



# 24<sup>th</sup> ANNUAL REPORT

**HERO MOTORS LIMITED**  
**CIN: U29299PB1998PLC039602**  
**FINANCIAL YEAR: 2022-23**

**HERO MOTORS LIMITED**

**Corporate Identification Number (CIN):** U29299PB1998PLC039602

**Registered Office:** Hero Nagar, G.T. Road, Ludhiana-141003

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## HERO MOTORS LIMITED

### Board's Report

To the Members,

The Board of Directors of your Company has the pleasure in presenting the 24<sup>th</sup> Annual Report of the Company on the business and operations together with the Audited Financial Statements for the year ended on March 31, 2023.

#### **1. FINANCIAL RESULTS: -**

The Financial Results of your Company for the year under review are summarized as under:

(Rs. in lakhs)

<b>Particulars</b>	<b>Financial Year (2022-23)</b>	<b>Financial Year (2021-22)</b>
Income from operations	105,527.52	90,397.88
Other income	1,403.84	636.68
<b>Profit / (Loss) before Finance costs and Depreciation</b>	<b>9,963.18</b>	<b>16,618.28</b>
Finance costs	2,560.11	1,432.76
Depreciation and amortisation expense	1,724.67	1,590.26
<b>Profit / (Loss) before tax</b>	<b>6,023.33</b>	<b>13,595.26</b>
Provision for current taxes	1,731.22	2,688.43
Deferred Tax (Credit) / Charge	(570.14)	1,119.56
<b>Profit / (loss) after tax</b>	<b>4,862.25</b>	<b>9,787.27</b>
Other Comprehensive Income / (Loss)	(481.75)	25.32

#### **2. DIVIDEND**

Due to future requirements for working capital, the Board of Directors of your Company has not recommended any dividend during the year under review.

#### **3. RESERVES**

The Board of Directors of your Company has not proposed to transfer any amount to the Reserves for the year under review.

#### **4. STATE OF COMPANY'S AFFAIRS**

On standalone basis, the company achieved Revenue of Rs. 105,527.52 lakhs for the FY 2022-23 as compared to Rs. 90,397.88 lakhs in FY 2021-22, an increase of 16%. The profit before tax (PBT) from

continuing operations stood at Rs. 6,023.33 lakhs as against Rs. 13,595.26 lakhs. Similarly, the profit after tax (PAT) was recorded at Rs. 4,862.25 as against Rs. 9,787.27 lakhs in last year.

**5. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY DURING THE END OF RELEVANT FINANCIAL YEAR UP TO THE DATE OF REPORT**

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year 2022-23 and the date of this Report.

**6. SHARE CAPITAL**

During the year under review, there has been following changes in the share capital of the Company:

**Authorized Share Capital**

The authorized share capital of the Company has increased from Rs. 1,61,50,00,000/- (Rupees One Hundred and Sixty One Crores and Fifty Lakhs Only) divided into 6,20,00,000 (Six Crores and Twenty Lakhs Only) equity shares of Rs. 10/- each and 9,95,00,000 (Nine Crores and Ninety Five Lakhs Only) preference shares of Rs.10/- each to Rs. 4,795,00,000/- (Rupees Four Hundred Seventy Nine Crores and Fifty Lakhs Only) divided into 380,00,000 (Thirty Eight Crores Only) equity shares of Rs. 10/- each and 9,95,00,000 (Nine Crores and Ninety Five Lakhs Only) preference shares of Rs.10/- each;

**Paid up share capital**

- (i) Vide approval of the Scheme of Arrangement between Hero Cycles Limited and Hero Motors Limited, 318,981,247 (Thirty One Crores Eighty Nine Lakhs Eighty One Thousand Two Hundred and Forty Seven Only) equity shares of the Company were allotted to the shareholders of Hero Cycles Limited;
- (ii) By way of private placement of securities, allotment of 20,971,941 (Two Crores Ninety Seven Lakhs One Thousand Nine Hundred and Forty One Only) Compulsorily Convertible Preference Shares (“CCPS”) of the Company having a face value of INR 10/- (Ten) each at an issue price of INR 69.14 (Sixty-Nine point One Four) including premium of INR 59.14 (Fifty-Nine point One Four) was made to South Asia Growth Invest LLC and South Asia EBT Trust;

Thus, the paid-up share capital has increased pursuant to the aforesaid allotments and as on March 31, 2023, the paid up share capital is Rs. 3,745,503,210 divided into 353,578,380 equity shares of Rs. 10/- each and 20,971,941 preference shares of Rs. 10/- each.

**7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS**

Pursuant to the provisions of section 230-232 and other applicable provisions of The Companies Act, 2013 (“Act”) read with The Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of law for the time being in force and pursuant to the approval of the Audit Committee at its meeting held on August 06, 2021 and the Board of Directors at its meeting

held on September 06, 2021, the Company has filed a Scheme of Arrangement (“Scheme”) between Hero Cycles Limited (“HCL”) and Hero Motors Limited (“HML”) and their respective shareholders and creditors with the Hon’ble National Company Law Tribunal, (“NCLT”) Chandigarh Bench. In this Scheme, the auto components division of HCL will be demerged into and be part of the business and operations of HML with the appointed date as on April 01, 2021. The auto component division comprises of the following:

- (i) Ghaziabad Plant– this Plant is engaged in Sheet Metal / Machined / Painted Parts (with products such as chain case, ABS Parts, Swing Arm, M Stand and Cylinder Block) and transmission parts (with products such as Transmission components and Gear Assy).
- (ii) Mangli Plant– this Plant is engaged in products such as motor cycles and cycle rims, handles, etc.
- (iii) Manesar Plant– this Plant is engaged in child parts for swing arms.

The 1<sup>st</sup> motion order was passed by the Hon’ble NCLT on January 06, 2022, wherein the Hon’ble NCLT dispensed with the requirement of convening the meeting of shareholders in light of the affidavits received from the shareholders and also dispensed the meeting of secured creditors of HML, since there are no secured creditors. Further, as per the directions of the Hon’ble NCLT the meeting of the secured and unsecured creditors of HCL and unsecured creditors of HML was convened on April 03, 2022. The consent of the secured and unsecured creditors was obtained and the Chairman submitted the report to Hon’ble NCLT. The second motion application was filed by the Company on April 15, 2022 and as per the directions of the Hon’ble NCLT, notice of the petition was served to the Regulatory authorities namely Regional Director, Registrar of Companies, Official Liquidator and Income tax department. The Company had submitted the responses to the observations of the authorities and NOC’s have been received.

The Hon’ble NCL has approved the said Scheme vide its final order dated November 04, 2022. The Company has filed the copy of the formal order (in Form No. CAA7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016), with the Registrar of Companies on November 30, 2022 making the Scheme effective. On and from the effective date i.e. November 30, 2022, the auto business has been transferred from HCL to the Company.

There are no other significant material orders passed by any Regulator/Court/Tribunal against the Company which would impact the going concern status of the Company and its future operations.

## 8. DEBENTURES

Vide the Scheme approved by the Hon’ble NCLT, Chandigarh Bench, the following Non-convertible Debentures (“NCD’s”) have been transferred from HCL to the Company on and from the effective date i.e. November 30, 2022:

- (i) Axis 7.95% NCD’s-600 (Six Hundred Only) Redeemable Non-convertible Debentures, having face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating to Rs. 60,00,00,000/- (Rupees Sixty Crores Each), issued through Axis Trusteeship Services Limited. These NCD’s have been repaid by HCL before the approval of the Scheme.

(ii) HDFC Bank 7.50% NCD's-500 (Five Hundred Only) Redeemable Non-convertible Debentures, having face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating to Rs. 50,00,00,000/- (Rupees Fifty Crores Each), issued through Beacon Trusteeship Limited (Debenture Trustee of HDFC Bank Limited).

As on March 31, 2023, the outstanding NCD's are Rs. 33.33 crores (Rupees Three Hundred and Thirty-Three Crores Point Three Three Only) having a face value of Rs. 10,00,000 (Rupees Ten Lakhs Only). The Company is in the process of allotment of NCD's to Beacon Trusteeship Limited.

## **9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has in place adequate internal financial controls commensurate with nature and size of the business activity and with reference to the financial statements. The controls comprise of policies and procedures for ensuring orderly and efficient conduct of the Company's business, including adherence to its 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.

The internal financial control system is supplemented by Internal audits. An external audit firm has been appointed for carrying on the Internal Audits. The Audit Committee of the Board of Directors reviews the reports of the auditors at its periodical meetings.

The Risk Management Committee oversees the Risk Management framework on a periodic basis. Risk Control and mitigation mechanisms are tested for their effectiveness on regular intervals. The Company is in the process of formulating and implementing a Risk Management Policy for identification, assessment, measurement and reporting of business risks faced by the Company.

## **10. EXTRACT OF ANNUAL RETURN**

Pursuant to section 134(3)(a) and section 92(3) of the Act and Rule 12(1) of The Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the financial year 2022-23 in the Form MGT-7 will be made available on the website of the Company at [www.heromotors.com](http://www.heromotors.com).

## **11. DETAILS OF SUBSIDIARY(IES), JOINT VENTURES & ASSOCIATE COMPANIES**

During the year under review, Hewland Engineering Limited had ceased to be an associate company and became the subsidiary of the Company with effect from February 21, 2023.

As on March 31, 2023, the Company has the following joint venture and subsidiaries. During the year, the Board of Directors reviewed the affairs of its joint venture and subsidiary. The Consolidated Financial Statements of your Company for the financial year 2022-23 are prepared in compliance with the applicable provisions of the Act, The Companies (Indian Accounting Standards) Rules, 2015, which shall be placed before the members in their ensuing Annual General Meeting ("AGM").

### **Joint Venture:**

#### **(i) HYM Drive Systems Private Limited (“HYM Drive”)**

HYM Drive reported a net loss of Rs. 133.25 lakhs and total revenue from operations of Rs. 5.63 lakhs.

### **Subsidiaries:**

#### **(ii) Hero Motors Thai Ltd. (“HMT”)**

HMT reported a net loss of Rs. 52.96 lakhs and total revenue from operations of Rs. 72.50 lakhs.

#### **(iii) Hewland Engineering Ltd. (“HEL”)**

HEL reported a net loss of Rs. 1.06 lakhs and total revenue from operations of Rs. 0.12 lakhs.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company’s joint venture and subsidiary in Form AOC-1 is annexed herewith as **Annexure-A**.

## **12. DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review within the purview of Section 73 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014. There are unpaid deposits lying with the Company as March 31, 2023 for an amount of Rs. 413.40 lakhs.

## **13. AUDITORS:**

### **Statutory Auditors and Audit Report**

M/s S.R. Dinodia & Co. LLP, Chartered Accountants, (Firm Registration No: 001478N/N500005) were appointed as the Statutory Auditors of the Company at the Annual General Meeting (“AGM”) held on September 06, 2021 for a period of 5 (five) years. Their term will complete in the year 2026. However, M/s S.R. Dinodia & Co. LLP expressed their unwillingness to continue as Statutory Auditors of the Company and resigned with effect from April 06, 2023.

The Board of Directors of the Company vide its resolution passed by circulation passed on April 11, 2023 and shareholders of the Company at its Extra Ordinary General Meeting on April 17, 2023, appointed M/s Deloitte Haskins and Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Statutory Auditors of the Company to fill the casual vacancy caused due to resignation of M/s S.R. Dinodia & Co. LLP, Chartered Accountants, (Firm Registration No: 001478N/N500005), to hold office until the conclusion of the ensuing AGM of the Company. Accordingly, the term of M/s Deloitte Haskins and Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company will expire at the conclusion of the ensuing AGM.

In view of the above, the Board of Directors of the Company at its meeting held on July 13, 2023 has made its recommendation for re-appointment of M/s Deloitte Haskins and Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company by the members at the 24<sup>th</sup> AGM of the

Company for a consecutive period of 5 (five) years. Accordingly, a resolution, proposing re-appointment of M/s Deloitte Haskins and Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company for a term of 5 (five) consecutive years i.e. from the conclusion of 24<sup>th</sup> AGM till the conclusion of 29<sup>th</sup> AGM of the Company pursuant to Section 139 of the Act, forms part of the Notice of the 24<sup>th</sup> AGM of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

The auditors have not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed and no clarifications or comments of Board are required on auditor's report.

The auditor's report submitted by M/s Deloitte Haskins and Sells LLP, Chartered Accountants, on the financial statements of the Company for the year ended March 31, 2023 forms part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their report.

### **Secretarial Auditor**

Pursuant to the provisions of section 204 of the Act, the Board has appointed Mr. R.S. Bhatia, Company Secretary in Practice (CP No. 2514) as the Secretarial Auditor. The secretarial audit report submitted by the Secretarial Auditor for the financial year 2022-23 is annexed as **Annexure-B** and forms an integral part of this report.

There has been no qualification, reservation or adverse remark or disclaimer in their report. During the year under review, the Secretarial Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

### **Cost Auditor**

The Board of Directors at its meeting held on [forthcoming Board Meeting], 2023 has approved the appointment of M/s Ramanath Iyer & Co., Cost Accountants (Registration No. 000019) as the Cost Auditors of the Company to conduct audit of cost records made and maintained at its Ghaziabad Plant for financial year 2023-24, subject to ratification of the remuneration by the shareholders in General Meeting.

## **14. DISCLOSURE ON REQUIREMENT AND MAINTAINENCE OF COST RECORDS**

Pursuant to the provisions of section 148 of the Act, read with The Companies (Audit and Auditors) Rules, 2014 made thereunder and as amended from time to time, your Company is required to maintain cost records and accordingly such accounts and records are made and maintained by the Company.

## **15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

One of the several commitments that continued to remain in force throughout the financial year was developing business along with improvement in environmental performance to maintain a reliable and sustainable future. During the course of the year, the manufacturing units of the Company have continued their efforts to reduce energy consumption in all areas of its operations. These manufacturing units are constantly encouraged to improve operational activities and maximizing production volumes and minimizing consumption of natural resources. Systems and processes have been put in place for utilization of alternate sources of energy and monitoring of energy consumption for all the units.

Disclosure of information regarding Conservation of Energy, Research & Development and Technology Absorption under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014, is given below:

**Ghaziabad Plant:**

**A) Conservation of energy-**

The Company makes continuous efforts to conserve energy and is also monitored time to time. Optimal utilization of various energy resources like power, fuel and oil is ensured and steps are taken to improve power factor and other consumption.

- (i) the steps taken or impact on conservation of energy –
  - In its offices and street lighting system, Smart timer has been installed to switch off automatically in the morning and switch on at night resulting in overall wastage of electricity has been minimized (total kwh unit saving=90,280/Annum)
  - Overall usage of Electricity consumption in Air Compressor by installing Intelligent Controller to control compressor operation as per actual air demand and optimization by closure of air leakages (total kwh unit saving = 1,50,000/Annum)
  - Energy consumption optimization through installing VFD on Pumps and Blower motors (Total kwh unit Saving = 85,599/Annum)
  - Optimization fuel consumption in DG set running by load sharing management between DG sets.
- (ii) the steps taken by the Company for utilizing alternate sources of energy;
  - The Company has invested in a solar power project to save electricity
- (iii) the capital investment on energy conservation equipment's;
  - Investment of Rs. 15.00 millions in solar power project. The savings with respect to grid power is around Rs. 10.00 lakhs per month.

**B) Technology absorption-**

- (i) the efforts made towards technology absorption- the company has contributed significantly to development of:
  - eMotors for bicycles with creation of IP rights.
  - New variants of Transmission systems for e-cycles.
  - Transmission system for hybrid off-road equipment.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - Newer variants of transmission system are economical while keeping high end specs. The company has also localized product components erstwhile imported from other countries.
  - Development of local suppliers for imports substitution for CVTs and e-Motors.
- (iii) the expenditure incurred on Research and Development.
  - The Company proposes to spend an amount of Rs. 30.00 millions on development of e-transmission systems.

### **Hewland Plant:**

#### **A) Conservation of energy-**

Hewland is deploying a range of actions across the business to reduce its energy consumption and be more efficient with its energy usage.

- (i) the steps taken or impact on conservation of energy –
  - Replacement of lighting with LEDs (all lights except manufacturing area): 30% of lighting have been replaced with LEDs so far resulting into a 15% energy saving. The plan is to replace entire lighting to LED that will save 50% energy compared to current lighting system.
  - Air leakages have been monitored in 2023 showing potential savings of £4,500 per year after air leaks repair.
- (ii) the steps taken by the Company for utilizing alternate sources of energy;
  - The Company is investing in solar power that will produce 12% of its yearly electricity usage.
  - the capital investment on energy conservation equipment's; The facility is in the process of investing in solar panels project.

#### **B) Technology absorption-**

- (i) the efforts made towards technology absorption- the company has contributed significantly to development of:
  - New variants of Transmission systems for performance automotive, marine & off road vehicles
  - Design solutions for electrification in commercial and aerospace segments
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - Improved transmission products used in motorsport market segments
  - Developed customized transmission for EV offroad applications
- (iii) the expenditure incurred on Research and Development.
  - The Company spent £5.4M on Research and Development projects.

### **16. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, the Foreign Exchange earnings and outgo are as follows:

- i) Foreign Exchange earnings: Rs. 39,447.00 lakhs
- ii) Foreign Exchange outgo: Rs. 7,969.86 lakhs

### **17. DIRECTORS & KEY MANAGERIAL PERSONNEL**

As on March 31, 2023, the Board of Directors comprises of 7 (five) Directors including 2 (two) Executive Directors, 1 (one) Nominee Director, 2 (two), Non-Executive, Non-Independent Directors, 2 (two) Non-Executive, Independent Directors. The composition of the Board is in conformity with Section 149 of the Act read with Rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014.

### **Resignation**

Due to pre-occupation and other commitments, Mr. Pankaj Munjal, Managing Director (DIN: 00005330) resigned from the Board with effect from April 30, 2022.

Ms. Prerna Josh resigned from the position of Company Secretary with effect May 02, 2022.

Ms. Charu Munjal resigned from the position of Director with effect September 09, 2022.

Mr. Pawan Puri resigned from the position of Director with effect March 01, 2023.

The Board placed on record its appreciation for the services rendered by the aforesaid Directors and KMP's during their association with the Company.

### **Appointment**

Mr. Pankaj Munjal (DIN: 00005330) was appointed as an Additional Director with effect from May 30, 2022.

Mr. Darpan Vashishtha was appointed as Chief Financial Officer of the Company with effect from May 01, 2022.

Ms. Sheeba Dhamija was appointed as Company Secretary of the Company with effect from May 01, 2022.

Mr. Amit Gupta was appointed as a Managing Director and CEO of the Company with effect from September 09, 2022.

Mr. Abhishek Munjal's designation was changed from Director to Whole-time Director with effect from September 09, 2022.

Mr. Keshav Misra was appointed as a Non-Executive, Non-Independent Director of the Company with effect from September 09, 2022.

Mr. Sridhar Narayan was appointed as a Nominee Director of the Company with effect from January 04, 2023.

Mr. Kulbir Singh was appointed as an Additional (Independent Director) of the Company with effect from February 01, 2023 subject to the approval of the shareholders. A resolution, proposing appointment of Mr. Kulbir Singh as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from February 01, 2023, forms part of the Notice of the 24<sup>th</sup> AGM of the Company.

### **Retirement by rotation**

In terms of Section 152 of the Act, Mr. Keshav Misra (DIN: 00133702) liable to retire by rotation at the ensuing AGM and being eligible, offered himself for re-appointment. The Board recommends his re-appointment.

### **Independent Directors' Declarations**

The Independent directors have given a declaration that they meet the criteria of independence as prescribed under section 149(6) of the Act. Further, pursuant to Sub-rule (3) of Rule 6 of The Companies (Appointment & Qualifications of Directors) Rules, 2014, the Independent Directors have successfully registered their names in the Data Bank of Independent Directors. The Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact the ability to discharge their duties with an objective independent judgment and without any external influence and that they are independent of the management.

### **Integrity, expertise and experience (including the proficiency) of the independent directors**

As on March 31, 2023, the Company has 2 (two) Independent Directors namely Ms. Pratibha Goyal and Mr. Kulbir Singh. All the independent directors are able to read and understand the financial statements and have successfully registered themselves with the Data Bank of Independent Directors as maintained by The Indian Institute of Corporate Affairs. In the opinion of the Board, all are proficient enough and understand business, finance, commercial and corporate governance matters of the Company. Pursuant to the proviso to Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, none of the independent director is required to pass online proficiency self-assessment test.

### **Board Evaluation:**

In compliance with the Act, the Board has carried out an evaluation of its own performance, its committees and performance of individual Directors during the year under review. The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board meetings. The evaluation involves self-evaluation by the Board Members and subsequent assessment by the Board of Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### **18. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the year under review, 16 (Sixteen) meetings of Board of Directors were duly convened and held on 29.04.2022, 30.05.2022, 08.08.2022, 01.09.2022, 09.09.2022, 19.10.2022, 08.11.2022, 01.12.2022, 02.12.2022, 19.12.2022, 30.12.2022, 03.01.2023, 20.01.2023, 01.02.2023, 01.03.2023 and 25.03.2023. The intervening gap between the meetings was within the period prescribed under the Act and the Ministry of Corporate Affairs circular no. 11/2020 dated March 24, 2020.

### **19. NOMINATION AND REMUNERATION POLICY**

The Board of Directors has a policy which lays down a framework in relation to remuneration to Directors, Key Managerial Personnel and senior management of the Company. The policy lays down the criteria for determining qualifications, positive attributes and independence of Board members, Key Managerial Personnel and employees. The objective of this policy is to attract and retain talent and to strike the right balance between fixed and incentive pay reflecting short and long term performance

objectives appropriate to the goals of the Company. The Nomination and Remuneration Policy is available on Company's website at [www.heromotors.com](http://www.heromotors.com).

## **20. VIGIL MECHANISM**

The Company has adopted the Vigil Mechanism by way of formulating a Whistle Blower Policy. The policy provides a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees and also provides for direct access to the Chairman of the Audit Committee.

## **21. AUDIT COMMITTEE**

The Audit Committee comprises of the following 3 (three) members:

- i) Mr. Kulbir Singh- Non-Executive, Independent Director -Member;
- ii) Ms. Pratibha Goyal-Non-Executive, Independent Director-Member; and
- iii) and Mr. Sridhar Narayan- Nominee Director-Member.

The terms of reference of Audit Committee are wide enough to cover the matter specified for the Audit Committee under section 177 of the Act. During the year, the Board has accepted all the recommendations of the Audit Committee and accordingly no disclosure is required to be made in respect on non-acceptance of the recommendation of the Audit Committee.

## **22. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of the following 4 (four) members:

- i) Mr. Keshav Misra- Non-Executive, Non-Independent Director-Member;
- ii) Mr. Sridhar Narayan- Nominee Director-Member;
- iii) Mr. Kulbir Singh-Non-Executive, Independent Director-Member; and
- iv) Ms. Pratibha Goyal-Non-Executive, Independent Director-Member

## **23. PARTICULARS OF INTER-CORPORATE LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, the Company has made investment and granted loans under the provisions of Section 186 of the Act.

The details of outstanding investments and loans as on March 31, 2023 are mentioned in note no. 7A, 7B & 8 respectively, forming part of the financial statements for the financial year 2022-23.

## **24. PARTICULARS OF CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES**

During the year under review, all the contracts/arrangements/transactions entered with the related parties by the Company during the financial year were in the ordinary course of business and at arm's

length basis and the provisions of Section 188 of the Act and rules made thereunder are not applicable. Thus, the disclosure under Form AOC-2 as per section 134 of the Act is not required.

## **25. CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to section 135 of the Act, the Company has formed a Corporate Social Responsibility Committee (“**CSR Committee**”), which comprises the following members:

- i) Mr. Abhishek Munjal, Whole-time Director;
- ii) Mr. Amit Gupta, Managing Director & CEO;
- iii) Mr. Keshav Misra, Non-Executive and Non-Independent Director; and
- iv) Ms. Pratibha Goyal, Non-Executive, Independent Director.

The CSR policy of the Company is available on the Company’s website at [www.heromotors.com](http://www.heromotors.com).

The Annual Report on the CSR activities for the financial year 2022-23 is attached as **Annexure-C** and forms part of this report.

