with each other remotely with the trust built over time.





## 4.4 Directors Report

### ASIAN PAINTS

#### PERFORMANCE EVALUATION:

In the current COVID-19 situation, resultant impact on the business operations and considering the nominal increase in remuneration payable to all employees of the Company, the Board of Directors being concerned and empathetic about the situation, at their meeting held on 23rd June, 2020, decided to take a cut of 10% in the commission payable to the Non-Executive Directors for the FY 2019-20 vis-a-vis the base commission considered for the FY 2018-19.

### BAJAJ FINANCE

#### Debenture redemption fund: Pg no: 72

In view of the COVID-19 pandemic, MCA announced several special measures under the Act. As a part of such special measures, the due date to make investment/deposit for debentures maturing in FY2021 has been extended from 30 April 2020 to 30 June 2020.





## 4.5 Secretarial Audit Report

### Bajaj Auto Annual Report

#### Secretarial Audit Report (Form No. MR-3):

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





## 4.5 Secretarial Audit Report

### BRITANNIA, Annual Report

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information to the extent provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management **and considering the relaxations granted by the Ministry of Corporate Affairs and the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion**, the Company has during the audit period covering the financial year ended on 31 March 2020, generally complied with the 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:



## 4.6 Management Discussion & Analysis

### Dr. Reddy's Annual Report

For FY2021, the big questions are: **(i) What are we doing about COVID-19? and (ii) How will it affect our business?**

**In the short run**, the national lockdown that was imposed in India from 25 March 2020 coupled with lockdowns in other parts of the world led to significant disruption in the supply chain and logistics. These impacted normal level of plant operations due to restrictions on people movement; **created restrictions on the face-to-face meetings with doctors; impacted the normal level of R&D activities**; and, at an overall level, challenged the usual manner of doing business.

Having said so, **we believe FY2021 will have more uncertainties than ever before. Consequently, our overall performance may be quite volatile.**

Equally, we remain cautiously optimistic of re-calibrating our levers to suit the new business environment. **If we do this successfully**, we should be able to come to terms with the new COVID-19 reality. And, if that occurs, we should perform satisfactorily in FY2021.







## 4.7 Statutory Audit Report

### Kotak Mahindra Bank, Annual Report

#### Emphasis of Matter:

We draw attention to Note Schedule 17 Note 2(A), Schedule 17 Note 2(H)(v) and Schedule 17 Note 7 of the accompanying consolidated financial statements **which describes the uncertainties due to the outbreak of novel coronavirus (COVID-19)**. In view of these uncertainties, the impact on the consolidated financial statement is significantly dependent on future developments.

Our opinion is not modified in respect of this matter.

### BAJAJ FINANCE, Annual Report

#### Annexure 1 to Independent Auditors' Report:

With respect to certain dues of profession tax, we are informed by the Management that, due to the nationwide lock-down imposed by the Central Government on account of COVID-19, **the Company has either been unable to deposit the dues with the appropriate authorities or the physical payment challans of the dues deposited are currently not retrievable from the respective locations for examination**. Accordingly, we are unable to comment on the regularity of deposit of the profession tax dues by the Company in respect of the months of February and March 2020.



## 4.8 Notes to Financial Statements

### BAJAJ FINANCE

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

##### a) Basis of preparation:

The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. **The outbreak of COVID-19 has not affected the going concern assumption of the Company.**



## 4.9 Consolidated Financial Statements

### Hindustan Unilever, Annual Report

#### **Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25th of March 2020 announced by the Indian Government, to stem the spread of COVID-19.

HUL manufactures and supplies essential day-to-day products such as soaps, hand sanitisers, laundry detergents, floor cleaners, foods, beverages etc. amongst others and a large part of HUL's portfolio is considered essential to consumer requirements in these challenging times.

**Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued.** The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.



## 4.10 General Shareholder Information

### Bajaj Auto Annual Report

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

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



## 4.11 Corporate Governance Report

### BAJAJ FINANCE

#### Independent directors' meeting:

The Ministry of Corporate Affairs vide General circular no. 11 dated 24 March 2020, **granted relaxation in compliance with holding separate meeting of independent director without attendance of non-independent directors and members of the management for FY2019-20.** The said meeting was, however, held on 19 May 2020 (earlier scheduled on 17 March 2020 and was postponed due to COVID-19) to inter alia:



## 4.12 Risk Management

### BAJAJ FINANCE, ANNUAL REPORT

Given the COVID-19 pandemic, the Company has stressed its central scenario for assessing the downside scenario risk amidst COVID-19 pandemic:

- Further, the Company has considered additional stress impact on unemployment rate forecasted as estimated for COVID-19 scenarios for current expected credit loss (CECL) by a leading global rating agency.





## 4.12 Risk Management

### Infosys, Annual Report

Some of the specific consequent risks related to the occurrence of COVID-19 that have materialized include :

- Many of our **clients' business operations may be negatively impacted** due to the economic downturn – resulting in postponement, termination, suspension of some ongoing projects with us and / or reduced demand for our services and solutions.
- **Our ability to continue to deliver service delivery obligations while our employees work from home** are sometimes constrained by contractual terms with our clients and are therefore dependent on receiving the requisite approvals from them in time.
- **Restrictions on travel** may impact our ability to assign and deploy people at required locations and times to deliver contracted services, thereby impacting our revenue and / or profitability.
- **A small portion of revenue could not be recognized** as we did not receive consent from clients for the work completed by our employees remotely on their projects.
- **Our profitability may be marginally impacted as some clients have sought price reductions or discounts.**
- **Lower profitability and prolonged payment terms requests from clients** can impact our cash flows negatively and may impact our ability to provide dividend to shareholders.



## 4.12 Risk Management

### Infosys, Annual Report

- Some of our clients or suppliers have invoked force majeure clauses in our contracts with them, negatively impacting our business with limited recourse.
- Our business continuity may be marginally impacted as key geographies in which we operate imposed a lockdown and / or some of our development centers may temporarily shut down due to COVID-19 positive cases found in our campuses or shared campuses.
- We incurred unanticipated costs in ensuring that our offices are safe and hygienic workplaces for our employees ; and to enable employees to work from home.
- We incurred additional costs in procuring and deploying hardware assets and technology infrastructure and data connectivity charges for remote working.



## 4.13 Employee Response to COVID-19

### Infosys, Annual Report

#### **Building talent for our clients' transformation:**

**by** (Lara Salamano AVP – Senior Digital Strategist):

We believe that each of us can train to be effective problem-finders. Recently, as COVID-19 circled the globe, our employees world-wide tapped their imaginations along with their learning to challenge the status quo and find bold unconventional responses to serve our clients.



## 4.14 Chief Operating Officers Message

### **Infosys, Annual Report**

“The COVID-19 pandemic has triggered all of us to reflect on our individual lifestyles, our work practices and the resilience of our businesses. We are feeling reassured of the well-being of our employees globally and take great pride in the responsiveness of our teams that rapidly enabled us to continue servicing our clients through these unprecedented times. We are confident that we have the financial strength to endure the adverse economic impact of the current crisis. Looking ahead, we firmly believe that innovative use of technology will be integral to helping global businesses navigate this crisis, and we look forward to further strengthening our client partnerships in these times.”



## 4.15 Chief Risk Officers Message

### **Infosys, Annual Report**

The ongoing COVID-19 pandemic has heightened several of the risks to our business and that of our clients. Our Risk Management Framework enables us to look at these holistically, and mitigate the impact to all of our stakeholders.

Our risk management tag line, “How can we help?”, embodies our approach to achieve business objectives while providing the guardrails for operational and compliance control.



## 4.16 Business Responsibility Report

### Infosys, Annual Report

**Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.:**

Yes, as an industry influencer, we are part of global and local associations. We forge strategic partnerships with industry bodies and consortiums at the local, national and international levels. U. B. Pravin Rao, COO, took over as Chairperson of NASSCOM in April 2020. Ravi Kumar S., President and Deputy COO, is a part of the advisory panels in the US for responding to COVID-19. The following are the significant associations during fiscal 2020 :

# Agenda

01 Triggers for Disclosure

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02 COVID Disclosures in USA

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03 Indian Regulations

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04 Disclosures in Annual  
Reports of Indian Companies

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05 **A Model for Reporting on  
COVID-19 Impact**

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## 5.0 Voluntary Disclosures: A Model for Reporting Impact of COVID-19 on Business