## **26. BUSINESS RISK MANAGEMENT**

The Company has a well-defined risk management framework in place. The risk management framework works at various levels across the enterprise. These levels form the strategic defense cover of the Company’s risk management. The Company has a robust Organizational structure for managing and reporting on risks. Your Board has taken various steps and introduced various safeguards to mitigate the risks. However, the Board does not see any risk affecting the existence of the Company. The Board of Directors of the Company at its meeting held on January 20, 2023 constituted a Risk Management Committee comprising of the following members:

- i) Mr. Amit Gupta-Managing Director & CEO;
- ii) Mr. Sridhar Narayan-Nominee Director;
- iii) Mr. Keshav Misra-Non-Executive, Non-Independent Director; and
- iv) Mr. Darpan Vashishtha-Chief Financial Officer

## **27. DIRECTOR’S RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 134(3)(c) of the Act, and based on the representations received from the management, the Directors hereby confirm that:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) 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 of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts for the financial year ended March 31, 2023 on a going concern basis; and

(e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **28. MANAGERIAL REMUNERATION**

The Nomination and Remuneration Committee vide resolution by circulation dated September 01, 2022 and the Board of Directors at its meetings held on September 09, 2022 and the shareholders at the Extra Ordinary General Meeting held on December 02, 2022 approved the remuneration of Mr. Amit Gupta, Managing Director & CEO and Mr. Abhishek Munjal, Whole-time Director of the Company effective from January 01, 2023 till the expiry of their respective terms.

During the financial year 2022-23, the following remuneration was paid to the Managerial Personnel:

Mr. Amit Gupta	- Rs. 240.00 lakhs
Mr. Abhishek Munjal	- Rs. 335.05 lakhs

## **29. COMPLIANCE WITH SEXUAL HARASSMENT OF WOMAN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has zero tolerance policy for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace and also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year under review, no complaint on sexual harassment was received.

## **30. PARTICULARS OF EMPLOYEES**

During the year under review, the details of employee drawing remuneration of Rs. 1,02,00,000/- (Rupees One Crore Two Lakhs Only) or more per annum and pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of top ten employees in terms of remuneration drawn is annexed as “**Annexure D**”.

## **31. COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS**

During the year under review, the Company has complied with the applicable Secretarial Standards i.e. Secretarial Standard 1-Meeting of the Board of Directors and Secretarial Standard 2-General Meetings.

### **32. STATUTORY DISCLOSURES**

- a) The Company is not required to maintain cost records as per Section 148(1) of the Act.
- b) No application was made against the Company under the Insolvency and Bankruptcy Code 2016 (“IBC 2016”) during the year and no proceeding is pending against the Company under IBC 2016 as at the end of financial year under report.

### **33. ACKNOWLEDGEMENT**

Your Directors would like to place on record their sincere appreciation for the bankers, business associates and employees of the Company, who have been a part of the team and made their best efforts during this year under review.

**For and on behalf of Board of Directors  
Hero Motors Limited**

Place: Uttar Pradesh

Date: 30.09.2023

**Sd/-  
Amit Gupta  
Managing Director  
DIN: 02990732**

**Sd/-  
Abhishek Munjal  
Whole-time Director  
DIN: 05355274**

**ANNEXURE-A**
**Form AOC-1**
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of The Companies (Accounts) Rules, 2014)

**Part “A”: Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. lakhs)

Sl. No.	Particulars	Details		
1.	Name of the subsidiary	Hero Motors Thai Ltd.	Hero EDU Systems Private Limited	Hewland Engineering Limited
2.	The date since when subsidiary was acquired	07.07.2021	27.12.2022	20.02.2023
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	THB	N.A.	GBP
5.	Share capital	1,419.00	100.00	20.95
6.	Reserves & surplus	1,351.00	-	2,925.14
7.	Total assets	7,057.00	100.85	7,667.22
8.	Total Liabilities	7,057.00	100.85	7,667.22
9.	Investments	82.00	-	-
10.	Turnover	-	-	11,698.51
11.	Profit / (Loss) before taxation	(53.00)	(3.36)	1,043.84
12.	Provision for taxation	-	0.85	-
13.	Profit (Loss) after taxation	(53.00)	(2.51)	106,103.37
14.	Proposed Dividend	-	-	-
15.	Extent of shareholding (in percentage)	99.99%	100%	51%

**Part “B”: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Act related to Associate Companies and Joint Ventures

S. No.	Name of Associates/Joint Ventures	<b>HYM Drive Systems Private Limited (“HYM Drive”)</b>
1.	Latest audited Balance Sheet Date	31.03.2023
2.	Date on which the Joint Venture was acquired	18.02.2022
3.	Shares of Joint Venture held by the company on the year end	
	No.	28,800,000 equity shares
4.	Amount of Investment in Joint Venture	Rs. 2,880 lakhs
5.	Extend of Holding%	90%
6.	Description of how there is significant influence	HYM Drive is a joint venture of Hero Motors Limited and Yamaha Motor Co. Ltd.
7.	Reason why the joint venture is not consolidated	N.A.
8.	Net worth attributable to shareholding as per latest audited Balance Sheet	307.55
9.	Profit/(Loss) for the year	
	i) Considered in Consolidation	(106.64)
	ii) Not Considered in Consolidation	-

**For and on behalf of Board of Directors  
Hero Motors Limited**

Place: Uttar Pradesh

Date: 30.09.2023

Sd/-  
**Amit Gupta**  
Managing Director  
DIN: 02990732

Sd/-  
**Abhishek Munjal**  
Whole-time Director  
DIN: 05355274

**R.S. Bhatia**

M.A., F.C.S.

Company Secretary in Practice

CP No.: 2514

Peer Review No.1496/2021

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New Delhi-110024

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GST No: 07AAFPB5130M1ZX

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**FORM NO.MR - 3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

The Members,

**Hero Motors Limited,**

Regd Off: Hero Nagar, G.T. Road NA,

Ludhiana, Punjab-141003

CIN: U29299PB1998PLC039602

I have conducted the Secretarial Audit in respect of compliance with specific applicable statutory provisions and adherence to good corporate practices by **Hero Motors Limited** (hereinafter called the Company/ HML). Secretarial Audit was conducted in a manner that provided me with a reasonable basis for evaluating the corporate conduct /statutory compliance and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, 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:

I have examined the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ("the Acts") and the rules made thereunder, as applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder- Not Applicable being an unlisted company;
- (iii) 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;



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- (iv) Being an unlisted company, none of the following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were applicable during the year under review;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and
  - Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998
- (v) The Management has identified and confirmed the following laws and rules as being specifically applicable to the Company:
- Explosives Act, 1884,
  - Hazardous and Other Wastes (Management & Transboundary Movement) Rules, 2016, and
  - The Batteries (Management and Handling) Rules 2001

I have also examined compliance with the applicable clauses of the;

- Secretarial Standard 1 & 2 issued by The Institute of Company Secretaries of India.
- Being an unlisted company the Listing Agreement was not entered into by the Company with any Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as 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. However, the Company should have three



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- Independent Directors whereas it has only two. The Company has appointed 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;
2. Adequate notices were given to all the Directors regarding holding of the Board Meetings, agendas were sent in advance before the meeting. There exists a system for Directors to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
  3. Decisions at the Board Meetings were carried through with requisite majority & recorded as part of the minutes of the meetings. (No dissent was there).

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:

- a. The management has confirmed that based on the recommendations of the erstwhile auditors, the Company did not consolidate financials of one subsidiary, Hero Motors Thai Ltd. for FY 2021-22.- This was because Hero Motors Thai Ltd. had previously been consolidated with the former parent company, Hero Cycles Limited ("HCL"). However, consequent to completion of demerger between HCL and the Company effective November 30, 2022, Hero Motors Thai Ltd., has now been consolidated for the FY 2022-23 with the Company.
- b. During the year under review, Mr. Rohit Maheshwari resigned as Chief Financial Officer of the Company w.e.f. 31/03/2022 and Mr. Darpan Vashishtha was appointed as Chief Financial Officer of the Company w.e.f. 01/05/2022.
- c. During the year under review, Ms. Prerna Joshi resigned as Company Secretary of the Company w.e.f. 01/05/2022 and Ms. Sheeba Dhamija was appointed as Company Secretary of the Company w.e.f. 01/05/2022.
- d. During the year under review, Mr. Pankaj Munjal resigned from directorship w.e.f. 30/04/2022 and was re-appointed as an additional director w.e.f. 30/05/2022. Further, his appointment was regularized as Director in the AGM held on 30/12/2022.
- e. Investment was made in Hewland Engineering Limited, England during the year under review aggregating to 51% of its capital (making it subsidiary of the company) and loan was given to Hewland Engineering Limited of Rs. 12.56 Cr.
- f. Ms. Charu Munjal resigned from Directorship w.e.f. 9/09/2022.
- g. The Board of Directors at its meeting held on 09/09/2022 approved the appointment of Mr. Amit Gupta as an additional director and Managing Director of the Company w.e.f. 09/09/2022 and also approved the remuneration w.e.f. 01/01/2023. Further, shareholders approved his appointment and remuneration as Managing Director in



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- their Extra Ordinary General Meeting held on 02/12/2022 and his appointment was regularised by shareholders in the AGM held on 30/12/2022.
- h. Mr. Keshav Mishra was appointed as an additional director w.e.f. 09/09/2022 and his appointment was regularized as Director at the AGM held on 30/12/2022.
- i. The Board of Directors at its meeting held on 09/09/2022 approved the appointment of Mr. Abhishek Munjal as Whole-Time Director w.e.f. 09/09/2022 and also approved the payment of remuneration w.e.f. 01/01/2023. His appointment as Whole-Time Director was approved by shareholders in their Extra Ordinary General Meeting held on 02/12/2022.
- j. During the year the company has incorporated a company in the name and style of Hero EDU Systems Private Limited. The company took 9,99,994 shares in its own name and 6 shares in the name of its nominees. Thus, making it a wholly owned subsidiary of the Company.
- k. As per annual financial statements of the company for the FY ended 2021-22 Hero Motors Thai Ltd. has been shown as its subsidiary. As per management the said company has become subsidiary of HML as a consequence of scheme of arrangement as approved by the Hon'ble NCLT Chandigarh. The management has confirmed that Hero Motors Thai Ltd. becoming a subsidiary of the Company was in alignment with the mutually expressed intentions of both shareholders, HCL and the Company. The interpretation of the transfer of all assets related to the auto component business was intended to encompass the subsidiary specifically associated with auto components, namely, Hero Motors Thai Ltd. However, no such reference is there in the scheme of arrangement as filed by HCL with Hon'ble NCLT Chandigarh. Further, HML has given Loans to Hero Motors Thai Ltd. of Rs. 44.62 Crore.
- l. During the Financial Year under review the, investment in AMP Solar Urja Private Limited were transferred to HML as an effect of demerger. As per management the investment in the said solar project was done by Hero Motors (a division of Hero Cycles Limited). Consequence of Scheme of Arrangement as approved by the Hon'ble NCLT Chandigarh, the management has confirmed that the transfer of investment in the said companies was in alignment with the mutually expressed intentions of both shareholders, HCL and the Company. The interpretation of the transfer of all assets related to the auto component business was intended to encompass the investments specifically associated with auto components, namely, AMP Solar Urja Private Limited. However, no such reference is there in the scheme of arrangement as filed by HCL with Hon'ble NCLT Chandigarh. As per the management, all the compliances for this solar project were done by Hero Cycles Limited. The management further confirmed that for further investment in the solar project, the Company would take fresh approval and ensure necessary compliances.
- m. The debentures of AMP Solar Urja Private Limited were transferred to HML as an effect of demerger during the period under review. As per the management, all the compliances for this solar project were done by Hero Cycles Limited.



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- n. A loan of Rs. 2.50 crore as given to Spur Technologies Private Limited by Hero Cycles Limited (auto division) was transferred to HML as an effect of demerger. As per the management the compliances for this loan were undertaken by Hero Cycles Limited.
- o. After demerger, the Company is required to ensure compliance under section 89. The management has confirmed that the requisite form shall be filed.
- p. The company came out with a Hero Motors Employees Stock Option Plan 2022 and granted options thereof.
- q. Authorised Capital of the company was increased to Rs.4,795,000,000/- divided into 380,000,000 equity shares of Rs. 10 each and 99,500,000 preference shares of Rs. 10/- each.
- r. The company allotted 20,971,941 Compulsory Convertible Preference Shares on preferential basis to foreign entities.
- s. The company in its general meeting approved borrowing limits under section 180(1)(c) upto Rs. 426 Crore.
- t. The company in its general meeting approved creation of charge limits under section 180(1)(a) upto Rs. 426 Crore.
- u. The company altered its object clause by replacing existing sub clause (1), (2) and (3), and inserted a new sub clause 6 after sub clause 5 in Clause III (A) of Memorandum of Association.
- v. The company in its general meeting fixed limit under section 186 to give loan/give security or give guarantee upto Rs. 300 Cr.
- w. During the year under review, the Hon'ble National Company Law Tribunal, Chandigarh Bench vide its order dated November 04, 2022 approved the Scheme of Arrangement ("Scheme") between Hero Cycles Limited ("HCL") and Hero Motors Limited ("HML") and the order was filed with Registrar of Companies on November 30, 2022. Through this scheme the auto components division of HCL has been demerged into HML. As a part of the implementation of the Scheme, the Company is yet to take effect of transfer of Debentures, from HCL to HML, as detailed in Para 5.9 of the Scheme. As per management the matter has been taken up with the Debenture Holders, HDFC Bank and Beacon Trusteeship Limited and response is awaited from them.

Further the Board in its meeting held on March 1, 2023 passed a resolution for issue of Non-convertible debentures on private Placement basis aggregating Rs. 33.33 Crores pursuant to the said Scheme to eligible investors. However, as explained by the management neither any allotment was made during the period under review nor any security was created.

Further corporate action in respect of 26,936 equity shares is pending. These shares are to be bought back by Hero Cycles Limited as prescribed in para 4.3 of the Scheme. As explained by the management the matter has been taken-up with M/s National



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Securities Depository Limited. On receipt of their approval necessary actions will be taken.

- x. The Company has obtained External Commercial Borrowing from Axis Bank Limited for giving loan to Hero Motors Thai Limited upto an amount of Rs. 29.00 Crore.
- y. The company made allotment 318,981,247 equity shares pursuant to the Scheme of Arrangement between Hero Motors Limited and Hero Cycles Limited.
- z. Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit was applicable to the Company. Accordingly, the Company appointed M/s Ankit Singhal & Associates, Company Secretaries as the Secretarial Auditor to carry out Secretarial Audit of the company for the financial year 2021- 2022.
- aa. Appointment of Mr. Sridhar Narayan as nominee Director of the company w.e.f. 04/01/2023.
- bb. Articles of Association of the Company was altered during the year under review.
- cc. Mr. Kulbir Singh was appointed as an additional director (Independent) w.e.f. 01/02/2023.
- dd. Mr. Pawan Puri resigned from directorship (Independent Director) w.e.f. 01/03/2023.
- ee. The company has purchased 10 equity shares at the rate of Rs. 2400 per equity shares of Spur Technologies Private Limited from Hero Cycles Limited a related party.
- ff. During the year, provisions of Section 135 of the Companies Act, 2013 were applicable to the Company. The Company was required to spend Rs. 42.00 lakhs on CSR activities during the financial year 2022-23. As per annual action plan approved by the Board in its meeting (as recommended by CSR Committee held on March 1, 2023) held on March 01, 2023, the Company has spent an amount of Rs. 13.42 lakhs (including 11.42 lakhs on basic training and stipend paid to apprentices and Rs. 2.00 lakhs on administrative overheads). Total unspent amount of INR 28.58 lakhs as on March 31st, 2023 has been deposited in Prime Minister relief Fund in 6 months period from the end of the financial year.
- gg. Pursuant to the provisions of Section 148 and Rule 6(2) of the Companies (Cost Records and Audit Rules) 2014, Cost Audit was applicable to the Company. Accordingly, the Company appointed M/s. Ramanath Iyer & Co., Cost Accountant, (Firm Registration no.000019), as Cost Auditors for conducting the cost audit of the Company for the Financial Years 2021- 2022 and 2022-23 during the period under review.
- hh. Pursuant to the provisions of Section 138 of the Act and the Companies (Accounts) Rules, 2014, the Company appointed M/s Grant Thornton Bharat LLP as the Internal



## **R.S. Bhatia**

M.A., F.C.S.

Company Secretary in Practice

CP No.: 2514

Peer Review No.1496/2021

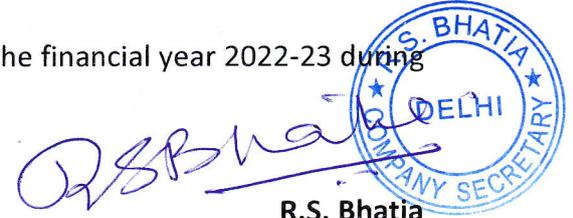
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Auditor of the Company to conduct internal audit for the financial year 2022-23 during  
the period under review.



**R.S. Bhatia**

Practicing Company Secretary

CP No: 2514 M.No. 2599

Peer Review No.:1496/2021

UDIN: F002599E001135654

Place: New Delhi

Date: 30/09/2023

Note: This report is to be read with letter of even date by the Secretarial Auditor, which  
is annexed to this report and forms an integral part of this report.

**R.S. Bhatia**

M.A., F.C.S.

Company Secretary in Practice

CP No.: 2514

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**ANNEXURE TO THE SECRETARIAL AUDIT REPORT**

The Members,

The Members,

**Hero Motors Limited,**

Regd Off: Hero Nagar, G.T. Road NA,

Ludhiana, Punjab-141003

CIN: U29299PB1998PLC039602

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness, appropriateness and implications of financial records, Books of Accounts of the company and auditor's report, as this is the domain of the Statutory Auditors.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

  
**R.S. Bhatia**

Practicing Company Secretary

CP No: 2514 M.No. 2599

Peer Review No.:1496/2021

UDIN: F002599E001135654

Place: New Delhi

Date:30/09/2023

**FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES**

1. Brief outline on CSR Policy of the Company:

The Corporate Social Responsibility Policy (“**CSR Policy**”) of Hero Motors Limited (“**Hero**”) is framed to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community in fulfillment of its role as a Socially Responsible Corporate with environmental concern. The CSR Policy is available on the Company’s website at [www.heromotors.com](http://www.heromotors.com).

2. Composition of CSR Committee:

<b>Sl. No.</b>	<b>Name of Director</b>	<b>Designation / Nature of Directorship</b>	<b>Number of meetings of CSR Committee held during the year</b>	<b>Number of meetings of CSR Committee attended during the year</b>
i.	Mr. Abhishek Munjal	Member-Whole-time Director	1	1
ii.	Mr. Amit Gupta	Member-Managing Director & CEO	1	1
iii.	Mr. Keshav Misra	Member-Non-Executive, Non-Independent Director	1	1
iv.	Ms. Pratibha Goyal	Member-Non-Executive, Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company : [www.heromotors.com](http://www.heromotors.com)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) : Not applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: NIL

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
	Nil	Nil	Nil
	<b>Total</b>		

6. Average net profit of the company as per section 135(5) : (in lakhs)  
Rs. 2102.00
7. (a) Two percent of average net profit of the company as per section 135(5) : Rs. 42.00
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
- (c) Amount required to be set off for the financial year, if any : Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c) : Rs. 42.00

8. (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs. lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of fund	Amount	Date of transfer
13.42	NIL	NIL	Prime Minister's National Relief Fund	28.58	27.09.2023

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

No ongoing project

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(8)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent in the project (in Rs. lakhs)	Mode of Implementation –Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Expenditure on basic training and stipend payable to apprentices, over and above of 2.5% i.e. minimum mandate as per The Apprentices	Promoting education, including special education and employment enhancing vocation skills.	Yes	Uttar Pradesh	Gautam Buddh Nagar	11.42	Yes	N.A.	N.A.

	Act.								
	<b>Total</b>					<b>11.42</b>			

- (d) Amount spent in Administrative Overheads : Rs. 2.00 lakhs
- (e) Amount spent on Impact Assessment, if applicable : Not applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs. 13.42 lakhs
- (g) Excess amount for set off, if any : N.A.
9. (a) Details of Unspent CSR amount for the preceding three financial years: Rs. 28.58 lakhs
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year : No capital asset was created / acquired for fiscal 2023 through CSR Spent
- (asset-wise details)
- (a) Date of creation or acquisition of the capital asset(s) :
- (b) Amount of CSR spent for creation or acquisition of capital asset. :
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. :
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) :

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : The Company could not identify projects beyond skill development, and as a result, the unallocated funds from the previous period have been transferred to the Prime Minister's National Relief Fund. The Company shall make every effort to allocate the recommended CSR expenditure set forth by the Board for FY 24 towards appropriate projects, and ensure compliance with the relevant provisions.

Sd/-  
Abhishek Munjal  
Whole-time Director and Member of CSR Committee  
DIN: 05355274

Sd/-  
Amit Gupta  
Managing Director & CEO and Member of CSR Committee  
DIN: 02990732

**Annexure-D**

**Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**A) Top 10 employees (including Directors) in terms of remuneration drawn during the year**

**(Rs. in lakhs)**

<b>S. No.</b>	<b>Name of Employee</b>	<b>Designation</b>	<b>Total Remuneration drawn during the financial year 2022-23 (including all perquisites, reimbursement part of salary, provident fund amount and variable)*</b>	<b>Qualification</b>	<b>Experience (In years)</b>	<b>Date of Commencement of employment (Company Date of Joining)</b>	<b>Age (In years)</b>	<b>Last employment</b>
1.	Mr. Abhishek Munjal	Whole-time Director	335.05	Graduate	8	March 10, 2016	31	Hero Cycles Limited
2.	Mr. Amit Gupta	Managing Director & CEO	240.00	Chartered Accountant	20	April 09, 2008	45	Munjal Kiri Industries Private Limited
3.	Mr. Darpan Vashishtha	Chief Financial Officer	160.00	Chartered Accountant	27	April 04, 2022	50	Hero Cycles Limited
4.	Mr. Sanjay Singh	VP-Supply Chain Management	74.00	MBA	28	April 04, 2022	54	Caparo Engg. India Ltd.

5.	Mr. Chandra Shekhar Mittal	COO-Gear Project Operations	72.60	PG-Business Management	22	August 06, 2015	47	ZF Hero Chassis Systems Private Limited
6.	Mr. Anil Rathi	COO-BPT Operations	72.50	B. Tech-Mechanical Engineering	17	January 01, 2013	40	Hero Cycles Limited
7.	Mr. Sanjay Singh Suryavanshi	VP-Finance	57.42	Chartered Accountant, MBA-Finance	20	October 06, 2009	49	Hero Cycles Limited
8.	Mr. Gopinath MK	VP-Business Development	56.09	PGXPM	18	August 20, 2021	43	Gestamp Automotive Chennai Private Limited
9.	Mr. Vineet Arora	General Manager-BPT Operations	55.00	B.E.	10	August 23, 2022	48	Motherson Health Solutions Limited
10.	Mr. Ajay Gupta	VP-Engineering Process	52.32	B.E.- Mechanical Engineering	28	April 01, 2013	57	Escorts Agri Machinery

\* including Employer contribution of provident Fund.

Note:

- Nature of employment is permanent in all the above cases.
- None of the employee holds equity shares in the Company.
- Mr. Abhishek Munjal is the son of Mr. Pankaj Munjal, Director of the Company

**B) Employees drawing salary of Rs. 1.02 crores or above per annum and posted in India (employed throughout the financial year)**

S. No.	Name of Employee	Designation	Total Remuneration drawn during the financial year 2022-23 (including all perquisites, reimbursement part of salary, provident fund amount and variable)*	Qualification	Experience (In years)	Date of Commencement of employment (Company Date of Joining)	Age (In years)	Last employment
1.	Mr. Abhishek Munjal	Whole-time Director	335.05	Graduate	8	March 10, 2016	31	Hero Cycles Limited
2.	Mr. Amit Gupta	Managing Director & CEO	240.00	Chartered Accountant	20	April 09, 2008	45	Munjal Kiri Industries Private Limited
3.	Mr. Darpan Vashishtha	Chief Financial Officer	160.00	Chartered Accountant	27	April 04, 2022	50	Hero Cycles Limited

**C) Employees drawing salary of Rs. 8.50 lakhs or above per month and posted in India (employed for part of the financial year)-  
NIL**

**For and on behalf of Board of Directors  
Hero Motors Limited**

Place: Uttar Pradesh  
Date: 30.09.2023

**Sd/-  
Amit Gupta  
Managing Director & CEO  
DIN: 02990732**

**Sd/-  
Abhishek Munjal  
Whole-time Director  
DIN: 05355274**

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Hero Motors Limited Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Hero Motors Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flows and the statement of changes in equity for the year then ended, and 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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income and its cash flows and the statement of change 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) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### 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 Board's report, but does not include the consolidated financial statements, the standalone financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.



**Responsibilities of Management and Those Charged with Governance 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 and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statement 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibility 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 financial 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 standalone 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 the 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 standalone 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

### **Other Matters**

The comparative financial information of the Company for the year ended March 31, 2022 prepared in accordance with Ind AS included in these standalone financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated December 19, 2022 expressed an unmodified opinion

Our opinion on the standalone financial statements is not modified in respect of the above matter on the comparative financial information.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 and the Statement of Cash Flows and statement of change in equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of 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 36(a) to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 60 to the standalone financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer Note 46 to the standalone financial statements;
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 37(c) to the financial statements, 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, 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, as disclosed in Note 37(c) to the financial statements, 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, 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..  
  
(c) Based on the 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
  - v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.



# **Deloitte Haskins & Sells LLP**

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W - 100018)



A handwritten signature in black ink, appearing to read "Rajesh Kumar Agarwal".

**Rajesh Kumar Agarwal**

(Partner)

(Membership No. 105546)

UDIN: 23105546BGXMVU6696

Place: Gurugram

Date: September 30, 2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF HERO MOTORS LIMITED  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls with reference to standalone financial statements 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 Hero Motors Limited ("the Company") as of March 31, 2023 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**

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on "the internal control with reference to standalone financial statements 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." 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 Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 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 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 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 standalone financial statements.

**Meaning of Internal Financial Controls with reference to standalone financial statements**

A company's internal financial control 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 control 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, to the best of our information and according to the explanations given to us , the Company has, in all material respects, an 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 criteria for internal financial control with reference to standalone financial statements 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."

Our opinion is not modified in respect of this matter.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W - 100018)



A handwritten signature in black ink, appearing to read "Rajesh Kumar Agarwal".

**Rajesh Kumar Agarwal**  
(Partner)  
Membership No. 105546  
UDIN: 23105546BGXMVU6696

Place: Gurugram  
Date: September 30, 2023

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF HERO MOTORS LIMITED**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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) In respect of Property, Plant and Equipment, and Intangible Assets:

- A. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant, and Equipment, capital work in progress and relevant details of right-of-use-assets.  
(B) The Company has maintained proper records showing full particulars of intangible assets
- B. The Company has a program of verification of property, plant and equipment, (capital work-in-progress, investment properties and right-of-use assets) so to cover all the items once every 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 program no such assets were due for physical verification during the year. Since no physical verification of property, plant and equipment was due during the year the question of reporting on material discrepancies noted on verification does not arise.
- C. According to the information and explanations given to us and the records examined by us and based on the examination of the sale deed provided to us, we report that, the title deed, comprising all the immovable property of land which is freehold, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company except for the following) disclosed in the financial statements is held in the name of the Company as at the balance sheet date.

(Amount in ₹ lacs)

Description of immovable properties taken on lease	Gross Carrying Value	Carrying Value	Held in Name of	Whether promoter, director or their relative or employee	Period held indicate range, where appropriate	Reason for not Being held in name of Company
316098 Sq. Ft. in Ludhiana	1,132.73	1,019.46	Hero Cycles Limited	Land in name of Hero Cycles Limited	April 1, 2022 to Mar 31, 2023	Agreement has been entered between the parties and the company is in the process of getting it registered

- D. The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- E. No proceedings have been initiated during the year or are pending against the Company as at 31<sup>st</sup> March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) In respect of Inventory:

- (a) The inventories except for goods in transit and inventory lying with third parties, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods in transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.



- (b) Pursuant to the scheme approved by the National company law tribunal, Chandigarh Bench on November 9, 2022, the auto business of Hero Cycles Limited has been transferred to Hero Motors Limited and hence the obligation to submit monthly statement comprising inventory statement, book debt statement and creditors statement, is applicable from December 2022. During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, above mentioned statements have been filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective months starting from December 2022 as applicable.
- (iii) The Company has made investments in, and granted loans, unsecured, to its subsidiary and other companies, during the year, in respect of which
- a) The Company has provided loans during the year and details of which are given below:

Particulars	(Amount in ₹ lacs) Loan
<b>A. Aggregate amount of loans granted during the year</b>	
- Wholly owned Subsidiary	4,462.16
- Subsidiary	1,256.14
- Related Party	250.00
<b>B. Balance outstanding as at balance sheet date in respect of above cases*</b>	
- Wholly owned Subsidiary	5,058.81
- Subsidiary	1,387.61
- Related Party	250.00

- b) In our opinion, the investments made and the terms and conditions of the above mentioned loans granted by the Company during the year, are in our opinion, prima facie, not prejudicial to the Company's interest.
- c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- d) According to information and explanation given to us and based on the audit procedures performed, in respect of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- e) None of the loans granted by the Company have fallen due during the year.
- f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) According to information and explanations given to us, the Company has complied with the provisions of section 185 or 186 of the Companies Act, 2013, in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and does not have any unclaimed deposits as at March 31, 2023 and therefore the provisions of clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have,



# Deloitte Haskins & Sells LLP

however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

- a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they become payable.

- b) According to the information and explanations given to us, other than the amount reported below, there are no dues of Income-tax, Goods and Service Tax, Excise Duty and Customs Duty which have not been deposited by the Company with the appropriate authorities on account of any dispute.

(Amount in ₹ lacs)

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount	Amount paid
Sales Tax Act, 1956	Sales Tax	Supreme Court	2003-04	27.64	8.08
Central Excise Act, 1944	Excise Duty	Special appeal has been filed in Supreme Court	2020-21	474.82	Nil

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) According to information and explanations given to us, in respect of borrowings:

- a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) On an overall examination of the Financial Statements of the Company, we report that the Company has taken funds from the following entities and persons on account of or to meet the obligations of its subsidiary as per details below:

Nature of fund taken	Name of lender	On account of or to meet the obligations of subsidiary			
		Amount Involved (Rs. in lacs)	Name of company	Relation	Nature of transaction for which funds utilized
External Commercial Borrowing	Axis Bank	2,900.60	Hero Motors Thai Limited	Subsidiary	Capital Expenditure

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.



- (x) In respect of issue of Securities:
- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence, reporting under clause (x)(a) of the order is not applicable.
  - b) The Company has made private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.
- (xi) In respect of Fraud:
- a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
  - b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).
- (xii) The Company is not a Nidhi Company and hence, reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to information and explanations given to us, the Company is in compliance with section 177 and 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.
- (xiv) In respect of Internal Audit:
- a) Pursuant to the scheme approved by the National company law tribunal, Chandigarh Bench on November 9, 2022, the auto business of Hero Cycles Limited has been transferred to Hero Motors Limited and thus the Company is in process of establishing its internal audit system commensurate with the size and nature of its business.
  - b) Since the company is in the process of establishing its internal audit system, thus no Internal audit could be carried out during the year for the company and hence we were unable to consider the report in our audit.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors during the year and hence, provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors of the Company during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the



# Deloitte Haskins & Sells LLP

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 indicating 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) According to the information and explanation given to us, in respect of other than ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a fund specified in Schedule VII to the Companies Act, 2013 before the date of this report and within a period of six months of the expiry of the financial year in compliance with second proviso to sub – section (5) of Section 135 of the said Act.

B) There are no ongoing projects where the Company is required to transfer unspent Corporate Social Responsibility (CSR) amount, to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with section 135(6) of the Act.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



  
**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No. 105546)  
UDIN: 23105546BGXMVU6696

Place: Gurugram  
Date: September 30, 2023

**Hero Motors Limited**  
**Standalone Balance Sheet as at March 31, 2023**  
**CIN : U29299PB1998PLC039602**  
**(Amount in ₹ lakh, unless otherwise stated)**

Particulars	Note No.	As At March 31, 2023	As At March 31, 2022
<b>A. Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	4	20,555.66	16,419.78
(b) Right of Use Assets	4A	1,019.46	-
(c) Capital work in progress	5	477.06	912.13
(d) Intangible assets	6	231.84	75.83
(e) Financial assets			
(i) Investments			
- Investment in subsidiaries	7A	4,408.40	397.87
- Other investment	7A	113.40	-
(ii) Loans	8	6,698.62	583.92
(iii) Other financial assets	9	315.07	793.26
(f) Non current tax assets (net)	10	92.29	-
(g) Other non current assets	11	705.52	818.16
<b>Total Non-current assets</b>		<b>34,617.32</b>	<b>20,000.95</b>
<b>2. Current assets</b>			
(a) Inventories	12	15,494.74	14,147.30
(b) Financial assets			
(i) Investments	7B	1,530.27	2,446.52
(ii) Trade receivables	13	21,298.45	19,134.30
(iii) Cash and cash equivalents	14	385.65	5,012.09
(iv) Bank balances other than cash and cash equivalents	15	8,053.00	-
(v) Loans	8	18.94	12.92
(vi) Other financial assets	9	4,798.16	2,805.84
(c) Other current assets	11	1,378.58	3,763.35
<b>Total Current Assets</b>		<b>52,957.79</b>	<b>47,322.32</b>
<b>Total Assets</b>		<b>87,575.11</b>	<b>67,323.27</b>
<b>B. Equity and liabilities</b>			
<b>1. Equity</b>			
(a) Equity share capital	16	35,357.84	3,459.71
(b) Other equity	17	203.08	12,230.77
<b>Total Equity</b>		<b>35,560.92</b>	<b>15,690.48</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18A	6,063.85	5,833.33
(ja) Lease Liabilities	4B	882.47	-
(ii) Others financial liabilities	19	413.40	385.30
(b) Other Non-current Liabilities	20	-	13.11
(c) Provisions	21	1,652.61	780.63
(d) Deferred tax liabilities (net)	22	395.92	1,128.08
<b>Total Non- Current Liabilities</b>		<b>9,408.25</b>	<b>8,140.45</b>



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**Hero Motors Limited**  
**Standalone Balance Sheet as at March 31, 2023**  
**CIN : U29299PB1998PLC039602**  
**(Amount in ₹ lakh, unless otherwise stated)**

Particulars	Note No.	As At March 31, 2023	As At March 31, 2022
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18B	18,158.36	19,170.93
(ia) Lease Liabilities	4B	347.29	-
(ii) Trade payables	23		
- Total outstanding due of micro enterprises and small enterprises		1,590.86	1,898.22
- Total outstanding due of creditors other than micro enterprises and small enterprises		19,430.63	17,867.85
(iii) Other financial liabilities	19	2,279.24	3,711.21
(b) Other current liabilities	20	631.06	589.45
(c) Provisions	21	168.50	195.10
(d) Current Tax Liabilities	10	-	59.58
<b>Total Current Liabilities</b>		<b>42,605.94</b>	<b>43,492.34</b>
<b>Total Equity and Liabilities</b>		<b>87,575.11</b>	<b>67,323.27</b>

Summary of Significant Accounting Policies 3  
The accompanying notes form an integral part of these standalone financial statements 1-63

**As per our Report of even date attached**

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No. 105546)  
Place: Gurugram  
Date: September 30, 2023



**For & on behalf of Board of Directors of Hero Motors Limited**

**Abhishek Munjal**  
Whole Time Director  
(DIN: 05355274)  
Place: Noida  
Date: September 30, 2023

**Amit Gupta**  
Managing Director  
(DIN: 02997032)  
Place: Boston, US  
Date: September 30, 2023

**Darpan Vashishtha**  
Chief Financial Officer  
Pan No. : ACGPV3123M  
Place: Noida.  
Date: September 30, 2023

**Sheeba Dhamija**  
Company Secretary  
M. No. 29705  
Place: Noida  
Date: September 30, 2023



**Hero Motors Limited**  
**Standalone Statement of Profit and loss for the year ended March 31, 2023**  
**CIN : U29299PB1998PLC039602**  
**(Amount in ₹ lakh, unless otherwise stated)**

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I Revenue from operations	24	1,05,527.52	90,397.88
II Other income	25	1,403.84	636.68
<b>III Total income (I+II)</b>		<b>1,06,931.36</b>	<b>91,034.56</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	26	72,196.83	52,044.41
(b) Purchases of stock-in-trade	27	402.83	13,236.88
(c) Changes in inventories of finished goods, work in progress a	28	(577.56)	(2,698.52)
(d) Employee benefits expense	29	9,038.57	5,479.83
(e) Finance costs	30	2,560.11	1,432.76
(f) Depreciation and amortisation expense	31	1,724.67	1,590.26
(g) Other expenses	32	15,562.58	12,927.73
<b>Total expenses</b>		<b>1,00,908.03</b>	<b>84,013.35</b>
V <b>Profit before exceptional items and tax (III-IV)</b>		6,023.33	7,021.21
VI Exceptional Items	33		6,574.05
<b>VII Profit before tax (V-VI)</b>		<b>6,023.33</b>	<b>13,595.26</b>
VIII Tax expense:	22		
(a) Current tax		1,731.22	2,688.43
(b) Deferred tax		(570.14)	1,119.56
<b>Total tax expense</b>		<b>1,161.08</b>	<b>3,807.99</b>
<b>IX Profit for the year (VII-VIII)</b>		<b>4,862.25</b>	<b>9,787.27</b>
X <b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Re-measurement gains/ (losses) on defined benefit plans		(643.77)	33.84
(ii) Income tax on items that will not be reclassified to profit or loss		162.02	(8.52)
<b>Other comprehensive income for the year, net of tax</b>		<b>(481.75)</b>	<b>25.32</b>
<b>XI Total comprehensive income for the year, net of tax</b>		<b>4,380.50</b>	<b>9,812.59</b>
XII Earnings per share: (face value INR 10 per share)	34		
1) Basic (amount in INR)		3.90	28.29
2) Diluted (amount in INR)		3.67	28.29
Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of these standalone financial statements 1-63

**As per our Report of even date attached**

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No. 105546)  
Place: Gurugram  
Date: September 30, 2023



**For & on behalf of Board of Directors of  
Hero Motors Limited**

**Abhishek Munjal**  
Whole Time Director  
(DIN: 05355274)  
Place: Noida  
Date: September 30, 2023

**Amit Gupta**  
Managing Director  
(DIN: 02997032)  
Place: Boston, US  
Date: September 30, 2023

**Darpan Vashishtha**  
Chief Financial Officer  
Pan No. : ACGPV3123M  
Place: Noida  
Date: September 30, 2023

**Sheeba Dhamija**  
Company Secretary  
M. No. 29705  
Place: Noida  
Date: September 30, 2023



**Hero Motors Limited**  
**Standalone Cash Flow Statement for the year ended March 31, 2023**  
**CIN : U29299PB1998PLC039602**  
**(Amount in ₹ lakh, unless otherwise stated)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flows from operating activities</b>		
Profit before and tax	6,023.33	13,595.26
<b>Adjustments for:</b>		
Depreciation and amortization	1,724.67	1,590.26
Interest Paid	1,841.33	1,301.65
Other borrowing cost	718.78	131.11
Employee stock option	1,334.99	-
Provision/Sundry Balances written back	1.94	0.37
Grant amortised during the year	-	-
Unrealized foreign exchange loss gain	232.54	-
Loss/(Profit) on sale of Property Plant Equipment	17.89	(6,572.58)
Rental income	(6.06)	(6.41)
Other Non Operating Income	(136.02)	-
Interest income	(661.14)	(130.09)
<b>Operating profit before working capital changes</b>	<b>11,092.25</b>	<b>9,909.57</b>
<b>Working Capital adjustments:</b>		
<b>Adjustment for (Increase) / decrease in Operating Assets :</b>		
Trade Receivables	(2,307.46)	(3,876.27)
Inventories	(1,347.44)	(3,647.37)
Other financial assets - non-current	493.12	(526.86)
Other financial assets - current	(1,689.20)	(965.64)
Other assets - non-current	52.40	(377.59)
Other assets - current	2,384.77	(1,615.53)
<b>Adjustment for Increase / (decrease) in Operating Liabilities :</b>		
Trade Payables	1,155.68	6,789.74
Other financial liabilities - non-current	28.10	25.15
Other financial liabilities - current	(974.10)	2,464.73
Provisions - non-current	228.21	17.99
Provisions - current	(26.60)	11.43
Other liabilities - non-current	(13.11)	-
Other liabilities - current	41.61	65.14
<b>Cash generated from operations</b>	<b>9,118.23</b>	<b>8,274.49</b>
Income tax paid (net of refunds)	(1,883.09)	(2,246.66)
<b>Net cash inflow from/ (used in) operating activities (A)</b>	<b>7,235.14</b>	<b>6,027.83</b>
<b>B. Cash flows from investing activities</b>		
Capital Expenditure on Property, Plant and Equipment (Including Capital Ad)	(5,561.72)	(3,087.93)
Proceeds from Sale of Property, Plant and Equipment	127.58	9,368.20
Investment in subsidiaries	(4,010.53)	(397.87)
Other Investment	(113.40)	-
Sale of Mutual Fund	1,043.74	(2,446.52)
Loan granted	(6,106.10)	(583.92)
Loan and advance to employee	(6.02)	(12.32)
Interest received	351.64	130.09
Rent received	6.06	6.41
Bank balance not considered as Cash and Cash Equivalent	(8,053.00)	-
<b>Net cash inflow from/ (used in) investing activities (B)</b>	<b>(22,321.75)</b>	<b>2,976.14</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from / (Repayment) of Long Term Borrowing	230.52	(6,925.93)
Repayment of / (Proceeds from) short term borrowings	(1,012.57)	2,852.41
Proceeds from Non-Cumulative Compulsory Convertible preference shares	14,500.00	-
Share issue expenses	(345.07)	-
Other borrowing cost	(718.78)	(131.11)
Interest paid	(2,193.93)	(1,301.65)
<b>Net cash inflow from/ (used in) financing activities (C)</b>	<b>10,460.17</b>	<b>(5,506.28)</b>



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Hero Motors Limited  
Standalone Cash Flow Statement for the year ended March 31, 2023  
CIN : U29299PB1998PLC039602

(Amount in ₹ lakh, unless otherwise stated)

<b>Net Increase (decrease) In cash and cash equivalents (A+B+C)</b>	<b>(4,626.44)</b>	<b>3,497.69</b>
Opening balance of cash and cash equivalents	5,012.09	1,514.40
<b>Total cash and cash equivalent (Note no. 15)</b>	<b>385.65</b>	<b>5,012.09</b>
<b>Components of cash and cash equivalents</b>		
Cash, Cheque/drafts on hand	3.20	1.23
With banks - Current account	382.45	326.86
With banks - Deposit account	-	4,684.00
<b>Total cash and cash equivalent (Note no. 14)</b>	<b>385.65</b>	<b>5,012.09</b>

**Notes :**

a) The Cash Flow Statement has been prepared in accordance with 'indirect method' as set out in Ind AS - 7 - 'Statement of Cash Flows', as notified under section 133 of Companies Act, 2013 read with relevant rules issued thereunder.

b) Disclosure as required in terms of amendments to Ind AS 7 'Statement of Cash Flows'.

Particulars	As at March 31, 2022	Cash Flows	Non Cash Changes	As at March 31, 2023
Non Current Borrowings	5,833.33	221.92	8.60	6,063.85
Current Borrowings	19,170.93	(1,012.57)		18,158.36
<b>Closing balance of Loan</b>	<b>25,004.26</b>	<b>(790.65)</b>	<b>8.60</b>	<b>24,222.21</b>

Particulars	As at March 31, 2021	Cash Flows	Non Cash Changes	As at March 31, 2022
Non Current Borrowings	12,759.27	(6,925.93)	-	5,833.33
Current Borrowings	16,318.52	2,852.41		19,170.93
<b>Closing balance of Loan</b>	<b>29,077.79</b>	<b>(4,073.52)</b>	<b>-</b>	<b>25,004.26</b>

The accompanying notes form an integral part of these standalone financial statements 1-63

As per our Report of even date attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal  
Partner  
(Membership No. 115546)  
Place: Gurugram  
Date: September 30, 2023



For & on behalf of Board of D'  
Hero Motors Limited

Abhishek Munjal  
Whole Time Director  
(DIN: 05355274)  
Place: Noida  
Date: September 30, 2023

Amit Gupta  
Managing Director  
(DIN: 02997032)  
Place: Boston, US  
Date: September 30, 2023

Darpan Vashishtha  
Chief Financial Officer  
Pan No. : ACGPV3123M  
Place: Noida  
Date: September 30, 2023

Sheeba Dhamija  
Company Secretary  
M. No. 29705  
Place: Noida  
Date: September 30, 2023



Hero Motors Limited  
Statement of Change in Equity for the year ended March 31, 2023  
CIN : U29299PB1998PLC039602  
(All amounts are in ₹ lakh, unless otherwise stated)

A. Equity Share Capital	3,459.71
As at April 01, 2021	-
Changes during the year	3,459.71
As at March 31, 2022	31,898.13
Changes during the year (Effect of business combination - refer note 41)	35,357.84
As at March 31, 2023	

B. Other Equity

Particulars	Security Premium	Equity component of CCPS	Share based payment reserve	Demerger adjustment deficit account	Other Equity	Retained Earnings	Total Other Equity
Balance as at April 01, 2021	-	-	-	-	-	2,418.18	2,418.18
Effect of Business Combination	-	-	-	(75,279.98)	75,279.98	9,787.27	9,787.27
Profit for the year	-	-	-	-	-	25.32	25.32
Remeasurement of the benefit plan, net of tax effect	-	-	-	-	-	9,812.59	9,812.59
Total Comprehensive Income for the year	-	-	-	-	-	12,230.77	12,230.77
Balance as at March 31, 2022	43,381.86	-	-	(75,279.98)	75,279.98	12,230.77	(31,898.12)
Issue of equity shares (refer note 41)	12,402.81	2,097.19	-	-	-	-	14,500.00
Issue of Non-Cumulative Compulsory Convertible Preference Shares	(345.07)	-	-	-	-	-	(345.07)
Share Issue Expenses	-	-	1,334.99	-	-	-	1,334.99
Credit to equity for equity-settled share-based payments (Refer Note - 79A)	-	-	-	-	-	4,862.25	4,862.25
Profit for the year	-	-	-	-	-	(481.74)	(481.74)
Remeasurement of the benefit plan, net of tax effect	-	-	-	-	-	4,380.51	4,380.51
Total Comprehensive Income for the year	-	-	-	-	-	16,611.27	16,611.27
Balance as at March 31, 2023	55,439.60	2,097.19	1,334.99	(75,279.98)	-	16,611.27	203.08

Summary of Significant Accounting Policies  
The accompanying notes form an integral part of these standalone financial statements 1-53

As per our Report of even date attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



Rajesh Kumar Agarwal  
(Partner)  
(Membership No. 105546)  
Place: Gurugram  
Date: September 30, 2023

For & on behalf of Board of Directors of Hero Motors Limited

Abhishhek Munjal  
Whole Time Director  
(DIN: 05355274)  
Place: Noida  
Date: September 30, 2023

Amit Gupta  
Managing Director  
(DIN: 02997032)  
Place: Boston, US  
Date: September 30, 2023

Darpan Vaidishtha  
Chief Financial Officer  
Pan No. : ACCGP/3123M  
Place: Noida  
Date: September 30, 2023

Shreeba Dhamija  
Company Secretary  
M. No. 29705  
Place: Noida  
Date: September 30, 2023



## **1 Corporate Information**

Hero Motors Limited, 'the Company' was incorporated on April 30, 1998 as a unlisted Limited Company under the Companies Act, 1956, vide Current Registration Number U29299PB1998PLC039602. The Registered Office of the Company is at Hero Nagar G. T. Road Ludhiana Ludhiana PB 141003. The main objective of the Company's business is manufacturing, buying, selling, importing, exporting, improving, assembling, repairing and dealing of all kinds of component parts, replacement parts, gears, power train solutions, spare accessories, tools, implements and fittings for engines scooters, motorcycles, three Wheelers, e-bikes or otherwise.

Pursuant to the scheme approved by the National Company Law Tribunal, Chandigarh Bench on November 09, 2022 for which the certified copy of the order dated November 09, 2022 was received on November 16, 2022, the Demerged Undertaking (Primarily related to Auto Business consisting, inter-alia, of all assets including movable and immovable properties and liabilities related thereto) was demerged from the Demerged Company and transferred to the resulting Company, with effect from April 01, 2021, the appointed date.(refer note-41)

## **2 Significant Accounting Policies:**

### **2.1 Statement of Compliance:**

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013, as applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### **2.2 Basis of Preparation and presentation**

The financial statements have been prepared on a going concern basis using the historical cost basis and on an accrual method of accounting except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division II to Schedule III to the Companies Act, 2013 ("the Act"). The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule II to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting standards.