### CimplyFive's Model Disclosures for Companies on COVID-19 Impact

#### 1. Context

- Covid-19 Environment
- State of Company's Operations

#### 2. Impact

- Fact based –Liquidity and Solvency
- Managements opinion –Profitability & Sustainability

#### 3. Disclosures

- On website
- To the stock exchange
- Earnings press release
- Annual Reports





## 5.1 Voluntary Disclosures: On COVID-19 Environment

### **HDFC Bank's -Notes to Financial Statement**

10. The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.





## 5.2 Voluntary Disclosures: On Impact

### Reliance Industries Limited (Notes to Consolidated Financial Statements)

COVID-19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc. On 24th March 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till 3rd May 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities. Further, during March 2020/April 2020, there has been significant volatility in oil prices, resulting in uncertainty and reduction in oil prices.

**28.2 Exceptional Item:** COVID 19 has significant impact on business operations of the Company. Further, there is substantial drop in oil prices accompanied with unprecedented demand destruction. The Company based on its assessment has determined the impact of such exceptional circumstances on its financial statements and the same has been disclosed separately as 'Exceptional Item' of ` 4,245 crore, net of taxes of ` 899 crore in the Statement of Profit and Loss for the year ended March 31, 2020. (also read with Note C (J) of Critical Accounting Judgements and Key sources of Estimation uncertainty above)





## 5.3 Voluntary Disclosures: On Liquidity

### **TCS –Notes forming part of Consolidated Financial Statements**

#### **Liquidity risk**

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due. The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

#### **Other risk - Impact of COVID-19**

Financial assets carried at fair value as at March 31, 2020 is Rs.26,581 crore and financial assets are carried at amortised cost as at March 31, 2020 is Rs.57,264 crore. A significant part of the financial assets are classified as Level 1 having fair value of Rs.26,336 crore as at March 31, 2020. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Group are mainly investments in liquid debt securities and accordingly, any material volatility is not expected.





## 5.4 Voluntary Disclosures: On Profitability

### **Reliance Industries Limited (Rights Issue: Letter of Offer dated May 15, 2020)**

Listed under Internal Risks

- COVID 19 has significant impact on business operations of our Company. Further, there is substantial drop in oil prices accompanied with unprecedented demand destruction. Our Company, based on its assessment, has determined the impact of such exceptional circumstances on its financial statements and the same has been disclosed separately as 'Exceptional Item' of ₹ 4,245 crore, net of taxes of ₹ 899 crore in the statement of profit and loss for the year ended March 31, 2020.

Page 23 of the Letter of Offer dated May 15, 2020







## 5.5 Voluntary Disclosures: On Solvency

### Bajaj Finance Limited

#### Notes to the Standalone Financial Statements

15 The Covid-19 pandemic has resulted in a significant decrease in the economic activities across the country, on account of lockdown that started on 24 March 2020. The lockdown also affected the Company's business operations in the last week of March 2020. Further, in accordance with the RBI guidelines retarding to 'Covid-19 Regulatory Package' dated 27 March 2020, the Company offered EM! moratorium to its customers based on requests as well as on a suo-moto basis.

Estimates and associated assumptions applied in preparing these financial results, especially for determining the impairment allowance for the Company's financial assets (Loans), are based on historical experience and other emerging/ forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used early indicators of moratorium and delayed payment me tries observed along with an estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Accordingly. the Company has recognised an additional impairment on Loans of Rs.850 crore. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated. this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.





## 5.6 Voluntary Disclosures: On Sustainability

### TCS -Notes to Consolidated Financial Statements

**Impact of COVID-19:** While the Group believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The Group has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals.

### Impact of COVID-19

**The Group does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant.** The leases that the Group has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.





## About the Speaker



### Shankar Jaganathan

Founder & Chief Executive, CimplifyFive

Shankar Jaganathan is a chartered accountant with three decades of experience spread across Corporate, Academic & Social Sectors. He was the Corporate Treasurer of Wipro when it was listed on NYSE. He has been a faculty in the Indian Institute of Science, Bangalore and authored books on economic history. Currently he is the Founder & Chief Executive of CimplifyFive Corporate Secretarial Services, a Company focused on automating Corporate Law Compliances for listed and unlisted companies in India.