### **Functional and presentation currency**

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's Financial statements and notes to the Financial statements are presented in Indian Rupees (INR), which is also its functional currency and all values are rounded to the nearest of lakhs with two decimals (`00,000), except when otherwise indicated.

### **2.3 Operating cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

An asset / liability is treated as current when it is:-

- \* Expected to be realised or intended to be sold or consumed or settled in normal operating cycle.
- \* Held primarily for the purpose of trading.
- \* Expected to be realised / settled within twelve months after the reporting period, or
- \* Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- \* There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

### **2.4 Revenue recognition**

#### **Sale of goods**

Revenue from sale of manufactured goods is recognized at a point in time when the control of the same is transferred to the customer. In case of domestic sales, the transfer of control on sale of goods occurs when the goods are transferred to the transportation agent, as per the terms of contract. While in case of export sales, the transfer of control on sale of goods occurs on the date of bill of lading. Following dispatch of goods or date of bill of lading, the customer has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

(i)

For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

As per Ind AS 115, the Company determines whether there is a significant financing component in its contracts. However, the Company has decided to use practical expedient provided in Ind AS 115 and not to adjust the promised amount of consideration for the effects of a significant financing components in the contracts, where the Company expects, at contract inception that the period of completion of contract terms are one year or less. Therefore, for short-term advances, the company does not account for a financing component. No long-term advances from customers are generally received by the Company.

Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with Ind AS 37.

#### **(ii) Sale of services**

The Company's service revenue contracts include providing delivery services. The Company recognises revenue from these contracts on satisfaction of performance obligation towards rendering of such services over time, as and when the services are rendered in accordance with the specific terms of contracts with customers. The Company's performance obligation is limited to providing resources required for these services



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**(iii) Duty drawback and export incentives**

The Company makes export sales, which qualify for benefit of Duty drawback, RODTEP (Remission of duties and taxes on export products) as laid down by the Foreign Trade Policy. The Company recognises duty drawback income in respect of its entitlement towards export benefits on recognition of related export sales.

**Disaggregated revenue information**

The Company presents disaggregation of revenue from contracts with customers for the year ended 31 March, 2023 by type of goods and services and timing of revenue recognition. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors .

**2.5 Interest and Other Income**

Dividend income is recognized when the right to receive payment is established.

Income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset

Claims receivables on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

**Cash and cash equivalents:**

Cash and cash equivalents comprises cash in hand, demand deposits with banks, 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.

**Property, Plant and Equipment (PPE)**

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. Cost includes import duties and any non-refundable taxes on such purchase, after deducting rebates and trade discounts and is inclusive of freight, duties, taxes and other incidental expenses. All cost are capitalized which are directly attributable to bringing assets to the condition and location essential for it to operate in a manner as intended by the management. In respect of assets due for capitalization, where final bills/claims are to be received/passed, the capitalisation is based on the engineering estimates. Final adjustments, for costs and depreciation are made retrospectively in the year of ascertainment of actual cost and finalisation of claim.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work in progress includes the cost of property plant and equipment that are not yet ready for their intended use and the cost of assets not put to use before the Balance Sheet date.

**Transition to Ind AS:** On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment as at April 1, 2021, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**Depreciation :** Depreciation on PPE are provided to the extent of depreciable amount on straight line basis (SLM). Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013. The residual values, useful lives are reviewed at each financial year end and adjusted appropriately.

Depreciation is provided on a pro-rata basis on the straight-line basis on the estimated useful life prescribed under Schedule II to Companies Act , 2013 with the following exception :

- Leasehold land & Leasehold improvement has been amortised over the lease term.
- Freehold Land is not depreciated.

Useful life considered for calculation for various assets class are as follows:

<b>Asset Class</b>	<b>Useful Life</b>
Building	30-60 years
Plant & Machinery	0 to 25 years
Furniture & Fixture	3 to 10 years
Office Equipment's	3 to 5 years
Vehicles	8 to 10 years
Computer	3 to 6 years



**2.6 Intangible Assets**

**Recognition and measurement**

Intangible assets that are acquired by the Company are measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. All expenditures, qualifying as Intangible Assets are amortized over estimated useful life.

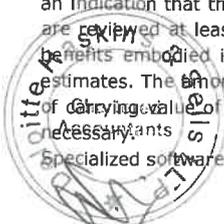
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at April 01, 2021, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**Subsequent Expenditure:** Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of Profit and Loss as Incurred.

**Amortisation and useful lives:** Intangible assets with finite lives are amortised over the useful life and these are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. The amortisation method, residual value and the useful lives of intangible assets are reviewed annually and adjusted as necessary. Specialized software are amortized over a period of 3 years or license period whichever is later.



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**2.7 Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. The cost of various components of inventory is determined as follows:-

Goods	Cost includes purchase cost, duties, taxes and all other costs incurred in bringing the inventory to their present location. Cost is determined on Weighted Average Cost Method.
Work in Progress	Cost include appropriate proportion of overheads wherever applicable. Goods in transit are valued at cost excluding import duties wherever applicable
Scrap	Scrap is valued at Net realisable value.

**2.8 Leases**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116:

**The Company as a lessee**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements may include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities may include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates pertaining to the company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flow activities.

**2.9 Foreign Currency Transaction and translations :**

The functional currency and presentation currency of the company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

**Initial recognition**

Transactions denominated in foreign currencies are accounted at the exchange rates prevailing on the date of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are restated at the rates prevailing at the date when the fair value was determined.

**Measurement of foreign currency monetary items at the Balance Sheet date**

Monetary items denominated in foreign currencies at the year-end are restated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at historical cost.

**Treatment of exchange differences**

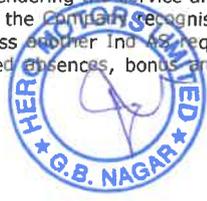
Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

**2.10 Employee's Benefits**

- i. **Short Term Employee Benefits:** All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in Statement of Profit and Loss in the period in which the employee renders the related service.

**Post-employment benefits :  
 Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and thereafter, will have no legal or constructive obligation to pay further amounts. Provident Fund are defined contribution scheme and contributions paid / payable are recognised as an expense in the statement of profit and loss during the year in which the employee renders the related service.



**(b) Defined Benefit Plan**

The Company's gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognises any related restructuring costs.

**iii. Short term and other long term employee benefits :**

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees are recognised during the period when the employee renders the services. These benefits include salaries, wages, performance incentives and compensated absences.

The liability in respect of accumulated compensated absences is provided for on the basis of actuarial valuation carried out at the year-end using the Projected Unit Credit Method. Actuarial gains and losses are recognised in the Statement of Profit and Loss of the year in which they occur.

**iv. Share - based payment**

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

**v. Equity settled transaction**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be nonvesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or nonvesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

**2.11 Taxation**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



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Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### **Minimum Alternate Tax**

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

In accordance with Ind AS 12 Company is grouping MAT credit entitlement with Deferred Tax Assets / Liability (Net).

### **2.12 Provisions, Contingent liabilities and Contingent assets**

#### **Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Constructive obligation is an obligation that derives from an entity's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and
- as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

#### **Contingent assets**

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

### **2.13 Segment Reporting**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company.

### **2.14 Statement of Cash flows**

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and
- all other items for which the cash effects are investing or financing cash flows

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### **2.15 Input tax credit:**

Goods and Service tax input credit is accounted for in the books in the period in which the underlying goods or services received is accounted and when there is no uncertainty in availing / utilizing the credits.

### **2.16 Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss which are recognised immediately in profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets  
Accountants  
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.



**Classification of financial assets**

For the purpose of Subsequent measurement, the Company classifies financial assets in three categories:

- (i) Financial assets at amortized cost
- (ii) Financial assets at fair value through other comprehensive income (FVTOCI)
- (iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item

**Financial assets**

Financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Financial assets are subsequently measured at FVTOCI with gains and losses arising from changes in fair value recognized in other comprehensive income.

Financial assets are subsequently measured at FVTPL with gains and losses arising from changes in fair value recognized in profit or loss.

All equity instruments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

**De-recognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**(B) Financial liabilities**

**Financial liabilities and equity instruments**

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and transaction costs that are attributable to the acquisition of the financial liabilities are adjusted to the fair value on initial recognition.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost



Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

#### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

#### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Offsetting of financial instruments**

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

#### **Derivative financial instruments**

##### *Initial recognition and subsequent measurement*

The Company is exposed to foreign currency fluctuations on foreign currency assets and liabilities. The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments (i.e. foreign currency forward contract) where the counterparty is primarily a bank.

Derivatives are recognised and measured at fair value. Attributable transaction costs are recognised in statement of profit and loss as cost. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value at the end of each reporting period.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### **2.17 Impairment of financial assets:**

The company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, debt instruments, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

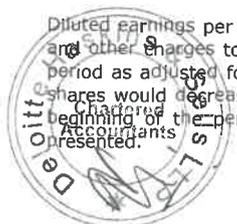
When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

#### **2.18 Earnings per share:**

Basic earnings per share ('EPS') is computed by dividing the net profit or loss (excluding OCI) for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.



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### 2.19 Operating cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 2.20 Borrowing Costs

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the interest cost.

### 2.21 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

### 2.22 Research & development costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

### 2.23 Exceptional items

When items of income and expense within statement of profit and loss from ordinary activities are of such size, nature or influence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## 3 Significant accounting judgements, estimates and uncertainty:

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Therefore, actual results could differ from these

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**Revenue from contracts with customers** - The Company applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Company sell goods, transportation and warranty services bundled together with sales of goods. The Company allocated the portion of the transaction price to goods basis on its relative standalone prices.

**Business Combination:** Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value on the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Further details about business combinations are given in note 50.

**Compound financial instrument:** The Company had issued Non-Cumulative Compulsorily Convertible Preference Shares and Compulsory Convertible Preference Shares on private placement basis which has a fixed to fixed conversion terms. The Company has analysed the conversion terms related to timing of conversion, future cash flows along with other factors and arrived at equity component of these instruments.

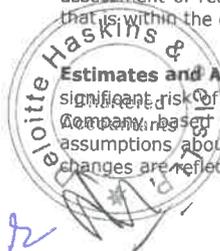
**Impairment testing:** The Company has reviewed its carrying value of long term investments in equity shares as disclosed in note- 5 of standalone financial statements at the end of each reporting period, for possible impairment if there are events or changes in circumstances that indicate that carrying amount of assets may not be recoverable. If the recoverable value, which is based upon economic circumstances and future plan is less than its carrying amount, the impairment loss is accounted.

**Expected credit losses on financial assets:** The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**Determining lease term** - The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has some property lease arrangements with its holding company that include option to terminate the contract by either party at any time by giving advance notice. The Company applied judgment in evaluating whether it is reasonably certain for both the parties to terminate the property lease contract before the lease term. It considered all the factors that create economic incentive for the parties to continue with lease or terminate including alternatives available for the office lease, use of underlying property, leasehold improvements made and accordingly determined lease term.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**Estimates and Assumptions** - The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



**Useful life of assets of (Property, plant and equipment)**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at each financial year end.

**Impairment of property, plant and equipment (PPE)**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next nine years as the plant is not reaching optimal capacity utilization by the end of 5 years hence a longer period projections considered. The Company expects that the business plan for optimal utilization of the plant is expected to be reached only in 2029. It do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property, plant and equipment recognised by the Company.

**Contingencies :** Contingent Liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By virtue of their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

**Recoverability of deferred taxes :** In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

**Estimation of Taxes -** Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Standards issued but not effective**

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31st, 2023, the MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, which are applicable for annual reporting periods beginning from April 1st, 2023, as below:

(i) Ind AS 1 – Disclosure of material accounting policies:

This amendment require companies to disclose their material accounting policies information rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect to have any significant impact in its financial statements due to this amendment.

(ii) Ind AS 8 – Definition of accounting estimates:

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a "change in accounting estimates" has been replaced with a definition of "accounting estimates." Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

(iii) Ind AS 12 – Income Taxes:

profit will be available against which the deductible temporary difference can be utilized. Similarly, a deferred tax liability for all deductible and taxable temporary differences associated with:

a) right-of-use assets and lease liabilities

b) decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.

Therefore, if a company has not yet recognised deferred tax on right-of-use assets and lease liabilities or has recognised deferred tax on net basis, the same need to recognize on gross basis based on the carrying amount of right-of-use assets and lease liabilities.

The amendments are applicable for annual periods beginning on or after April 1, 2023. The Company has evaluated the amendments and the impact is not expected to be material.



Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(All amounts are in ₹ lakh, unless otherwise stated)  
Note 4 : Property, Plant and Equipment

Particulars	Free Hold Land	Lease Hold Improvements	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipment's	Computer	Total
<b>Cost / Deemed Cost</b>									
Balance as at April 1, 2021	3,093.85	541.90	2,781.10	14,109.86	132.39	135.35	97.25	108.63	21,000.32
Add: Additions made during the year	-	-	115.64	2,242.95	10.37	60.51	15.98	139.84	2,585.30
Less: (Disposals)/adjustments during the year	(2,633.18)	(3.92)	(158.96)	(0.76)	-	(13.90)	-	-	(2,810.72)
<b>Balance as at March 31, 2022</b>	<b>460.67</b>	<b>537.97</b>	<b>2,737.77</b>	<b>16,352.04</b>	<b>142.76</b>	<b>181.97</b>	<b>113.24</b>	<b>248.47</b>	<b>20,774.89</b>
Add: Additions made during the year	-	65.11	580.67	4,867.18	28.96	66.47	36.40	141.95	5,786.74
Less: (Disposals)/adjustments during the year	-	-	-	(105.00)	-	(0.27)	(1.96)	(9.03)	(116.26)
<b>Balance as at March 31, 2023</b>	<b>460.67</b>	<b>603.09</b>	<b>3,318.45</b>	<b>21,114.22</b>	<b>171.72</b>	<b>248.17</b>	<b>147.68</b>	<b>381.38</b>	<b>26,445.37</b>
<b>Accumulated depreciation</b>									
Balance as at April 1, 2021	-	457.51	-	2,288.00	24.30	0.56	15.15	28.50	2,814.03
Add: Depreciation charge for the year	-	3.90	133.23	1,321.97	12.65	21.62	21.59	41.56	1,556.52
Less: (Disposals)/adjustments during the year	-	(3.73)	(6.87)	(0.74)	-	(3.76)	-	-	(15.10)
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>457.69</b>	<b>126.36</b>	<b>3,609.23</b>	<b>36.94</b>	<b>18.42</b>	<b>36.75</b>	<b>70.06</b>	<b>4,355.44</b>
Add: Depreciation charge for the year	-	5.31	134.10	1,286.29	15.13	26.24	23.87	72.53	1,563.47
Less: (Disposals)/adjustments during the year	-	-	-	(28.87)	-	-	-	(0.33)	(29.20)
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>463.00</b>	<b>260.46</b>	<b>4,866.65</b>	<b>52.07</b>	<b>44.66</b>	<b>60.61</b>	<b>142.27</b>	<b>5,889.71</b>
<b>Net carrying amount</b>									
As at March 31, 2022	460.67	80.28	2,611.42	12,742.82	105.82	163.55	76.49	178.41	16,419.78
As at March 31, 2023	460.67	140.08	3,057.99	16,247.57	119.65	203.51	87.07	239.12	20,555.66

**Note :**

- a) Refer note 18A & 18B for property, plant and equipment pledged/ hypothecated as security for borrowing by the company.  
b) Refer note 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment.



**Hero Motors Limited**

Notes forming part of the standalone financial statements for the year ended March 31, 2023

(All amounts are in ₹ lakh, unless otherwise stated)

**4A. Right of Use Assets**

Below are the carrying amounts of right to use assets and lease liabilities and the movements during the year. The Company's leased assets consists of leases for Land.

Particulars	Lease Hold Land	Total
<b>Balance as on April 1, 2022</b>	16.97	16.97
Additions	1,132.73	1,132.73
Derecognition of ROU	-	-
<b>Balance as on March 31, 2023</b>	<b>1,149.70</b>	<b>1,149.70</b>
<b>Accumulated depreciation</b>		
<b>Balance as on April 1, 2022</b>	16.97	16.97
Charge for the year	113.27	113.27
Derecognition of ROU	-	-
<b>Balance as on March 31, 2023</b>	<b>130.24</b>	<b>130.24</b>
<b>Carrying amount</b>		
<b>As at March 31, 2022</b>	-	-
<b>As at March 31, 2023</b>	<b>1,019.46</b>	<b>1,019.46</b>

**4B. Leases Liability**

The following is the movement in lease liabilities during the period

Particulars	Lease Hold Land	Total
<b>Balance as at April 1, 2022</b>		
Additions	1,132.73	1,132.73
Finance cost accrued during the period	97.03	97.03
Payment of lease liabilities	-	-
Reversal of Lease liability	-	-
<b>Balance as at March 31, 2023</b>	<b>1,229.76</b>	<b>1,229.76</b>

The following is the break-up of current and non-current lease liabilities

Particulars	Current	Non - current
<b>As at March 31, 2023</b>	347.29	882.47
<b>As at March 31, 2022</b>	-	-

**Others Disclosures :-**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation expense on right-of-use assets	113.27	16.97
Interest expense on lease liabilities	97.03	-
Expense relating to short-term leases	-	-
Total Cash outflow for leases	-	-



**Hero Motors Limited**  
**Notes forming part of the standalone financial statements for the year ended March 31, 2023**  
 (All amounts are in ₹ lakh, unless otherwise stated)

**Note 5 : Capital work in progress**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	912.13	439.87
Add: Addition made during the year	2,986.06	1,595.56
Less: transferred to Property, Plant & Equipment during the year	(3,421.13)	(1,123.30)
	<b>477.06</b>	<b>912.13</b>

**Ageing schedule of CWIP as at March 31, 2023:**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	477.06	-	-	-	477.06
Projects temporarily suspended	-	-	-	-	-

**Ageing schedule of CWIP as at March 31, 2022:**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	716.33	195.80	-	-	912.13
Projects temporarily suspended	-	-	-	-	-

Note: There are no capital-work-in progress as at March 31, 2023 and as at March 31, 2022 whose completion is overdue or has exceeded its cost as compared to its original plan.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 6 : Other intangible assets**

Particulars	Computer Software	Total
<b>At Deemed cost</b>		
<b>Gross carrying amount</b>		
<b>Balance as at April 1, 2021</b>	<b>63.70</b>	<b>63.70</b>
Add: Additions during the year	30.04	30.04
<b>Balance as at March 31, 2022</b>	<b>93.74</b>	<b>93.74</b>
Add: Additions during the year	204.01	204.01
Less: (Disposals) / adjustments during the year	(1.75)	(1.75)
<b>Balance as at March 31, 2023</b>	<b>296.00</b>	<b>296.00</b>
<b>Accumulated amortisation</b>		
<b>Balance as at April 1, 2021</b>	<b>1.28</b>	<b>1.28</b>
Add: Amortisation charge for the year	16.62	16.62
Less: (Disposals) / adjustments during the year	-	-
<b>Balance as at March 31, 2022</b>	<b>17.90</b>	<b>17.89</b>
Add: Amortisation charge for the year	48.00	48.00
Less: (Disposals) / adjustments during the year	(1.75)	(1.75)
<b>Balance as at March 31, 2023</b>	<b>64.15</b>	<b>64.14</b>
<b>Net carrying amount</b>		
<b>As at March 31, 2022</b>	<b>75.83</b>	<b>75.83</b>
<b>As at March 31, 2023</b>	<b>231.84</b>	<b>231.84</b>



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
*(All Amount are in ₹ lakh, unless otherwise stated)*

**Note 7A : Investment (Valued at Cost)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non- Current</b>		
<b>I) Investments in equity shares of Subsidiaries - (unquoted)</b>		
a) Hero Motors Thai Limited 5,89,998 equity shares (March 31, 2022: 1,64,998) of THB 100 each fully paid up	1,418.32	397.87
b) Hewland Engineering Limited 10,513 equity shares (March 31, 2022: Nil) of GBP 1 each fully paid up	10.08	-
c) HYM Drive Systems Private Limited 2,88,00,000 equity shares (March 31, 2022: Nil) of INR 10 each fully paid up	2,880.00	-
d) Hero EDU Systems Private Limited 10,00,000 equity shares (March 31, 2022: Nil) of INR 10 each fully paid up	100.00	-
	<b>4,408.40</b>	<b>397.87</b>
<b>II) Investment in other equity instruments (valued at fair value through OCI)</b>		
a) AMP Solar Urja Private Limited 182 equity shares (March 31, 2022: Nil) of INR 10 each fully paid up	0.02	-
b) Spur Technologies Private Limited 10 equity shares (March 31, 2022: Nil) of INR 100 each fully paid up	0.24	-
<b>III) Investments in Debenture of Others - (unquoted) (valued at fair value through OCI)</b>		
a) AMP Solar Urja Private Limited 11,340 Debentures (March 31, 2022: Nil) of INR 1000 each fully paid up	113.14	-
These cumulative convertible debenture shall be entitled to Interest at rate of 0.01% per annum. Interest shall be due and receivables at the end of every financial year.		
	<b>113.40</b>	<b>-</b>
<b>Grand Total</b>	<b>4,521.80</b>	<b>397.87</b>
i) Aggregate value of unquoted investments	4,521.80	397.87
ii) Aggregate value of unquoted investments (net of impairment)	4,521.80	397.87
<b>(a) Movement during the year in subsidiary investment</b>		

Name of Company	Proportion (%) of equity interest	
	As at March 31, 2023	As at March 31, 2022
<b>Subsidiary</b>		
Hero Motors Thai Limited	100.00%	99.99%
Hewland Engineering Limited	51.00%	-
HYM Drive Systems Private Limited	90.00%	-
Hero EDU Systems Private Limited	100.00%	-



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**Hero Motors Limited**

**Notes to standalone financial statements for the year ended March 31, 2023**

*(All Amount are in ₹ lakh, unless otherwise stated)*

**Note 7B : Investment Others**

**Current Investment**

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Investments in Debentures measured at Fair Value through Profit and Loss</b>		
<b>Quoted Investments</b>		
Nil (March 31, 2022 : 51) market linked debentures of Shriram Transport Company of Rs 10,00,000 each	-	583.05
Nil (March 31, 2022 : 144) market linked debentures of Tata Capital Financial Services Limited of Rs 10,00,000 each	-	1,863.47
<b>Investments in Mutual funds measured at Fair Value through Profit and Loss</b>		
<b>Quoted Investments</b>		
Aditya Birla Sun Life Liquid Fund	446.72	-
1,23,036.20 (March 31, 2022 : NIL) market linked Mutual Fund		
HDFC Liquid Fund	1,083.54	-
24,496.84 (March 31, 2022 : NIL) market linked Mutual Fund		
	<b>1,530.27</b>	<b>2,446.52</b>
a) Aggregate book value of quoted investments	1,514.19	1,950.00
b) Aggregate market value of quoted investments	1,530.27	2,446.52
c) The number of units in note above represents absolute numbers.		



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 8 : Loans measured at amortized cost**  
(Unsecured, considered good unless otherwise stated)

Particulars	Non - Current		Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Loans to Employees						
Loans Receivables considered good - Unsecured	2.32	4.72	18.94	12.92		
Loans and advances (Refer Note No. 37 and below note 'b')						
Hero Motors Thai Limited	5,058.81	579.20	-	-		
Hewland Engineering Limited	1,387.48	-	-	-		
Loans to Related Party (Refer Note No. 37 and below note 'c')						
Spur Technologies Private Limited	250.00	-	-	-		
	<b>6,698.62</b>	<b>583.92</b>	<b>18.94</b>	<b>12.92</b>		

- a) The Company has no loans which have significant increase in credit risk and loans which are credit impaired. (Refer Note No. 39)  
b) The above loan given to Hero Motor Thai is repayable as per the stipulated schedule defined in agreement and carry interest rate @ 9% p.a.  
c) The above loan given to Hewland Engineering Limited is repayable as per the stipulated schedule defined in agreement and carry interest rate @ 7.25% p.a.  
d) The above loan given to related party is repayable on demand in 3 years carrying interest rate @ 9% p.a

**Note 9 : Other financial assets-At Amortized Cost**

Particulars	Non - Current		Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good unless specified</b>						
<b>i. Interest accrued but not due</b>						
- Margin Money	35.11	4.56	104.90	8.77		
- Loan to Subsidiary	-	18.04	226.65	-		
<b>ii. Interest accrued and due on Deposit</b>						
Interest accrued and due on Deposit with Uttar Pradesh State electricity board	2.42	-	-	19.66		
<b>iii. Others</b>						
Balance with Banks:						
In Deposit Accounts (with remaining maturity of less than twelve months)(refer note Below)	-	509.34	774.41	495.00		
Security deposits -Others(Electricity and others)	277.54	261.32	-	-		
Deposits with original maturity of more than three months (Refer note 15)	-	-	-	-		
Forward Contract Receivable	-	-	-	-		
Receivables from related party	-	-	1,619.67	110.11		
Other Receivables	-	-	2,072.53	2,172.30		
	<b>315.07</b>	<b>793.26</b>	<b>4,798.16</b>	<b>2,805.84</b>		

- Note:  
1. Balances with Banks held as Margin Money Deposits against Letter of Credit issued by Axis Bank.



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 10 : Non Current Tax Asset**

Particulars	As at March 31, 2023	As at March 31, 2022
Advance Income Tax (Net of provision of 1,868.8 lakh (March 31, 2022 : Nil))	92.29	-
	<b>92.29</b>	<b>-</b>

**Note 10A : Current Tax Liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax Liabilities (Net of Advance Tax of Nil (March 31, 2022 : 2,628.86 lakh )	-	59.58
	<b>-</b>	<b>59.58</b>

**Note 11 : Other assets**

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good, unless otherwise stated)				
(i) Capital Advances (Refer Note No. 36)				
Unsecured, considered good	604.35	664.59	-	-
	<b>604.35</b>	<b>664.59</b>	-	-
(ii) Balances with Government Authorities				
Unsecured, considered good			18.20	1,292.42
Goods and Service Tax Receivables	101.17	148.03	-	-
Amount Deposit Under Protest	<b>101.17</b>	<b>148.03</b>	<b>18.20</b>	<b>1,292.42</b>
(iii) Others				
Export incentive receivable	-	-	536.02	1,099.01
Prepaid expenses	-	5.54	63.33	54.54
Advances Recoverable in Cash or Kind	-	-	4.47	34.10
Advances to suppliers	-	-	756.55	1,072.84
Other Receivables	-	-	-	210.44
	<b>-</b>	<b>5.54</b>	<b>1,360.37</b>	<b>2,470.93</b>
	<b>705.52</b>	<b>818.16</b>	<b>1,378.58</b>	<b>3,763.35</b>



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 12 : Inventories**  
**(Valued at lower of cost and or realisable value)**

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials (Refer note i (a) below)	4,159.07	3,596.99
Work in Progress (WIP)	3,128.05	2,096.62
Finished Goods (Refer note i (b) below)	6,431.06	6,587.53
Traded Goods	-	225.47
Stores and Spares	1,706.00	1,169.18
Loose Tools	-	329.01
Scrap	70.56	142.50
<b>Total</b>	<b>15,494.74</b>	<b>14,147.30</b>

**Notes:**

(i) Includes goods in transit:		
(a) Raw material	531.66	41.15
(b) Finished goods	4,689.22	5,710.86
	<b>5,220.88</b>	<b>5,752.01</b>

**Note 13 : Trade receivables**

Particulars	As at March 31, 2023	As at March 31, 2022
Secured ,Considered good	-	385.30
Unsecured Considered good	21,298.45	18,749.00
Unsecured- Credit Impaired	-	-
Less: Allowance for receivables (credit impaired)	-	-
<b>Total</b>	<b>21,298.45</b>	<b>19,134.30</b>

**Notes :**

- (i) The average credit period on sales of goods is 30 days-75 days. No interest is charged on trade receivables.
- (ii) Trade receivables are from related parties, there are no indicators at the period end for default in payments. Accordingly, the Company does not anticipate risk of recovery and expected credit loss in respect thereof.
- (iii) Of the trade receivables balance as at the year end, the Company's largest customers who represents more than 10% of the total balance of trade receivables are as follows;

Particulars	Type of Customer	As at March 31, 2023	As at March 31, 2022
Customer A	Domestic	9,659.13	5,096.07
Customer B	Export	4,389.76	5,640.82

There are no other customers other than mentioned above, who represent more than 10% of the total balance of the trade receivables.

The company's exposure to credit and current risk and loss allowance related to trade receivables are disclosed in Note 39



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

a) Trade receivables ageing schedule as at March 31, 2023:

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	20,897.70	241.44	159.19	0.12	-	21,298.45
Disputed Trade Receivables – considered good	-	-	-	-	-	-
<b>Undisputed Trade Receivables – credit impaired</b>	<b>20,897.70</b>	<b>241.44</b>	<b>159.19</b>	<b>0.12</b>	<b>-</b>	<b>21,298.45</b>
Less: Provision for doubtful trade receivables	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
<b>Disputed Trade Receivables – credit impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Trade receivables</b>	<b>20,897.70</b>	<b>241.44</b>	<b>159.19</b>	<b>0.12</b>	<b>-</b>	<b>21,298.45</b>

b) Trade receivables ageing schedule as at March 31, 2022:

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	18,992.63	57.64	79.97	3.38	0.68	19,134.30
Disputed Trade Receivables – considered good	-	-	-	-	-	-
<b>Undisputed Trade Receivables – credit impaired</b>	<b>18,992.63</b>	<b>57.64</b>	<b>79.97</b>	<b>3.38</b>	<b>0.68</b>	<b>19,134.30</b>
Less: Provision for doubtful trade receivables	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
<b>Disputed Trade Receivables – credit impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Trade receivables</b>	<b>18,992.63</b>	<b>57.64</b>	<b>79.97</b>	<b>3.38</b>	<b>0.68</b>	<b>19,134.30</b>

c) The company has used a practical expedient by computing the expected credit loss allowance for trade receivables related to distribution business, except for receivables from related parties, based on provision matrix. The provision matrix takes into account historical credit loss experienced and adjusted for forward looking information. The expected credit loss allowance is based on ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of reporting period is as follows:

i) The movement in the allowance for expected credit loss allowance is as follows:

	As At March 31, 2023	As At March 31, 2022
Balance as at beginning of the year	-	-
Loss allowances during the year	-	-
Trade receivables written off / written back during the year	-	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>

a) Trade receivables from domestic customers are generally on terms of 45- 60 days (March 31, 2022: 45-60 days).  
b) Trade receivables from export customers are generally on terms of 30-75 days (March 31, 2022: 30-90 days).

c) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other persons.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 14 : Cash and cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
- Current account	382.45	326.86
- Deposits with original maturity of less than 3 months (Refer Note 'b' below)	-	4,684.00
Cash in hand	3.20	1.23
	<b>385.65</b>	<b>5,012.09</b>

a) For the purpose of the statement of cash flow, the cash and cash equivalent are same given above.

b) The deposits maintained by the company with Banks comprise of the time deposits which may be withdrawn by the company at any point of time without prior notice and are made of varying period depending upon the cash requirements of the company and earn interest at respective deposit rate.

**Note 15 : Bank balances other than cash & cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with original maturity of more than 3 months (Refer notes below) *	8,053.00	1,004.34
	<b>8,053.00</b>	<b>1,004.34</b>

\* Earmarked balances with banks is Nil (March 31, 2022: 1004.34 lakh)

*[This page has been left blank intentionally]*



Note 16 : Equity Share Capital		As at March 31, 2023	As at March 31, 2022
<b>Authorised Share capital</b>			
38,00,00,000 shares (March 31, 2022: 6,20,00,000) Equity Shares of Rs. 10 each*		38,000.00	6,200.00
		<b>58,000.00</b>	<b>6,200.00</b>
<b>Issued, subscribed and fully paid up share capital</b>			
353,578,380 (March 31, 2022: 3,45,97,133) Equity Shares of Rs. 10 each*		35,357.84	3,459.71
		<b>35,357.84</b>	<b>3,459.71</b>

a) Reconciliation of Issued and Subscribed Share Capital:

Particulars	No. of Shares*	Amount
Balance as at April 1, 2021	3,45,97,133	3,459.71
Add: Shares issued during the year	-	-
Balance as at March 31, 2022	3,45,97,133	3,459.71
Add: Shares issued during the year	31,89,81,247	31,898.12
Balance as at March 31, 2023	<b>35,35,78,380</b>	<b>35,357.84</b>

b) Terms/ rights attached to equity shares:  
The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and will rank pari passu with each other in all respect. 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. The Company has not paid any dividend during the year.

c) Details of shareholders holding more than 5% shares In the Company

Name of Share Holder	As at March 31, 2023	No. of Shares*	Holding %	As at March 31, 2022	No. of Shares*	Holding %
Hero Cycles Limited					3,37,59,948	97.58%
Pankaj Munjal on behalf of OP Munjal Holding	27,31,23,055	77.25%		-	-	-
South Asia Growth Invest LLC	2,59,47,024	7.34%		-	-	-
Bhagyoday Investments Private limited	2,39,78,804	6.78%		-	-	-

d) Details of Promoter's Shareholding:

Promoter's Name	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Hero Cycles Limited	77,52,750	2.19%	3,37,59,948	97.58%	-95.39%
Pankaj Munjal	94,00,047	2.66%	3,396	0.01%	2.65%
Pankaj Munjal on behalf of Om Prakash Pankaj Munjal - AOP	1,05,37,140	2.98%	-	-	2.98%
Pankaj Munjal on behalf of OP Munjal Holding	27,31,23,055	77.25%	-	-	77.25%
Pankaj Munjal on behalf of Munjal Sales Corporation	1,49,359	0.04%	-	-	0.04%

e) Movement of share holding pattern during the year :

Type of capital	Face Value of Share	As at March 31, 2022		Addition		Deletion		As at March 31, 2023	
		No of share	Amount	No of share	Amount	No of share	Amount	No of share	Amount
<b>Equity Share holders</b>									
Hero Cycles Limited	10	3,37,59,948	33,75,99,480	26,936	2,69,360	-	77,52,750	2,60,34,134	33,78,68,840
Bhagyoday Investments P. Ltd.	10	5,63,479	56,34,790	2,34,15,325	23,41,53,250	-	2,39,78,804	23,97,88,040	23,97,88,040
Pankaj Munjal	10	3,396	33,960	93,96,651	9,39,66,510	-	94,00,047	9,40,00,470	9,40,00,470
Smt. Sudarshan Kumari Munjal	10	2,43,163	24,31,630	-	-	-	2,43,163	24,31,630	24,31,630
Munjal Sales Corporation	10	211	2,110	-	-	-	211	2,110	211
Charu Munjal	10	-	-	9,42,425	94,24,250	-	9,42,425	94,24,250	94,24,250
Aditya Munjal	10	-	-	7,07,022	70,70,220	-	7,07,022	70,70,220	70,70,220
Abhishek Munjal	10	-	-	7,06,210	70,62,100	-	7,06,210	70,62,100	70,62,100
Pankaj Munjal on behalf of Om Prakash Pankaj Munjal - AOP	10	-	-	1,05,37,140	10,53,71,400	-	1,05,37,140	10,53,71,400	10,53,71,400
Pankaj Munjal on behalf of OP Munjal Holding	10	-	-	27,31,23,055	2,73,12,30,550	-	27,31,23,055	2,73,12,30,550	2,73,12,30,550
Pankaj Munjal on behalf of Munjal Sales Corp	10	-	-	1,49,359	14,93,590	-	1,49,359	14,93,590	14,93,590
Tranuvipra	10	-	-	812	8,120	-	812	8,120	8,120
AK Deyan	10	-	-	812	8,120	-	812	8,120	8,120
Prabh Puri	10	-	-	812	8,120	-	812	8,120	8,120
Vipin Kumar Bajor	10	-	-	812	8,120	-	812	8,120	8,120
Pratik Shah-eddits	10	-	-	812	8,120	-	812	8,120	8,120
South Asia Growth Invest LLC	10	-	-	2,59,47,024	2,59,47,024	-	2,59,47,024	2,59,47,024	2,59,47,024
South Asia EBT Trust	10	-	-	87,110	8,7110	-	87,110	8,7110	8,7110
Public Shareholders	10	26,936	2,69,360	-	-	26,936	2,69,360	2,69,360	2,69,360
<b>Total</b>		<b>3,45,97,133</b>	<b>34,59,71,330</b>	<b>34,50,42,317</b>	<b>3,19,00,81,830</b>	<b>2,60,61,070</b>	<b>2,69,360</b>	<b>35,35,78,380</b>	<b>3,53,57,83,800</b>

f) Shares held by holding/ultimate holding &/or Held Subsidiary  
No Share are held by the subsidiary of the company . The company does not have holding and ultimate holding company.

**Note 17 : Other Equity**

PARTICULARS	As at March 31st, 2023	As at March 31st, 2022
<b>a. Securities premium:</b>		
Balance at the beginning of financial year	-	-
Add: Premium on issue of equity shares (refer note 41)	43,381.86	-
Add: Premium on issue of Non-Cumulative Compulsory Convertible Preference Shares	12,402.80	-
Less: Share issue Expenses	(345.07)	-
<b>Balance at the end of financial year</b>	<b>55,439.60</b>	<b>-</b>
<b>b. Equity component of Non Cumulative compulsory convertible preference shares(refer note below)</b>		
Balance at the beginning of financial year	-	-
Add: Issue of Non-cumulative Compulsory convertible preference shares	2,097.19	-
<b>Balance at the end of financial year</b>	<b>2,097.19</b>	<b>-</b>
<b>c. Share-based payment reserve</b>		
Balance at the beginning of financial year	-	-
Add: Credit to equity for equity-settled share-based payments	1,334.99	-
<b>Balance at the end of financial year</b>	<b>1,334.99</b>	<b>-</b>
<b>d. Retained earnings</b>		
Balance at the beginning of financial year	12,230.77	2,418.18
Add: Profit for the year	4,862.25	9,787.27
Add: Remeasurement of defined benefit obligations(net of tax)	(481.74)	25.32
<b>Balance at the end of financial year</b>	<b>16,611.28</b>	<b>12,230.77</b>
<b>e. Demerger adjustment deficit account</b>		
Balance at the beginning of financial year	(75,279.98)	-
Add: Effect of Business combination	-	(75,279.98)
<b>Balance at the end of financial year</b>	<b>(75,279.98)</b>	<b>(75,279.98)</b>
<b>f. Equity Share pending issuance</b>		
Balance at the beginning of financial year	75,279.98	-
Add:Share pending issuance (refer note 41)	-	75,279.98
Less: Issue of equity shares (refer note 41)	(75,279.98)	-
<b>Balance at the end of financial year</b>	<b>-</b>	<b>75,279.98</b>
<b>Total other equity (a+b+c+d+e)</b>	<b>203.07</b>	<b>12,230.77</b>

**Notes:**

- i) For Movement during the period in Other Equity, refer "Statement of Change in Equity".  
ii) The description of the nature and purpose of each reserves within equity is as follows:

**Securities premium:**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**Share-based payments reserve:**

The Share-based payments reserve is used to recognise the grant date fair value of options issued to employees under employees stock options scheme.

**Retained earnings:**

Retained earnings represents the undistributed profits of the Company.

**Equity Shares Pending Issuance**

Shares pending for issuance as on March 31,2022 has been issued during the current financial year (Refer Note 41) as an effect of which company has issued a total of 3,18,98,1247 shares and accordingly Out of total balance of INR 75,279.98 Lakhs, INR 43,381.44 Lakhs has been transferred to Security premium and INR 31,898.12 lakhs has been transferred to Equity share Capital

**List of Non Cumulative compulsory convertible preference share**

Type of capital	Face Value of Equity Share	As at March 31, 2023	
		No of share	Amount (Lakh)
Name Of Share Holder			
South Asia Growth Invest LLC	10	2,09,08,282	2,090.83
South Asia EBT Trust	10	63,658	6.37
		2,09,71,940	2,097.19



Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(Amount in ₹ lakh, unless otherwise stated)

**Note 18A : Non Current Borrowing - At Amortised Cost**

Particulars	Non - Current		Current Maturities*	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>				
(a) Term Loan from Bank	1,496.25	2,500.00	99.75	1,250.00
(b) External commercial Borrowing (ECB)	2,900.60	-	-	-
(c) Redeemable Non-Convertible Debenture	1,667.00	3,333.33	1,666.50	5,666.67
	<b>6,063.85</b>	<b>5,833.33</b>	<b>1,766.25</b>	<b>6,916.67</b>
Less: Amount disclosed under other financial liabilities as 'Current Borrowings' (refer note 18B)			1,766.25	6,916.67
	<b>6,063.85</b>	<b>5,833.33</b>	-	-

\*Amount disclosed under current Borrowing (Refer Note 18B)

**Security**

- (i) The term loan and External Commercial Borrowing mentioned in (a) and (b) have been secured by first pari passu charge on all movable fixed assets , land and building of Ghaziabad plant.  
(ii) The Redeemable Non Convertible Debentures (NCD) mentioned in (c) have been secured by a first pari passu charge (equitable mortgage) on the land and building of Mangli plant held by Hero Cycles Limited and a first pari passu charge on Flat No 2A , 10th Floor Gurugram held by Hero Cycle Limited. These non convertible debenture were transferred to the Company via demerger scheme and these NCDs are yet to be transferred in the name of the Company. (refer note 41).

**Terms of Repayment**

Maturity profile of secured term loans is as set out below :	2023-24	2024-25	2025-26	2026-27	Beyond 2026-27
(i) Term loan from banks are repayable in quarterly instalments	99.75	399.00	399.00	399.00	299.25
(ii) External Commercial Borrowings	-	726.03	726.03	726.03	722.51
(iii) Redeemable Non convertible Debentures	1,667.00	1,666.50			

**Notes :**

- The rate of interest for term loan from bank is 1 year MCLR+ 0.2% spread i.e. 8.95% p.a
- The rate of interest for External commercial borrowings is 3M Secured Overnight Financing Rate + 2.75% p.a. i.e. 7.64% p.a
- The 7.5 % Redeemable Non Convertible Debentures have been issued through Beacon Trusteeship Services Limited.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Details of borrowings availed and repaid during the year :**

Particulars	Opening	Addition	Repayment	As at March 31, 2023
External Commercial Borrowing	-	2,900.60	-	2,900.60
Non Convertible Debenture	9,000.00	-	(5,667.00)	3,333.00
Term Loan	3,750.00	5,200.20	(7,354.20)	1,596.00

**Note 18B : Current Borrowing - At Amortised Cost**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
(a) Working Capital Demand Loan	16,202.35	11,122.00
(b) Buyer's Credit	189.76	1,132.26
(c) Current Maturities of Long Term Borrowings (Refer Note 18A)	1,766.25	6,916.67
	<b>18,158.36</b>	<b>19,170.93</b>

**Security**

(i) The Working Capital Demand Loan and Buyer's Credit mentioned in (a) and (b) have been secured by first pari passu charge on entire current assets of the company present and future.

**Notes :**

1. The rate of interest for Working Capital Demand Loan ranges from 6.25% - 8.50 %
2. The rate of interest for Buyer's Credit is 1M Secured Overnight Financing Rate+ 0.90% -1.15% p.a.
3. Refer Note No. 18A for the terms and conditions, nature of security and maturity profile of the current maturities of long-term borrowings (forming part of long term borrowings of the Company).

*[This space has been left blank intentionally'*

a) First Pari Passu charge on entire current assets of the company present and future , Intt Rate is ranges from 6.25 % - 8.5%

**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 19 : Other financial liabilities**

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Security deposit	413.40	385.30	-	-
Interest accrued but not due on borrowings	-	-	118.06	470.66
Leave Encashment Payable	-	-	-	14.49
Creditors for capital goods	-	-	161.82	267.09
Payable to Related parties	-	-	1,765.37	2,958.97
Bonus / Leave Travel Allowances	-	-	214.01	-
Forward contract payable	-	-	19.98	-
	<b>413.40</b>	<b>385.30</b>	<b>2,279.24</b>	<b>3,711.21</b>

**Notes:**

a) The company's exposure to currency and liquidity risk related to trade payables is disclosed in note 39.

**Note 20 : Other liabilities**

Particulars	Non- Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Deferred Government Grant	-	13.11	-	0.97
Advance from customer	-	-	405.80	430.70
Statutory dues	-	-	225.26	157.78
	<b>-</b>	<b>13.11</b>	<b>631.06</b>	<b>589.45</b>

**Note 21 : Provisions**

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b>				
Provision for compensated absences (Refer note 35)	236.87	101.18	33.65	13.17
Provision for gratuity (Refer note 35)	1,415.74	679.45	134.85	181.93
	<b>1,652.61</b>	<b>780.63</b>	<b>168.50</b>	<b>195.10</b>



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 22 : Deferred Tax Liabilities (Net)**

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Tax Liabilities	1,290.82	1,221.45
Deferred Tax Assets	894.90	93.37
Net Deferred Tax Liabilities	<b>395.92</b>	<b>1,128.08</b>

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	------------------------	------------------------

**Deferred tax liabilities relates to followings:**

Property, Plant and Equipment and Intangible Assets	1,287.18	1,193.74
Forward Contract Receivable	-	27.71
Payment of leave Encashment	3.65	-
	<b>1,290.82</b>	<b>1,221.45</b>

**Deferred tax Assets relates to followings:**

Employee benefit	500.95	48.18
Debentures	-	3.89
Deffered Government Grant	-	3.54
Interest Accrued but not due on Borrowings	-	37.75
Forward Contract	5.03	-
Employee Stock option Plan	335.99	-
Right of use asset	52.93	-
	<b>894.90</b>	<b>93.37</b>
Deferred tax Liabilities (net)	<b>395.92</b>	<b>1128.08</b>

**Note 22(A) : Income tax recognised in Statement of profit and loss**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
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**Current tax expense:**

Current year	1,868.80	2,688.43
Prior year Tax adjustment	(137.58)	-
<b>Total current tax (A)</b>	<b>1731.22</b>	<b>2688.43</b>

**Deferred tax assets/ (liabilities):**

Current year origination and reversals of temporary difference	(332.67)	1,119.56
Prior year Tax adjustment	(237.47)	-
<b>Deferred tax charge/ (credit) (B)</b>	<b>(570.14)</b>	<b>1,119.56</b>
<b>Total tax expense recognised in statement of profit and loss</b>	<b>1,161.07</b>	<b>3,807.99</b>

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
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**Income tax recognised in Other Comprehensive Income**

Income tax impact on Remeasurement of defined benefits	(162.02)	8.52
<b>Total Income tax recognised in Other Comprehensive Income</b>	<b>(162.02)</b>	<b>8.52</b>

**Note 22(A) : Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
-------------	--	-------------------------------------

<b>Profit before tax</b>	<b>6,023.33</b>	<b>13,595.26</b>
Applicable income tax rate	25.17%	25.17%
<b>Expected Income tax expenses</b>	<b>1,515.95</b>	<b>3,421.65</b>

Adjustments:

Corporate Social Responsibility	10.57	-
Income tax related to prior years	(137.58)	-
Deffered Tax adjustment related to prior year	(237.49)	-
Others	9.49	-
Impact of Business Combination	-	332.54
Due to Capital gain Charged at different rate	-	53.80
<b>Reported Income tax expenses</b>	<b>1,161.07</b>	<b>3,807.99</b>

\*Permanent difference represents taxes on disallowance of corporate social responsibility expenditures, expenses to increase authorized

share capital

Notes: Chartered

Accountants

1) The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the

2) The Company has recognised deferred tax liabilities (net of assets) only to the extent it is probable that future taxable income will be

available against which unused tax credit will be adjusted.

Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(Amount in ₹ lakh, unless otherwise stated)

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>Sundry Creditor for goods and services</b>		
Total Outstanding dues of Micro and Small enterprises	1,590.86	1,898.22
Total Outstanding dues of Creditors other than Micro and Small enterprises	19,430.63	17,867.85
<b>Total</b>	<b>21,021.49</b>	<b>19,766.07</b>

a) Trade Payables ageing schedule as at March 31, 2023:

Particulars	Outstanding for following periods from due date of payment				Unbilled dues	Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME (Refer Note 44)	1,590.86	-	-	-	-	1,590.86
(ii) Others	18,283.45	209.96	1.90	76.40	858.92	19,430.63
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues — Others	-	-	-	-	-	-
	<b>19,114</b>					<b>830</b>

a) Trade Payables ageing schedule as at March 31, 2022:

Particulars	Outstanding for following periods from due date of payment				Unbilled dues	Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME (Refer Note 44)	1,898.22	-	-	-	-	1,898.22
(ii) Others	17,486.13	91.96	71.88	8.74	209.14	17,867.86
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues — Others	-	-	-	-	-	-



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 24 : Revenue from operations**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of product	1,02,628.45	88,252.12
Sale of Service	1,083.37	448.78
	1,03,711.82	88,700.90
<b>Other Operating Revenues</b>		
- Scrap Sales	1,366.30	1,225.42
- Export Incentive	449.40	471.07
- Amortisation of Capital Subsidy	-	0.49
	<b>1,05,527.52</b>	<b>90,397.88</b>

**a) Performance obligation**

Revenue is recognised upon transfer of control of products.

During the year, the company has not entered into long term contracts with customers and accordingly disclosure of unsatisfied or remaining performance obligation (which is affected by several factors like changes in scope of contracts, periodic revalidations, adjustment for revenue that has not been materialized, tax laws etc.) is not applicable to the company.

b) Disaggregation of revenue: The table below presents disaggregated revenues from contracts with customers on the basis of geographical spread of the operations of the company. The company believes that this disaggregation best depicts how the nature, amount of revenues and cash flows are affected by market and other economic factors:

Revenue based on Geography	For the year ended March 31, 2023	For the year ended March 31, 2022
India	66,086.49	63,163.98
Outside India	39,441.03	27,233.90
<b>Revenue from operations</b>	<b>1,05,527.52</b>	<b>90,397.88</b>

**Revenue based on Customer-wise**

Revenue based on Customer-wise	For the year ended March 31, 2023	For the year ended March 31, 2022
Related Party	12,314.34	15,982.52
Non- Related Party	93,213.18	74,415.36
<b>Revenue from operations</b>	<b>1,05,527.52</b>	<b>90,397.88</b>

**c) Reconciliation of revenue from operations with contracted price**

Reconciliation of revenue from operations with contracted price	For the year ended March 31, 2023	For the year ended March 31, 2022
Contracted Price	1,02,628.45	88,252.12
Less:		
Sales Returns	-	-
Rebate and Discount	-	-
	<b>1,02,628.45</b>	<b>88,252.12</b>

**Note 25 : Other income**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Interest Income</b>		
- On bank deposits	260.73	96.46
- Interest received on Trade Investment	150.50	33.63
-Others(Inter Corporate Loan & Security) (refer note 8)	249.92	-
<b>Other non-operating income:</b>		
Rental income	6.06	6.41
Profit on sale of Property Plant Equipment	9.56	0.17
Mark to Market on Mutual Fund	16.08	110.11
Foreign Exchange Fluctuation Gain(net)	573.03	389.53
Excess Provision/ Liabilities Written Back	1.94	0.37
Other Non Operating Income (refer note below)	136.02	-
	<b>1,403.84</b>	<b>636.68</b>
<b>Note:</b>		
Profit on sale of Investment	127.48	-
Misc. Income others	8.54	-
<b>Other Non Operating Income</b>	<b>136.02</b>	<b>-</b>



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 26 : Cost of raw material consumed**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Raw Material</b>		
Balance at the beginning of the Year	3,555.84	2,600.57
Add:- Purchases during the year	72,800.06	52,999.68
	76,355.90	55,600.25
Less:- Balance at the end of the Year	4,159.07	3,555.84
<b>Cost of raw materials consumed</b>	<b>72,196.83</b>	<b>52,044.41</b>

**Note 27 : Purchase of stock in trade**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchases during the year	402.83	13,236.88
	<b>402.83</b>	<b>13,236.88</b>

**Note 28 : Changes in inventories of finished goods, work in progress and stock in trade**

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Inventories at the beginning of the year</b>		
Work-in-progress	2,096.62	3,025.55
Finished goods	876.67	689.64
Finished goods in transit	5,710.86	2,425.74
Scrap Stock	142.50	79.14
Stock in trade	225.47	133.53
<b>(A)</b>	<b>9,052.12</b>	<b>6,353.60</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	3,128.05	2,096.62
Finished goods	1,741.84	876.67
Finished goods in transit	4,689.23	5,710.86
Scrap Stock	70.56	142.50
Stock in trade	-	225.47
<b>(B)</b>	<b>9,629.68</b>	<b>9,052.12</b>
<b>(Increase) / decrease in inventory (A-B)</b>	<b>(577.56)</b>	<b>(2,698.52)</b>

**Note 29 : Employee benefits expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages & bonus	6,346.22	4,442.90
Contribution to provident and other fund (Refer note 35)	511.45	369.46
Gratuity expense (Refer note 35)	169.31	156.15
Compensated absences	222.62	49.78
Staff welfare expenses	453.98	461.54
Share based payment expenses (Refer Note No.29A )	1,334.99	-
	<b>9,038.57</b>	<b>5,479.83</b>

**Note 30 : Finance costs**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on		
-term loans & working capital facilities	1,480.13	595.18
-redeemable non convertible debentures	343.83	706.17
-external commercial borrowings	17.38	-
-delayed payment of statutory dues	-	0.30
Other borrowing cost		
- Reverse discount	177.61	-
- Buyer credit	47.58	-
- Sales bill discounting	304.65	-
- Others	91.90	131.11
Interest on lease liability	97.03	-
	<b>2,560.11</b>	<b>1,432.76</b>

**Note 31 : Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 4)	1,563.40	1,573.64
Amortisation of intangible assets (Refer note 6)	48.00	16.62
Amortisation of Right of use assets (Refer Note 4A)	113.27	-
	<b>1,724.67</b>	<b>1,590.26</b>



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**Note No : 29A Employee Stock option plan**

**Details of Stock Option Scheme**

**ESOP Scheme plan 2022**

Particulars	Option Value (Rs.)	Date of Grant	Number of option Granted
Tranche-1	60.93	December 02, 2022	95,15,278
Tranche-2	27.44	December 30, 2022	49,43,511
Tranche-3	29.97	December 30, 2022	39,54,809
Tranche-4	32.34	March 01, 2023	11,54,196
Date of Board approval of the relevant scheme		December 02, 2022	
Date of Shareholder's approval of the relevant scheme		December 02, 2022	
Date of last modification by shareholders		NA	
Method of settlement (Cash/Equity)		Equity	
Vesting Period		Minimum of 1 Year and maximum of 8 year from grant date	
Exercise period	10 years from the vesting date		
Exercise price	The options are granted to eligible employees at the latest available closing price of the shares of the company prior to the grant date as per the valuation report obtained by the company		
Vesting Condition	Vesting of options is a function of achievement of performance criteria or any other criteria as specified by the company in the grant letter ,further the vesting takes place on staggered basis over the respective vesting period.		

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expenses arising from equity - settled share based payment transactions (Refer Note 29)	1,334.99	-
<b>Total expense arising from share-based payment transactions recognized in statement of profit and loss</b>	<b>1,334.99</b>	<b>-</b>

**Notes:**  
 The company has given stock options to certain employees and has considered the related compensation cost to recognize in the statement of profit and loss over the vesting period

The details of activity under the ESOP Plans have been summarized below :

Particulars	ESOP Scheme plan 2022			
	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	Weighted Average Exercise Price (INR)	Number of options	Weighted Average Exercise Price (INR)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,95,67,794	44.53	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,95,67,794	44.52561974	-	-
Exercisable at the end of the year	-	-	-	-
Remaining average contractual life (in years)		<b>3.07</b>		



**Fair value of options granted**

The weighted average fair value of stock options granted during the year pertaining to ESOP 2022 plan is INR 44.53. The fair value at grant date is determined using the Black- Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following tables list the inputs used for fair valuation of options for the ESOP plans

Particulars	For option granted during the year as on March 31, 2023 ESOP 2022 Plan	For option granted during the year as on March 31, 2022 ESOP 2022 Plan
Dividend yield	0.36%	-
Expected volatility	39.02%-39.98%	-
Risk free interest rate	6.87%-7.08%	-
Expected life of share option	4 to 6.4 years	-
Share price at grant	69.14	-



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 32 : Other expenses**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	151.45	40.28
Contract Labour Charges	3,122.30	2,995.45
Power & Fuel	2,512.88	2,149.42
Consumption of Stores & Spare	2,518.62	2,474.40
Packing Material Consumed	2,440.88	2,212.91
Security Charges	176.73	120.89
Repair & maintenance		
- Plant & machinery	603.43	757.12
- Buildings	65.16	97.25
-Others	22.45	18.10
Legal & professional expenses	536.18	232.37
Payment to the auditors (refer note 'a' below)	32.50	15.50
Freight & Forward Charges	1,557.87	1,179.57
Other selling expenses	256.42	180.10
Rates & taxes	78.85	42.04
Travelling & Conveyance	294.52	86.00
Insurance Expenses	206.50	90.23
Bank Charges	94.99	26.62
Loss on sale/write off of PPE	27.45	1.64
Mark to Market Loss on Forward Contract	19.98	-
Corporate Social Responsibilities (refer note 32A)	42.00	-
Miscellaneous expenses	801.42	207.85

<b>Total</b>	<b>15,562.58</b>	<b>12,927.73</b>
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a) **Details of payment made to auditors is as follows:**

i) <b>Payment to Auditor</b>	For the year ended March 31, 2022	For the year ended March 31, 2022
- Statutory audit fee	25.00	10.50
- Tax audit fee	2.50	2.50
- Other services and certification	5.00	2.50
	<b>32.50</b>	<b>15.50</b>

**Note 33 : Exceptional Items**

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit on sale of land (Refer Note 'b' below)	-	6,712.87
Loss on Demolition of Building	-	(138.82)
	<b>-</b>	<b>6,574.05</b>



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 32A : Corporate Social responsibility expenditure (CSR)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gross amount required to be spent by the company during the year	42.00	-
Amount spent during the year on :		-
- National Apprenticeship Promotion Scheme	11.42	-
- Other	2.00	-
Unspent amount at the end of the year	28.58	-
Amount spent during current year pertaining to previous years	-	-
Total of previous year unspent balance	-	-
Reason for unspent balances :		
- For Current Year	As the project are ongoing project, the spending is distributed beyond 2022-23	-
- For previous Year	Nil	Nil
Nature of CSR activities	Skill Development and Entrepreneurship	-
Details of related party transaction to CSR expenditure as per relevant Accounting Standard :	Nil	Nil
Movement in the CSR provision during the year :		
Opening Provision	-	-
Provision made during the year	42.00	-
spent during the year	13.42	-
Provision at the end of the year	28.58	-

Total unspent amount of INR 28.58 lakhs as on March 31st, 2023 has been deposited in Prime Minister relief Fund in 6 months period from the end of the financial year.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 34 : Earnings per share (EPS)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to the equity shareholders <b>(A)</b>	4,862.25	9,787.27
Number equity shares for Basic EPS <b>(B)</b>	35,35,78,380	3,45,97,133
Weighted average number of equity shares for Basic EPS <b>(C)</b>	12,46,11,019	3,45,97,133
Nominal value of Equity shares (INR)	10	10
Basic Earning per share <b>(A/C) (in)</b>	3.90	28.29
Weighted average number of potential equity shares on account of pending issuance		31,89,82,976.00
Weighted average number of potential equity shares for Non-Cumulative compulsory convertible preference shares	52,86,078	-
Weighted average number of potential equity shares on account of Pending Employee Stock option Scheme	26,53,552	
Weighted average number of Equity shares (including dilutive shares) outstanding for Dilutive EPS <b>(D)</b>	13,25,50,649	35,35,80,109
Nominal value of Equity shares INR	10	10
Diluted earnings per share <b>(A/D) (in INR)</b>	3.67	2.77

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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 35 : Gratuity and other post-employment benefit plans**

**a) Defined contribution plans**

The Company makes contribution towards Employees Provident Fund, Employee's State Insurance scheme and other welfare schemes. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The company during the year recognised the following amount in the Statement of Profit and Loss under company's contribution to defined contribution plan.

	For the year ended March 31, 2023	For the year ended March 31, 2022
Employer's Contribution to Provident Fund/ Pension Fund	466.09	331.86
Employer's Contribution to Employee State Insurance	44.29	36.84
Employer's Contribution to Welfare Fund	1.07	0.76
<b>Total</b>	<b>511.45</b>	<b>369.45</b>

The contribution payable to these schemes by the Company are at the rates specified in the rules of the schemes.

**b) Defined benefit plans**

In accordance with Ind AS 19 "Employee benefits", an actuarial valuation on the basis of "Projected Unit Credit Method" was carried out, through which the Company is able to determine the present value of obligations. "Projected Unit Credit Method" recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation.

**i) Gratuity scheme**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity is funded for Mangli unit by Life Insurance Corporation of India and unfunded for Ghaziabad unit.

The following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the fund status and amounts recognised in the balance sheet for the defined benefit plan and other long term benefits. These have been provided on accrual basis, based on year end actuarial valuation.

**As at March 31, 2023**

	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
<b>Change in benefit obligation</b>		
<b>Opening defined benefit obligation</b>	<b>439.40</b>	<b>740.87</b>
Interest cost	31.05	56.04
Service cost	22.56	83.26
Effect of Business Combination	-	(31.12)
Past Service cost	-	-
Benefits paid	(54.44)	(91.09)
Actuarial (gain) / loss on obligations	100.08	538.76
<b>Present value of obligation as at the end of the year</b>	<b>538.65</b>	<b>1,296.72</b>

**As at March 31, 2022**

	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
<b>Change in benefit obligation</b>		
<b>Opening defined benefit obligation</b>	<b>421.98</b>	<b>716.57</b>
Interest cost	27.49	50.58
Service cost	24.39	67.40
Effect of Business Combination	-	-
Past Service cost	-	-
Benefits paid	(33.27)	(83.91)
Actuarial (gain) / loss on obligations	30.42	(9.77)
<b>Present value of obligation as at the end of the year</b>	<b>439.40</b>	<b>740.87</b>

The following tables summarise the components of net benefit expense recognised in the Statement of Profit or Loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**As at March 31, 2023**

	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
<b>Cost for the year included under employee benefit</b>		
Current service cost	22.56	83.26
Past service cost	31.05	56.04
Interest cost	-	-
Effect of Business Combination	(23.60)	-
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
<b>Net amount charged to Profit and Loss</b>	<b>30.01</b>	<b>139.30</b>

**As at March 31, 2022**

	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
<b>Cost for the year included under employee benefit</b>		
Current service cost	24.39	67.40
Past service cost	27.49	50.58
Interest cost	-	-
Effect of Business Combination	-	-
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
<b>Net amount charged to Profit and Loss</b>	<b>12.28</b>	<b>143.87</b>



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Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
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e) Changes in the fair value of the plan assets are as follows:

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
Fair value of plan assets at the beginning	318.92	-	330.46	-
Expected return on plan assets	23.60	-	23.30	-
Contributions	1.64	-	1.72	-
Employee's Contribution	-	-	-	-
LIC charges	-	-	-	-
Benefits paid	(54.44)	-	(33.27)	-
Actuarial gains / (losses) on the plan assets	(4.92)	-	(3.29)	-
<b>Fair value of plan assets at the end</b>	<b>284.79</b>	<b>-</b>	<b>318.92</b>	<b>-</b>

Detail of actuarial gain/loss recognised in OCI is as follows:

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
Actuarial gain / (loss) for the year - obligation	(100.08)	-	30.42	9.77
Actuarial gain / (loss) for the year - plan assets	(4.92)	(538.76)	(3.29)	-
Effect of Business Combination	-	-	(3.06)	-
Unrecognised actuarial gains / (losses) at the end of year	<b>(105.01)</b>	<b>(538.76)</b>	<b>24.06</b>	<b>9.77</b>

g) Principal actuarial assumptions at the balance sheet date are as follows:

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
<b>Economic assumptions</b>				
1. Discount rate	7.32%	7.33%	7.40%	7.45%
2. Rate of increase in compensation levels	8.00%	8.00%	6.00%	3.00%
<b>Demographic assumptions</b>				
1. Retirement Age (years)	58	58	58	58
2. Mortality Rate	Indian Assured Lives Mortality (2012-14) (modified) ultimate			
<b>Withdrawal Rate (Average in case of unfunded amounts)</b>				
1. Ages from 0 to 30 Years	3.60%	3.00%	5.00%	3.00%
2. Ages from 31 to 44 Years	-	2.00%	-	2.00%
3. Ages Above 44 Years	-	1.00%	-	1.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

h) Net (assets) / liabilities recognized in the Balance Sheet and experience adjustments on actuarial gain / (loss) for benefit obligation and plan assets.

	As at March 31, 2023		As at March 31, 2022	
Particulars	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
Present value of obligation	538.65	1,296.72	439.40	740.87
Less: Fair value of plan assets	284.79	-	318.92	-
<b>Net assets / (liability)</b>	<b>(253.86)</b>	<b>(1,296.72)</b>	<b>(120.48)</b>	<b>(740.87)</b>

i) Expected contribution for the next year is INR 285.20 lakh (March 31, 2022: INR 127.21 lakh) in respect of Gratuity.



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**Hero Motors Limited**  
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**j) A quantitative sensitivity analysis for significant assumptions is as shown below**

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangil Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangil Unit	Gratuity (Unfunded) Other Unit
<b>A. Discount rate</b>				
Effect on DBO due to 1% increase in Discount Rate	(33.69)	(102.53)	(24.20)	(41.89)
Effect on DBO due to 1% decrease in Discount Rate	37.78	120.96	26.82	47.33
<b>B. Salary escalation rate</b>				
Effect on DBO due to 1% increase in Salary Escalation Rate	35.95	119.95	27.68	49.57
Effect on DBO due to 1% decrease in Salary Escalation Rate	(33.90)	103.69	(25.47)	(44.50)
C. Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated. Further, there are no changes in current year from the previous corresponding period in the methods and assumptions used in preparing the sensitivity analysis.				

**k) Risk**

Discount Rate	Reduction in discount rate in subsequent valuations can increase the liability.
Salary Increases	Actual salary increases will increase the defined benefit liability. Increase in salary increase rate assumption in future valuations which in turn also increase the liability.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact defined benefit liability.
Mortality and disability	Actual details and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

**l) Maturity profile of cash outflows relating to defined benefit obligation are as follows:**

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangil Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangil Unit	Gratuity (Unfunded) Other Unit
0 to 1 years	54.57	113.98	64.37	62.84
1 to 2 years	49.13	122.69	68.46	77.24
2 to 3 years	61.88	111.87	47.83	122.74
3 to 4 years	42.58	156.19	55.98	100.52
4 to 5 years	64.25	128.90	39.44	105.77
From 5 years onwards	296.05	598.49	237.67	352.56



**Note 36 : Contingent liabilities and commitments**

**a) Contingent liabilities (To the extent not provided for)**

I The Company has reviewed all its pending claims, litigations and other proceedings and has adequately provided for wherever required.

Particulars	As At March 31, 2023	As At March 31, 2022
Sales tax demand		
- Amount deposit under protest 8.08 Lakh (March 31, 2022: 10.06 lakh). The case is pending before Hon'ble Supreme Court of India.	27.64	27.64
- Legal Cases of labour pending before Labour Court	44.08	41.59

Several Legal Cases of labour pending at labour Court, Civil Court and High Court. The Company has assessed and believe that none of these cases, either individually or in aggregate, are expected to have any material adverse effect on its standalone financial statements. However, Since it is difficult for the Company to estimate the timings of the cash outflows, if any, no further provision or separate disclosure is made in books of account.

II During the year 2022-23, company imported goods worth Rs 2,233.63 lakh on which company saved the duty amounting Rs 410.94 lakh on EPCG Licences for which company has to fulfil export obligation amounting Rs 1,637.02 lakh.

III During the year 2022-23, Company imported goods worth Rs 1,443.12 lakh on which company saved the duty amounting Rs 418.88 lakh on advance licences. The remaining export obligation is Rs 2.56 lakh.

IV A Vendor - Sadhu Forging Limited, has filed suit claiming Rs. 39.29 lakhs as balance payment against supply of material. Hero Motors Limited has resisted the claim on the basis that the material supplied was faulty by the vendor, material was rejected by Hero Motors Limited & Debit Note raised to the Vendor. The case is pending with Civil Court, Faridabad

V The excise department issued a show cause notice to demand duty of Rs. 474.82 lakhs along with interest and penalties. Vide final order dated September 05, 2017 the CESTAT set aside the SCN and dropped the demand. The Department filed Civil Appeal Diary No. 42952/2019 which is pending consideration before the Supreme Court impugning the final order passed by CESTAT.

**b) Commitments**

	As At March 31, 2023	As At March 31, 2022
Capital Commitment: Estimated amount of contracts remaining to be executed on the capital account (net of capital advances of INR 604.34 lakh (March 31, 2022 : INR 664.59 lakh)	190.34	1,413.36

The Company does not have any other long term commitments or material non cancellable contractual commitments, which may have a material impact on the standalone financial statement.

**Note 37 : Related party transactions**

**a) List of related parties**

Nature of Relationship	Name of the Related Party
Subsidiaries	Hero Motors Thai Ltd. (September 20 , 2021)
	Hero EDU Systems Private Limited (Februray 17 , 2023)
	Hewland Engineering Limited (Februray 21 , 2023)
	HYM Drive Systems Private Limited (April 07, 2022)
Enterprise over which Key Managerial Personnel exercise Significant influence	Bhagyoday Investments Private Limited
	Firefox Bikes Private Limited
	Hero Cycles Group Private Limited
	Hero Cycles Limited
	Hero E-Cycles Private Limited
	Hero PBG Cycles Private Limited
	Hero Transmission Private Limited
	High Rise Industries
	Lectro E-Mobility Private Limited
	Munjal Kiriu Industries Private Limited
	Munjal Sales Corporation
	Nuvomax Nutritionals Private Limited
	OMA Living Private Limited
	Spur Technologies Private Limited
ZF Hero Chassis Systems Private Limited	



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
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<b>Key Management Personnel (KMP) &amp; their relative</b>		
Mr. Pankaj Munjal	Director and Shareholder	
Mr. Amit Gupta	Managing Director & CEO	Appointment-September 09,2022
Mr. Abhishek Munjal	Whole-time Director	Change in designation-September 09,2022
Mr. Keshav Misra	Director	Appointment-September 09,2022
Mr. Sridhar Narayan	Nominee Director	Appointment- January 04,2023
Mr. Kulbir Singh	Independent Director	Appointment-February 01,2023
Ms. Pratibha Goyal	Independent Director	
Mr. Pawan Puri	Director	Cessation-March 01,2023
Mr. Darpan Vashishtha	Chief Financial Officer	Appointment-May 01,2022
Ms. Sheeba Dhamija	Company Secretary	Appointment-May 01,2022
Ms. Purna Joshi	Company Secretary	Cessation-May 02,2022

**b) Related Party Transactions**

**A. Transactions with related parties during the year**

S.No	Particulars	Relation	Year Ended	Year Ended
			March 31, 2023	March 31, 2022
<b>a.</b>	<b>Sale of goods</b>			
	Spur Technologies Private Limited	Significant Influence	1,298.23	1,709.24
	Bsh Ventures Private Limited	Significant Influence	-	45.76
	Lectro E-Mobility Private Limited	Significant Influence	-	0.47
	Hero Cycles Limited*	Significant Influence	9,496.48	14,082.92
	Hero E-Cycles Private Limited	Significant Influence	977.79	127.48
	Hero Motor Thai Limited	Subsidiary	146.21	-
	Hewland Engineering Limited	Subsidiary	203.23	-
	HYM Drive Systems Private Limited	Subsidiary	192.40	-
	High Rise Industries*	Significant Influence	-	16.65
<b>b.</b>	<b>Purchase of goods</b>			
	Nipman Fastners Industries Private Limited	Significant Influence	-	-
	Munjali Kirli Industries Private Limited	Significant Influence	2,612.54	2,188.50
	Spur Technologies Private Limited	Significant Influence	0.28	(2.12)
	Hnf GmbH	Significant Influence	-	-
	Hero E-Cycles Private Limited	Significant Influence	1.14	-
	High Rise Industries*	Significant Influence	1,054.45	371.70
	Hero Cycles Limited*	Significant Influence	11,022.45	13,174.22
	Lectro E-Mobility Private Limited	Significant Influence	7.20	-
	Oma Living Private Limited	Significant Influence	3.53	-
<b>c.</b>	<b>Consultancy Fees</b>			
	Nuvomax Nutritionals Private Ltd	Significant Influence	259.06	-
<b>d.</b>	<b>Purchase of Assets</b>			
	Hero Cycles Limited*	Significant Influence	187.69	-
<b>e.</b>	<b>Loan Granted</b>			
	Spur Technologies Private Limited	Significant Influence	250.00	-
	Lectro E-Mobility Private Limited	Significant Influence	-	0.40
	Hero Motor Thai Limited	Subsidiary	4,462.16	579.20
	Hewland Engineering Limited	Subsidiary	1,256.14	-
	<b>Loan received</b>			
	HYM Drive Systems Private Limited	Subsidiary	500.00	-
<b>f.</b>	<b>Investment in equity shares</b>			
	Hero Motor Thai Ltd.	Subsidiary	1,021.06	397.87
	Hero EDU Systems Private Limited	Subsidiary	100.00	-
	Hewland Engineering Limited	Subsidiary	10.08	-
<b>g.</b>	<b>Purchase of Services</b>			
	Hewland Engineering Limited	Subsidiary	137.94	-
<b>h.</b>	<b>Interest Income on loan</b>			
	Hero Motor Thai Limited	Subsidiary	226.65	18.04
	Spur Technologies Private Limited	Significant Influence	11.28	-
<b>i.</b>	<b>Interest Paid on loan</b>			
	HYM Drive Systems Pvt Limited	Subsidiary	4.43	-



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**Hero Motors Limited**  
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<b>j.</b>	<b>Other Expense</b>			
	Hero Global Designs Limited	Significant Influence	0.24	0.81
	Spur Technologies Private Limited	Significant Influence	10.18	106.39
	Lectro E-Mobility Private Limited	Significant Influence	0.38	-
	Hero E-Cycles Private Limited	Significant Influence	9.90	-
	Hero Cycles Limited*	Significant Influence	731.89	300.15
	Munjal Sales Corporation	Significant Influence	0.10	-
	High Rise Industries	Significant Influence	-	0.01
	Transmission Private Limited	Significant Influence	-	0.12
	Hero Motor Thai Limited	Subsidiary	81.63	75.39
	Hewland Engineering Limited	Subsidiary	6.39	-
	HYM Drive Systems Private Limited	Subsidiary	12.25	-
	Hero Edu Systems Private Limited	Subsidiary	2.36	-
<b>k.</b>	<b>Rent Received</b>			
	Spur Technologies Private Limited	Significant Influence	0.40	1.20
	Lectro E-Mobility Private Limited	Significant Influence	-	0.40
<b>i.</b>	<b>Remuneration paid to Key Management Personnel*</b>			
	Amit Gupta	Managing Director and CEO	240.00	242.00
	Darpan Vashishtha	CFO	160.00	-
	Abhishek Munjal	Whole Time Director	335.05	-
	Purna Joshi	Company Secretary	-	2.42
	Rohit Maheshwari	Key Financial officer	-	6.00
	Sheeba Dhamija	Company Secretary	18.72	-
<b>m.</b>	<b>Directors sitting Fees:</b>			
	Pratibha Goyal	Independent Director	0.54	0.90
	Pawan Puri	Director	0.90	0.90

**B. Balance Outstanding with related parties at end of the year**

S.No	Particulars	Relation	Year Ended	Year Ended
			March 31, 2023	March 31, 2022
<b>a.</b>	<b>Trade Receivable</b>			
	Spur Technologies Private Limited	Significant Influence	281.00	-
	Hero E-Cycles Private Limited	Significant Influence	832.00	-
	HYM Drive Systems Private Limited	Subsidiary	11.50	-
	Hero Motor Thai Limited	Subsidiary	292.32	75.39
	Hewland Engineering Limited	Subsidiary	185.06	-
	Hero Edu Systems Private Limited	Subsidiary	2.36	-
<b>b.</b>	<b>Trade Payable</b>			
	Hero Cycles Limited	Significant Influence	1,765.00	3,002.51
	Munjal Kiriu Industries Private Limited	Significant Influence	972.23	-
	Nuvomax Nutritionals Private Limited	Significant Influence	27.54	-
	ZF Hero Chassis Systems Private Limited	Significant Influence	5.51	-
	High Rise Industries	Significant Influence	153.52	-
<b>c.</b>	<b>Investment in Equity Shares</b>			
	HYM Drive Systems Private Limited	Subsidiary	2,880.00	-
	Hero Motor Thai Limited	Subsidiary	1,418.93	397.87
	Hero Edu Systems Private Limited	Subsidiary	100.00	-
	Hewland Engineering Limited	Subsidiary	10.08	-
<b>d.</b>	<b>Loan Receivable</b>			
	Hero Motor Thai Limited	Subsidiary	5,058.80	579.20
	Hewland Engineering Limited	Subsidiary	1,387.61	-
	Spur Technologies Private Limited	Significant Influence	250.00	-

- Note**
- a) Refer Note 16, for movement of shareholding pattern from erstwhile shareholders to new shareholders  
b)\* These are the transactions appearing in the respective ledgers of these parties in the books of Hero Motors Limited  
c) The status of stock options pending vesting/exercise, granted to Key Management Personnel are as below

Name of Key Management Personnel	Mr. Amit Gupta		Mr. Keshav Misra
	ESOP Scheme Plan 2022		ESOP Scheme Plan 2022
ESOP tranche	Tanche-1	Tanche-2	Tanche-1
Exercise price (INR per option)	10	69.14	69.14
Share option outstanding as at 31st March 2023 (In Nos)	95,15,278	49,43,511	39,54,809
Share option outstanding as at 31st March 2022 (In Nos)	-	-	-

**c) Ultimate Beneficiary**

- (i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

- (ii) The Company has not received any fund 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

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding Parties (ultimate beneficiaries), or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries



**Note 38 : Fair value measurements**

**I Financial instruments**

**a) Financial instruments by category**

Except Investment in equity instruments (Quoted) and investment in mutual funds which are measured at fair value through profit or loss, all other financial assets and liabilities viz. trade receivables, security deposits, cash and cash equivalents, other bank balances, interest receivable, other receivables, trade payables, employee related liabilities and borrowings, are measured at amortised cost.

**b) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the standalone 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 standalone 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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels of in the fair value hierarchy:

**As at March 31, 2023**

Particulars	Level	As at March 31, 2023	As at March 31, 2022
<b>Financial assets measured at fair value through Profit and loss</b>			
Investment in Debentures	Level 1	-	2,446.52
Investment in Mutual Funds	Level 1	1,530.27	-
Forward Contract Receivable	Level 1	-	110.11
<b>Financial assets measured at fair value through Other comprehensive Income</b>			
Other investment	Level 3	113.40	-
<b>Financial assets measured at amortized cost</b>			
Investment in equity shares (Unquoted)	Level 3	4,408.40	397.87
Loan to employees	Level 3	21.26	17.64
Loan to related parties	Level 3	6,696.29	579.20
Security Deposits	Level 3	1,051.96	261.32
Interest accrued but not due on margin money	Level 3	140.00	13.33
Interest accrued but not due on loan to related parties	Level 3	226.65	18.04
Interest accrued and due on Deposit with UPSEB	Level 3	2.42	19.66
Deposits with original maturity of more than 12 months	Level 3	-	1,004.34
Other Receivable	Level 3	2,072.53	2,172.30
Trade receivables	Level 3	21,298.45	19,134.30
Cash and cash equivalents	Level 3	8,438.65	5,012.09
Other bank balances	Level 3	-	-
Receivables from related party	Level 3	1,619.67	-
<b>Total Financial Assets</b>		<b>47,619.96</b>	<b>31,186.72</b>
<b>Financial liabilities measured at fair value</b>			
Forward contract payable	Level 1	19.98	-
<b>Financial liabilities valued at amortized cost</b>			
Borrowings	Level 3	24,222.21	25,004.26
Security Deposits	Level 3	413.40	385.30
Lease Liabilities	Level 3	1,229.76	-
Interest accrued but not due on borrowings	Level 3	118.06	470.66
Interest accrued and due on borrowings	Level 3	-	-
Trade payables	Level 3	21,021.49	19,766.07
Employee Benefit Payable	Level 3	214.01	14.49
Payable to Related parties	Level 3	1,765.37	2,958.97
Creditors for capital goods	Level 3	161.82	267.09
<b>Total Financial Liabilities</b>		<b>49,166.10</b>	<b>48,866.83</b>

**c) Capital management**

The company's capital management objectives are:

(a) to ensure the company's ability to continue as a going concern

(b) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

For the purpose of Company's capital management, capital includes equity attributable to the equity shareholders of the Company and other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholders value.



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Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Equity Share Capital	35,357.84	3,459.71
Free Reserve(i.e. retained earnings,security premium,demerger adjustment deficit account)	(1,131.90)	12,230.77
<b>Reserve to Share Capital (in no. of times)</b>	<b>(0.03)</b>	<b>3.54</b>

**Gearing Ratio**

The Company has outstanding long term debt of INR 6,063.85 lakh at the end of reporting period (previous year INR 5,833.33 Lakh) and short term debt of INR 18,158.36 Lakh at the end of reporting period (previous year INR 19,170.93 Lakh). Accordingly, the gearing ratio is worked out as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Long term Borrowing (Refer Note 18A)	6,063.85	5,833.33
Short Term Borrowing (Refer Note 18B)	18,158.36	19,170.93
<b>Total Debt</b>	<b>24,222.21</b>	<b>25,004.26</b>
Less:Cash and Cash Equivalent	8,438.65	5,012.09
<b>Net Debt</b>	<b>15,783.56</b>	<b>19,992.17</b>
<b>Total Equity</b>	35,560.92	15,690.48
<b>Net Debt to Equity</b>	44%	127%



**Hero Motors Limited**  
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**Note 39 : Financial risk management objectives and policies**

The Company's principal financial liabilities comprises of trade and other payables, borrowings, current maturity of borrowings, interest accrued and capital creditors. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets includes investment in mutual funds, loans to related parties, security deposits, trade receivables, cash and cash equivalents, deposits with bank, interest accrued in deposits, receivables from related and other parties and interest accrued thereon.

The Company has exposure to the following risks arising from financial instruments:

- credit risk,
- liquidity risk and
- market risk.

The Company's senior level management oversees the management of these risks and is supported by finance department that advises on the appropriate financial risk governance framework.

**A. Credit Risk**

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. Credit risk arise from Cash and cash equivalents, deposit with banks, trade receivables and other financial assets measure at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control. The Company also uses expected credit loss model to assess the impairment loss in Trade Receivables and makes an allowance of doubtful trade receivables using this model.

**B. Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's objective is to, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans from banks at an optimised cost.

**The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.**

	As at March 31, 2023			Total
	Less than 1 year	1 to 5 years	> 5 years	
Borrowings	18,158.36	6,063.85	-	24,222.21
Trade payables	21,021.50	-	-	21,021.50
Other financial liabilities	2279.24	413.40	-	2,692.64
<b>Total</b>	<b>41,459.10</b>	<b>6,477.25</b>	<b>-</b>	<b>47,936.35</b>
	As at March 31, 2022			Total
	Less than 1 year	1 to 5 years	> 5 years	
Borrowings	19,170.93	5,833.33	-	25,004.26
Trade payables	19,766.08	-	-	19,766.08
Other financial liabilities	3,711.20	385.30	-	4,096.50
<b>Total</b>	<b>42,648.22</b>	<b>6,218.63</b>	<b>-</b>	<b>48,866.84</b>

**C. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its net exposure to interest rate risk related to borrowings, by balance sheet proportion of fixed rate and floating rate borrowing in its total borrowing portfolio.



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Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(All amounts are in ₹ lakh, unless otherwise stated)

	Impact on profit before tax		Impact on total equity	
	Year ended	Year ended	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>USD sensitivity</b>				
INR/USD - increase by 5 %	(340.67)	480.17	(340.67)	480.17
INR/USD - decrease by 5 %	340.67	(480.17)	340.67	(480.17)
<b>EURO sensitivity</b>				
INR/EURO - increase by 5 %	(33.39)	31.23	(33.39)	31.23
INR/EURO - decrease by 5 %	33.39	(31.23)	33.39	(31.23)
<b>GBP sensitivity</b>				
INR/GBP - increase by 5 %	57.32	(1.61)	57.32	(1.61)
INR/GBP - decrease by 5 %	(57.32)	1.61	(57.32)	1.61
<b>SGD sensitivity</b>				
INR/SGD - increase by 5 %	0.03	-	0.03	-
INR/SGD - decrease by 5 %	(0.03)	-	(0.03)	-
<b>THB sensitivity</b>				
INR/THB - increase by 5 %	338.74	-	338.74	-
INR/THB - decrease by 5 %	(338.74)	-	(338.74)	-
<b>JPY sensitivity</b>				
INR/JPY - increase by 5 %	0.14	(0.02)	0.14	(0.02)
INR/JPY - decrease by 5 %	(0.14)	0.02	(0.14)	0.02

Note: External commercial borrowing is not prone to foreign exchange sensitivity risk as the same has been hedged.



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 40: Segment Reporting**

The primary reporting of the Company has been performed on the basis of business segment. The Company is organised into key business segments – Power Train & Alloy & Metallics . Segments have been identified and reported based on the nature of the products, the risks and returns, the organisation structure and the internal financial reporting systems.

The following is the segment information for :

**Year ended March 31, 2023**

Particulars	Power Train	Alloy & Metallics	Unallocable	Total
Revenue - External customers	46,351.99	59,175.53	-	1,05,527.52
Other Income	537.91	21.10	-	559.01
Unallocable Other income	-	-	844.82	844.82
<b>Total revenue</b>	<b>46,889.90</b>	<b>59,196.63</b>	<b>844.82</b>	<b>1,06,931.36</b>
Segment Expenses	(40,171.93)	(55,891.37)	-	(96,063.30)
Unallocable Expenses	-	-	(2,284.62)	(2,284.62)
Unallocable Finance Expenses	-	-	(2,560.11)	(2,560.11)
<b>Segment profit (Before Tax)</b>	<b>6,717.97</b>	<b>3,305.26</b>	<b>(3,999.91)</b>	<b>6,023.33</b>
Less: Current Tax	-	-	(1,731.22)	(1,731.22)
Deffered Tax	-	-	570.14	570.14
<b>Segment profit (After Tax)</b>	<b>6,717.97</b>	<b>3,305.26</b>	<b>(5,160.99)</b>	<b>4,862.25</b>
<b>Total assets</b>	<b>38,971.06</b>	<b>27,424.37</b>	<b>21,179.68</b>	<b>87,575.11</b>
<b>Total liabilities</b>	<b>5,994.34</b>	<b>16,256.27</b>	<b>29,763.58</b>	<b>52,014.19</b>

**Year ended March 31, 2022**

Particulars	Power Train	Alloy & Metallics	Others	Total
Revenue - External customers	32,760.21	57,632.31	-	90,392.52
Other Income *	499.63	-	-	499.63
Unlocable other Income	-	-	6,716.46	6,716.46
<b>Total revenue</b>	<b>33,259.84</b>	<b>57,632.31</b>	<b>6,716.46</b>	<b>97,608.61</b>
Expenses	(28,853.68)	(53,725.73)	-	(82,579.41)
Unlocable Other Expenses	-	-	(1.18)	(1.18)
Unlocable Finance Expenses	-	-	(1,432.76)	(1,432.76)
<b>Segment profit</b>	<b>4,406.16</b>	<b>3,906.58</b>	<b>5,282.52</b>	<b>13,595.26</b>
Less: Current Tax	-	-	(2,688.43)	(2,688.43)
Deffered Tax	-	-	(1,119.56)	(1,119.56)
<b>Segment profit (After Tax)</b>	<b>4,406.16</b>	<b>3,906.58</b>	<b>1,474.53</b>	<b>9,787.27</b>
<b>Total assets</b>	<b>27,756.60</b>	<b>20,382.80</b>	<b>19,183.87</b>	<b>67,323.27</b>
<b>Total liabilities</b>	<b>2,363.17</b>	<b>15,504.69</b>	<b>33,764.93</b>	<b>51,632.79</b>

\* Other income includes Exceptional profit from sale of land INR 6574.05lakh

**Geographical information**

Secondary segment reporting is performed on the basis of geographical location of customers. The operations of the Company are 63% in India, with exports contributing to approximately 37% (Previous Year 30%) of its annual sales. The management views the Indian market and export market as distinct geographical segments.

**Revenue from external customers (Refer note 24)**

**Non-current assets:**

**(INR in Lakh)**

	March 31, 2023	March 31, 2022
India	22,284.03	17,407.74
Outside India	-	-
<b>Total</b>	<b>22,284.03</b>	<b>17,407.74</b>

Non-current assets for this purpose consist of Property, Plant and Equipment, Right of Use Assets, CWIP and Intangible assets.

**Segment revenue and profit**

The expenses that are not directly attributable to the business segments are shown as unallocable expenses.

**Segment assets and liabilities**

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and Property Plant and Equipments. Assets at the unallocable level including cash and bank balances , investment and tax assets are not allocable to segments on a reasonable basis and thus the same have not been allocated.

Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

The Company does not have revenues from transactions with a single external customer amounting to 10 per cent or more of the total revenue.

**Hero Motors Limited****Notes to standalone financial statements for the year ended March 31, 2023****(All amounts are in ₹ lakh, unless otherwise stated)****Note 41 : Scheme of Arrangement**

The Board of Director of Hero Cycle Limited (HCL) ("Transferor Company") as its meeting held on August 27, 2021 had approved a scheme and subsequently filed with National Company Law Tribunal (NCLT) for demerger of Auto business of HCL into Hero Motors Limited ("resulting Company").

Pursuant to the scheme approved by the National Company Law Tribunal, Chandigarh Bench on November 09, 2022 for which the certified copy of the order dated November 09, 2022 was received on November 16, 2022 and it was submitted to Registrar of Company on November 30, 2022, the Demerged Undertaking (Primarily related to Auto Business consisting, inter-alia, of all assets including movable and immovable properties and liabilities related thereto) was demerged from the Demerged Company and transferred to the Resulting Company, with effect from April 01, 2021, the appointed date.

Shareholders of the Demerged Company will receive 81,174 share of the Resulting Company for every 100 share they hold in the Demerged Company.

As per the Scheme, all assets and liabilities of the Auto Business ("Demerged Undertaking") stand transferred to the Resulting Company from the appointed date. The employees of the Demerged Undertaking have also moved to the Resulting Company and consequently the employee related benefits and all contracts and agreements in relation to them have been taken over by the Resulting Company. The approved Scheme has accordingly been given effect to in these standalone financial statements as on the appointed date.

In the preparation of financial statements for the year ended March 31, 2022, pursuant to the approved Scheme, the Resulting Company had given effect to the scheme in the standalone financial statements for demerger of Demerged Undertaking. Further, as per the requirements of Appendix C to Ind AS 103 "Business Combination", the comparatives for the year ended March 31, 2021 were restated as if the common control business combination had occurred from the beginning of the earliest period presented. The Accounting treatment included the following:

1. Assets, Liabilities and Reserves of the Demerged Undertaking transferred to and vested in the Resulting Company were recorded at their carrying values as appearing in books of the Demerged Company at the time of the demerger effective date and in accordance with requirements of relevant Ind AS.
2. The Resulting Company will issue new equity shares pursuant to the approved Scheme to the shareholders of the Demerged Company
3. The inter-company balances between Demerged Company and Resulting Company relating to Demerged Undertaking, if any, in the books of accounts of Demerged Company and Resulting Company got cancelled.
4. The difference between assets, liabilities and reserves transferred and the purchase consideration on Demerger is recorded as "Demerger Adjustment Deficit Account" of Resulting Company.
5. As per para 43 of Ind-AS 7 - Statement of Cash Flows, transactions that do not require the use of cash and cash equivalents (i.e. the above transfer of assets and liabilities under the scheme of demerger) have been excluded from the standalone cash flow statement for the year ended March 31, 2022.

The details of Demerged Undertaking as per the scheme approved by National Company Law Tribunal into Resulting Company is as follows:

<b>Particulars</b>	<b>As on April 01, 2021</b>
<b>Assets</b>	
<b>Non-current assets</b>	
(a) Property, plant and equipment	15,411.59
(b) Capital work in progress	439.87
(c) Other Intangible assets	62.42
(d) Financial assets	
(i) Other financial assets	266.40
(e) Non current tax assets (net)	7.96
(f) Other non current assets	439.09
<b>Total Non-current assets</b>	<b>16,627.33</b>
<b>Current assets</b>	
(a) Inventories	10,499.94
(b) Financial assets	
(i) Trade receivables	15,258.03
(ii) Cash and cash equivalents	1,486.78
(iii) Loans	0.60
(iv) Other financial assets	1,840.20
(c) Other current assets	2,145.93
<b>Total current assets</b>	<b>31,231.48</b>
<b>Total assets</b>	<b>47,858.80</b>

**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

<b>Equity and liabilities</b>	
<b>Equity</b>	
(b) Other equity	3,214.36
<b>Total equity</b>	<b>3,214.36</b>
<b>Liabilities</b>	
<b>Non- current liabilities</b>	
(a) Financial liabilities	
(i) Borrowings	12,759.27
(ii) Others financial liabilities	360.15
(b) Provisions	741.47
<b>Total non- current liabilities</b>	<b>13,860.89</b>
<b>Current liabilities</b>	
(a) Financial liabilities	
(i) Borrowings	16,318.52
(ii) Trade payables	
- Total outstanding due of micro enterprises and small enterprises	1,389.05
- Total outstanding due of creditors other than micro enterprises and small enterprises	11,424.92
(iii) Other financial liabilities	927.38
(b) Other current liabilities	520.90
(c) Provisions	202.78
<b>Total current liabilities</b>	<b>30,783.55</b>
<b>Total equity and liabilities</b>	<b>47,858.80</b>
Excess of assets over liabilities	Nil
Less: Issue of equity share capital of the Company due to demerger as per scheme (Refer Note 16)	75,279.98
Amount debited to Demerger Adjustment Deficit Account pursuant to the above scheme of demerger	(75,279.98)

Note : Equity shares pending for issuance at the end of previous year i.e. March 31, 2022 has been issued in current financial year.



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 42: Financial Ratios**

Description	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.24	1.09	14.24%	NA
Debt- Equity Ratio	Total Debt (It includes Borrowing)	Shareholder's Equity	0.68	1.59	-57.26%	The decrease is mainly on account of issuance of preference shares and equity shares in this year
Debt Service Coverage ratio	Earnings available for debt service= Net Profit after Tax + Non Cash Operating Expenses(Depreciation and amortization)+Finance cost	Debt Service= Interest, and Principal Repayments	4.75	5.02	-5.30%	NA
Return on Equity ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	18.97%	90.76%	-79.09%	The decrease is mainly on account of decrease in profit and increase in Shareholder's funds
Inventory Turnover ratio	Revenue	Average Inventory	7.12	7.34	-2.93%	NA
Trade Receivable Turnover Ratio	Revenue	Average Trade Receivable	5.22	5.26	-0.70%	NA
Trade Payable Turnover Ratio	Purchases of goods and services	Average Trade Payables	3.59	4.05	-11.28%	NA
Net Capital Turnover Ratio	Revenue	Working capital= Current assets - Current liabilities	10.19	23.60	-56.81%	The decrease is mainly because of increase in short term deposits
Net Profit ratio	Net Profit after tax.	Revenue	4.61%	10.83%	-57.44%	The decrease is mainly because of decrease in profit
Return on Capital Employed	Earnings before interest and taxes	Capital Employed= Tangible Net Worth + Total Debt + Deferred Tax Liability	14.26%	20.21%	-29.44%	The decrease is mainly because of decrease in profit and increase in shareholder's fund

**Note:** Reasons have been explained for variance in which % of change is more than 25% as compared to previous year..



**43 Transfer Pricing:**

The Company has established a comprehensive system on maintenance of information and documents as required by the transfer pricing legislation under 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements.

**44 Details of dues to micro and small enterprises as defined under MSMED Act 2006:**

The Ministry of Micro, Small and Medium Enterprises had issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts payable to Micro and Small Enterprises as at 31 March 2023 except as follows:-

Particulars	As at March 31, 2023	As at March 31, 2022
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	1,590.86	1,898.22
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**45 EXCEPTIONAL ITEMS**

Exceptional items includes below income & expenses :

Particulars	As at March 31, 2023	As at March 31, 2022
Profit on sale of land	-	6,712.87
Loss on Demolition of Building	-	(138.82)
<b>Total</b>	<b>-</b>	<b>6,574.05</b>

**46** There are no amounts which were required to be transferred to the Investor Educational and Protection Fund by the Company.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Presidential assent in September 2020 and was published in the Gazette of India. However, the date on which the code will come into effect has not been notified.

**47** The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**48** As per section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The CSR activities and spend are as per the CSR Policy recommended by the CSR Committee and approved by the Board.

**49** All the amounts included in the financial statements are reported in lakhs of Indian Rupees ('INR' or 'Rs.') and are rounded to the nearest lakh, unless stated otherwise.

**50 Relationship with Struck-off Companies**

The Company has not incurred any transaction with struck-off companies i.e., investments in securities, receivables, payables, shared held by struck-off companies and other balances during the period.

**51 Registration of charges or satisfaction with Registrar of Companies**

There is no charge created on the assets of the Company with the Registrar of Companies other than assets specified in Note 18



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**52 Inclusion of Prior period errors**

No prior period items have been recorded or exists as on date.

**53 Details of Crypto Currency or Virtual Currency**

The Company has not done any investment or trading in crypto and virtual currencies.

**54 The Company does not have any Benami property, where any proceedings has been initiated or pending against the Company for holding any Benami property.**

**55 The Company has not been declared as a wilful defaulter by any lender who has powers to declare a Company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.**

**56 In respect of immovable properties that have been taken on lease and disclosed in the financial statements as right to use asset as at the balance sheet date, the lease agreements are duly executed in favour of the Company, except for the following:**

Description of immovable properties taken on lease	Carrying Value	Gross Carrying Value	Held in Name of	Whether promoter, director or their relative or employee	Period held indicate range, where appropriate	Reason for not Being held in name of Company
3,16,098 Sq. Ft. in Ludhiana	1,019.46	1,132.73	Hero Cycles Limited	Land in name of Hero Cycles Limited	April 1, 2022 to Mar 31, 2023	Company is in the process of duly executing the lease agreement

**57 The Company does not have any transaction which is not recorded in the books of account but has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).**

**58 The Company has not declared any dividend during the year.**

**59 Previous year's numbers have been regrouped/reclassified, wherever necessary, to conform to current year classification.**

**60 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.**

**61 As per the notification of the Ministry of Corporate Affairs (MCA) dated August 05, 2022, the Central Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022 which amended the Companies (Accounts) Rules, 2014 (hereinafter referred as 'Rules'). As per said Rules, the Companies are, Inter-alia, required to maintain back-up of the books of accounts and other relevant books and papers in electronic mode in servers physically located in India on a daily basis. The books of account along with other relevant records and papers of the Company are maintained in electronic mode and the same is physically located in India and backups are being carried out on a daily basis.**

**62 The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.**

**63 The Board of Directors approved the financial statements for the year ended March 31, 2023 and authorised for issue on September 30, 2023.**

**For & on behalf of Board of Directors of  
 Hero Motors Limited**



**Abhishek Munjal**  
 Whole Time Director  
 (DIN: 05355274)  
 Place: Noida  
 Date: September 30,2023



**Amit Gupta**  
 Managing Director  
 (DIN: 02997032)  
 Place: Boston,US  
 Date: September 30,2023



**Darpan Vashista**  
 Chief Financial Officer  
 Pan No. : ACGPV3123M  
 Place: Noida  
 Date: September 30,2023



**Sheeba Dhamija**  
 Company Secretary  
 M. No. 29705  
 Place: Noida  
 Date: September 30,2023



## INDEPENDENT AUDITOR'S REPORT

### To The Members of Hero Motors Limited Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Hero Motors Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flows and the statement of changes in equity for the year then ended, and 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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income and its cash flows and the statement of change 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) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### 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 Board's report, but does not include the consolidated financial statements, the standalone financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.



**Responsibilities of Management and Those Charged with Governance 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 and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statement 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibility 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 financial 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 standalone 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 the 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 standalone 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

### **Other Matters**

The comparative financial information of the Company for the year ended March 31, 2022 prepared in accordance with Ind AS included in these standalone financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated December 19, 2022 expressed an unmodified opinion

Our opinion on the standalone financial statements is not modified in respect of the above matter on the comparative financial information.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 and the Statement of Cash Flows and statement of change in equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of 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 36(a) to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 60 to the standalone financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer Note 46 to the standalone financial statements;
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 37(c) to the financial statements, 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, 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, as disclosed in Note 37(c) to the financial statements, 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, 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..  
  
(c) Based on the 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
  - v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.



# **Deloitte Haskins & Sells LLP**

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W - 100018)



A handwritten signature in black ink, appearing to read "Rajesh Kumar Agarwal".

**Rajesh Kumar Agarwal**

(Partner)

(Membership No. 105546)

UDIN: 23105546BGXMVU6696

Place: Gurugram

Date: September 30, 2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF HERO MOTORS LIMITED  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls with reference to standalone financial statements 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 Hero Motors Limited ("the Company") as of March 31, 2023 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**

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on "the internal control with reference to standalone financial statements 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." 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 Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 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 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 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 standalone financial statements.

**Meaning of Internal Financial Controls with reference to standalone financial statements**

A company's internal financial control 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 control 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, to the best of our information and according to the explanations given to us , the Company has, in all material respects, an 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 criteria for internal financial control with reference to standalone financial statements 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."

Our opinion is not modified in respect of this matter.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W - 100018)



A handwritten signature in black ink, appearing to read "Rajesh Kumar Agarwal".

**Rajesh Kumar Agarwal**  
(Partner)  
Membership No. 105546  
UDIN: 23105546BGXMVU6696

Place: Gurugram  
Date: September 30, 2023

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF HERO MOTORS LIMITED**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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) In respect of Property, Plant and Equipment, and Intangible Assets:

- A. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant, and Equipment, capital work in progress and relevant details of right-of-use-assets.  
(B) The Company has maintained proper records showing full particulars of intangible assets
- B. The Company has a program of verification of property, plant and equipment, (capital work-in-progress, investment properties and right-of-use assets) so to cover all the items once every 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 program no such assets were due for physical verification during the year. Since no physical verification of property, plant and equipment was due during the year the question of reporting on material discrepancies noted on verification does not arise.
- C. According to the information and explanations given to us and the records examined by us and based on the examination of the sale deed provided to us, we report that, the title deed, comprising all the immovable property of land which is freehold, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company except for the following) disclosed in the financial statements is held in the name of the Company as at the balance sheet date.

(Amount in ₹ lacs)

Description of immovable properties taken on lease	Gross Carrying Value	Carrying Value	Held in Name of	Whether promoter, director or their relative or employee	Period held indicate range, where appropriate	Reason for not Being held in name of Company
316098 Sq. Ft. in Ludhiana	1,132.73	1,019.46	Hero Cycles Limited	Land in name of Hero Cycles Limited	April 1, 2022 to Mar 31, 2023	Agreement has been entered between the parties and the company is in the process of getting it registered

- D. The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- E. No proceedings have been initiated during the year or are pending against the Company as at 31<sup>st</sup> March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) In respect of Inventory:

- (a) The inventories except for goods in transit and inventory lying with third parties, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods in transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.



- (b) Pursuant to the scheme approved by the National company law tribunal, Chandigarh Bench on November 9, 2022, the auto business of Hero Cycles Limited has been transferred to Hero Motors Limited and hence the obligation to submit monthly statement comprising inventory statement, book debt statement and creditors statement, is applicable from December 2022. During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, above mentioned statements have been filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective months starting from December 2022 as applicable.
- (iii) The Company has made investments in, and granted loans, unsecured, to its subsidiary and other companies, during the year, in respect of which
- a) The Company has provided loans during the year and details of which are given below:

Particulars	(Amount in ₹ lacs) Loan
<b>A. Aggregate amount of loans granted during the year</b>	
- Wholly owned Subsidiary	4,462.16
- Subsidiary	1,256.14
- Related Party	250.00
<b>B. Balance outstanding as at balance sheet date in respect of above cases*</b>	
- Wholly owned Subsidiary	5,058.81
- Subsidiary	1,387.61
- Related Party	250.00

- b) In our opinion, the investments made and the terms and conditions of the above mentioned loans granted by the Company during the year, are in our opinion, prima facie, not prejudicial to the Company's interest.
- c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- d) According to information and explanation given to us and based on the audit procedures performed, in respect of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- e) None of the loans granted by the Company have fallen due during the year.
- f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) According to information and explanations given to us, the Company has complied with the provisions of section 185 or 186 of the Companies Act, 2013, in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and does not have any unclaimed deposits as at March 31, 2023 and therefore the provisions of clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have,



however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

- a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they become payable.

- b) According to the information and explanations given to us, other than the amount reported below, there are no dues of Income-tax, Goods and Service Tax, Excise Duty and Customs Duty which have not been deposited by the Company with the appropriate authorities on account of any dispute.

(Amount in ₹ lacs)

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount	Amount paid
Sales Tax Act, 1956	Sales Tax	Supreme Court	2003-04	27.64	8.08
Central Excise Act, 1944	Excise Duty	Special appeal has been filed in Supreme Court	2020-21	474.82	Nil

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) According to information and explanations given to us, in respect of borrowings:

- a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) On an overall examination of the Financial Statements of the Company, we report that the Company has taken funds from the following entities and persons on account of or to meet the obligations of its subsidiary as per details below:

Nature of fund taken	Name of lender	On account of or to meet the obligations of subsidiary			
		Amount Involved (Rs. in lacs)	Name of company	Relation	Nature of transaction for which funds utilized
External Commercial Borrowing	Axis Bank	2,900.60	Hero Motors Thai Limited	Subsidiary	Capital Expenditure

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.



- (x) In respect of issue of Securities:
- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence, reporting under clause (x)(a) of the order is not applicable.
  - b) The Company has made private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.
- (xi) In respect of Fraud:
- a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
  - b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).
- (xii) The Company is not a Nidhi Company and hence, reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to information and explanations given to us, the Company is in compliance with section 177 and 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.
- (xiv) In respect of Internal Audit:
- a) Pursuant to the scheme approved by the National company law tribunal, Chandigarh Bench on November 9, 2022, the auto business of Hero Cycles Limited has been transferred to Hero Motors Limited and thus the Company is in process of establishing its internal audit system commensurate with the size and nature of its business.
  - b) Since the company is in the process of establishing its internal audit system, thus no Internal audit could be carried out during the year for the company and hence we were unable to consider the report in our audit.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors during the year and hence, provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors of the Company during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and 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 indicating 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) According to the information and explanation given to us, in respect of other than ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a fund specified in Schedule VII to the Companies Act, 2013 before the date of this report and within a period of six months of the expiry of the financial year in compliance with second proviso to sub – section (5) of Section 135 of the said Act.

B) There are no ongoing projects where the Company is required to transfer unspent Corporate Social Responsibility (CSR) amount, to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with section 135(6) of the Act.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No. 105546)  
UDIN: 23105546BGXMVU6696

Place: Gurugram  
Date: September 30, 2023

**Hero Motors Limited**  
**Standalone Balance Sheet as at March 31, 2023**  
**CIN : U29299PB1998PLC039602**  
**(Amount in ₹ lakh, unless otherwise stated)**

Particulars	Note No.	As At March 31, 2023	As At March 31, 2022
<b>A. Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	4	20,555.66	16,419.78
(b) Right of Use Assets	4A	1,019.46	-
(c) Capital work in progress	5	477.06	912.13
(d) Intangible assets	6	231.84	75.83
(e) Financial assets			
(i) Investments			
- Investment in subsidiaries	7A	4,408.40	397.87
- Other investment	7A	113.40	-
(ii) Loans	8	6,698.62	583.92
(iii) Other financial assets	9	315.07	793.26
(f) Non current tax assets (net)	10	92.29	-
(g) Other non current assets	11	705.52	818.16
<b>Total Non-current assets</b>		<b>34,617.32</b>	<b>20,000.95</b>
<b>2. Current assets</b>			
(a) Inventories	12	15,494.74	14,147.30
(b) Financial assets			
(i) Investments	7B	1,530.27	2,446.52
(ii) Trade receivables	13	21,298.45	19,134.30
(iii) Cash and cash equivalents	14	385.65	5,012.09
(iv) Bank balances other than cash and cash equivalents	15	8,053.00	-
(v) Loans	8	18.94	12.92
(vi) Other financial assets	9	4,798.16	2,805.84
(c) Other current assets	11	1,378.58	3,763.35
<b>Total Current Assets</b>		<b>52,957.79</b>	<b>47,322.32</b>
<b>Total Assets</b>		<b>87,575.11</b>	<b>67,323.27</b>
<b>B. Equity and liabilities</b>			
<b>1. Equity</b>			
(a) Equity share capital	16	35,357.84	3,459.71
(b) Other equity	17	203.08	12,230.77
<b>Total Equity</b>		<b>35,560.92</b>	<b>15,690.48</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18A	6,063.85	5,833.33
(ja) Lease Liabilities	4B	882.47	-
(ii) Others financial liabilities	19	413.40	385.30
(b) Other Non-current Liabilities	20	-	13.11
(c) Provisions	21	1,652.61	780.63
(d) Deferred tax liabilities (net)	22	395.92	1,128.08
<b>Total Non- Current Liabilities</b>		<b>9,408.25</b>	<b>8,140.45</b>



**Hero Motors Limited**  
**Standalone Balance Sheet as at March 31, 2023**  
**CIN : U29299PB1998PLC039602**  
**(Amount in ₹ lakh, unless otherwise stated)**

Particulars	Note No.	As At March 31, 2023	As At March 31, 2022
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18B	18,158.36	19,170.93
(ia) Lease Liabilities	4B	347.29	-
(ii) Trade payables	23		
- Total outstanding due of micro enterprises and small enterprises		1,590.86	1,898.22
- Total outstanding due of creditors other than micro enterprises and small enterprises		19,430.63	17,867.85
(iii) Other financial liabilities	19	2,279.24	3,711.21
(b) Other current liabilities	20	631.06	589.45
(c) Provisions	21	168.50	195.10
(d) Current Tax Liabilities	10	-	59.58
<b>Total Current Liabilities</b>		<b>42,605.94</b>	<b>43,492.34</b>
<b>Total Equity and Liabilities</b>		<b>87,575.11</b>	<b>67,323.27</b>

Summary of Significant Accounting Policies 3  
The accompanying notes form an integral part of these standalone financial statements 1-63

**As per our Report of even date attached**

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No. 105546)  
Place: Gurugram  
Date: September 30, 2023



**For & on behalf of Board of Directors of Hero Motors Limited**

**Abhishek Munjal**  
Whole Time Director  
(DIN: 05355274)  
Place: Noida  
Date: September 30, 2023

**Amit Gupta**  
Managing Director  
(DIN: 02997032)  
Place: Boston, US  
Date: September 30, 2023

**Darpan Vashishtha**  
Chief Financial Officer  
Pan No. : ACGPV3123M  
Place: Noida.  
Date: September 30, 2023

**Sheeba Dhamija**  
Company Secretary  
M. No. 29705  
Place: Noida  
Date: September 30, 2023



**Hero Motors Limited**  
**Standalone Statement of Profit and loss for the year ended March 31, 2023**  
**CIN : U29299PB1998PLC039602**  
**(Amount in ₹ lakh, unless otherwise stated)**

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I Revenue from operations	24	1,05,527.52	90,397.88
II Other income	25	1,403.84	636.68
<b>III Total income (I+II)</b>		<b>1,06,931.36</b>	<b>91,034.56</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	26	72,196.83	52,044.41
(b) Purchases of stock-in-trade	27	402.83	13,236.88
(c) Changes in inventories of finished goods, work in progress a	28	(577.56)	(2,698.52)
(d) Employee benefits expense	29	9,038.57	5,479.83
(e) Finance costs	30	2,560.11	1,432.76
(f) Depreciation and amortisation expense	31	1,724.67	1,590.26
(g) Other expenses	32	15,562.58	12,927.73
<b>Total expenses</b>		<b>1,00,908.03</b>	<b>84,013.35</b>
V Profit before exceptional items and tax (III-IV)		6,023.33	7,021.21
VI Exceptional Items	33		6,574.05
<b>VII Profit before tax (V-VI)</b>		<b>6,023.33</b>	<b>13,595.26</b>
VIII Tax expense:	22		
(a) Current tax		1,731.22	2,688.43
(b) Deferred tax		(570.14)	1,119.56
<b>Total tax expense</b>		<b>1,161.08</b>	<b>3,807.99</b>
<b>IX Profit for the year (VII-VIII)</b>		<b>4,862.25</b>	<b>9,787.27</b>
X Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Re-measurement gains/ (losses) on defined benefit plans		(643.77)	33.84
(ii) Income tax on items that will not be reclassified to profit or loss		162.02	(8.52)
<b>Other comprehensive income for the year, net of tax</b>		<b>(481.75)</b>	<b>25.32</b>
<b>XI Total comprehensive income for the year, net of tax</b>		<b>4,380.50</b>	<b>9,812.59</b>
XII Earnings per share: (face value INR 10 per share)	34		
1) Basic (amount in INR)		3.90	28.29
2) Diluted (amount in INR)		3.67	28.29
Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of these standalone financial statements 1-63

**As per our Report of even date attached**

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No. 105546)  
Place: Gurugram  
Date: September 30, 2023



**For & on behalf of Board of Directors of  
Hero Motors Limited**

**Abhishek Munjal**  
Whole Time Director  
(DIN: 05355274)  
Place: Noida  
Date: September 30, 2023

**Amit Gupta**  
Managing Director  
(DIN: 02997032)  
Place: Boston, US  
Date: September 30, 2023

**Darpan Vashishtha**  
Chief Financial Officer  
Pan No. : ACGPV3123M  
Place: Noida  
Date: September 30, 2023

**Sheeba Dhamija**  
Company Secretary  
M. No. 29705  
Place: Noida  
Date: September 30, 2023



**Hero Motors Limited**  
**Standalone Cash Flow Statement for the year ended March 31, 2023**  
**CIN : U29299PB1998PLC039602**  
**(Amount in ₹ lakh, unless otherwise stated)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flows from operating activities</b>		
Profit before and tax	6,023.33	13,595.26
<b>Adjustments for:</b>		
Depreciation and amortization	1,724.67	1,590.26
Interest Paid	1,841.33	1,301.65
Other borrowing cost	718.78	131.11
Employee stock option	1,334.99	-
Provision/Sundry Balances written back	1.94	0.37
Grant amortised during the year	-	-
Unrealized foreign exchange loss gain	232.54	-
Loss/(Profit) on sale of Property Plant Equipment	17.89	(6,572.58)
Rental income	(6.06)	(6.41)
Other Non Operating Income	(136.02)	-
Interest income	(661.14)	(130.09)
<b>Operating profit before working capital changes</b>	<b>11,092.25</b>	<b>9,909.57</b>
<b>Working Capital adjustments:</b>		
<b>Adjustment for (Increase) / decrease in Operating Assets :</b>		
Trade Receivables	(2,307.46)	(3,876.27)
Inventories	(1,347.44)	(3,647.37)
Other financial assets - non-current	493.12	(526.86)
Other financial assets - current	(1,689.20)	(965.64)
Other assets - non-current	52.40	(377.59)
Other assets - current	2,384.77	(1,615.53)
<b>Adjustment for Increase / (decrease) in Operating Liabilities :</b>		
Trade Payables	1,155.68	6,789.74
Other financial liabilities - non-current	28.10	25.15
Other financial liabilities - current	(974.10)	2,464.73
Provisions - non-current	228.21	17.99
Provisions - current	(26.60)	11.43
Other liabilities - non-current	(13.11)	-
Other liabilities - current	41.61	65.14
<b>Cash generated from operations</b>	<b>9,118.23</b>	<b>8,274.49</b>
Income tax paid (net of refunds)	(1,883.09)	(2,246.66)
<b>Net cash inflow from/ (used in) operating activities (A)</b>	<b>7,235.14</b>	<b>6,027.83</b>
<b>B. Cash flows from investing activities</b>		
Capital Expenditure on Property, Plant and Equipment (Including Capital Ad)	(5,561.72)	(3,087.93)
Proceeds from Sale of Property, Plant and Equipment	127.58	9,368.20
Investment in subsidiaries	(4,010.53)	(397.87)
Other Investment	(113.40)	-
Sale of Mutual Fund	1,043.74	(2,446.52)
Loan granted	(6,106.10)	(583.92)
Loan and advance to employee	(6.02)	(12.32)
Interest received	351.64	130.09
Rent received	6.06	6.41
Bank balance not considered as Cash and Cash Equivalent	(8,053.00)	-
<b>Net cash inflow from/ (used in) investing activities (B)</b>	<b>(22,321.75)</b>	<b>2,976.14</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from / (Repayment) of Long Term Borrowing	230.52	(6,925.93)
Repayment of / (Proceeds from) short term borrowings	(1,012.57)	2,852.41
Proceeds from Non-Cumulative Compulsory Convertible preference shares	14,500.00	-
Share issue expenses	(345.07)	-
Other borrowing cost	(718.78)	(131.11)
Interest paid	(2,193.93)	(1,301.65)
<b>Net cash inflow from/ (used in) financing activities (C)</b>	<b>10,460.17</b>	<b>(5,506.28)</b>



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Hero Motors Limited  
Standalone Cash Flow Statement for the year ended March 31, 2023  
CIN : U29299PB1998PLC039602

(Amount in ₹ lakh, unless otherwise stated)

Net Increase (decrease) In cash and cash equivalents (A+B+C)	(4,626.44)	3,497.69
Opening balance of cash and cash equivalents	5,012.09	1,514.40
<b>Total cash and cash equivalent (Note no. 15)</b>	<b>385.65</b>	<b>5,012.09</b>
<b>Components of cash and cash equivalents</b>		
Cash, Cheque/drafts on hand	3.20	1.23
With banks - Current account	382.45	326.86
With banks - Deposit account	-	4,684.00
<b>Total cash and cash equivalent (Note no. 14)</b>	<b>385.65</b>	<b>5,012.09</b>

Notes :

a) The Cash Flow Statement has been prepared in accordance with 'indirect method' as set out in Ind AS - 7 - 'Statement of Cash Flows', as notified under section 133 of Companies Act, 2013 read with relevant rules issued thereunder.

b) Disclosure as required in terms of amendments to Ind AS 7 'Statement of Cash Flows'.

Particulars	As at March 31, 2022	Cash Flows	Non Cash Changes	As at March 31, 2023
Non Current Borrowings	5,833.33	221.92	8.60	6,063.85
Current Borrowings	19,170.93	(1,012.57)		18,158.36
<b>Closing balance of Loan</b>	<b>25,004.26</b>	<b>(790.65)</b>	<b>8.60</b>	<b>24,222.21</b>

Particulars	As at March 31, 2021	Cash Flows	Non Cash Changes	As at March 31, 2022
Non Current Borrowings	12,759.27	(6,925.93)	-	5,833.33
Current Borrowings	16,318.52	2,852.41		19,170.93
<b>Closing balance of Loan</b>	<b>29,077.79</b>	<b>(4,073.52)</b>	<b>-</b>	<b>25,004.26</b>

The accompanying notes form an integral part of these standalone financial statements 1-63

As per our Report of even date attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Rajesh Kumar Agarwal  
Partner  
(Membership No. 115546)  
Place: Gurugram  
Date: September 30, 2023



For & on behalf of Board of D'  
Hero Motors Limited

Abhishek Munjal  
Whole Time Director  
(DIN: 05355274)  
Place: Noida  
Date: September 30, 2023

Amit Gupta  
Managing Director  
(DIN: 02997032)  
Place: Boston, US  
Date: September 30, 2023

Darpan Vashishtha  
Chief Financial Officer  
Pan No. : ACGPV3123M  
Place: Noida  
Date: September 30, 2023

Sheeba Dhamija  
Company Secretary  
M. No. 29705  
Place: Noida  
Date: September 30, 2023



Hero Motors Limited  
Statement of Change in Equity for the year ended March 31, 2023  
CIN : U29299PB1998PLC039602  
(All amounts are in ₹ lakh, unless otherwise stated)

A. Equity Share Capital	3,459.71
As at April 01, 2021	-
Changes during the year	3,459.71
As at March 31, 2022	31,898.13
Changes during the year (Effect of business combination - refer note 41)	35,357.84
As at March 31, 2023	-

B. Other Equity

Particulars	Security Premium	Equity component of CCPS	Share based payment reserve	Demerger adjustment deficit account	Other Equity	Retained Earnings	Total Other Equity
Balance as at April 01, 2021	-	-	-	-	-	2,418.18	2,418.18
Effect of Business Combination	-	-	-	(75,279.98)	75,279.98	9,787.27	9,787.27
Profit for the year	-	-	-	-	-	25.32	25.32
Remeasurement of the benefit plan, net of tax effect	-	-	-	-	-	9,812.59	9,812.59
Total Comprehensive Income for the year	-	-	-	-	-	12,230.77	12,230.77
Balance as at March 31, 2022	43,381.86	-	-	(75,279.98)	75,279.98	12,230.77	(31,898.12)
Issue of equity shares (refer note 41)	12,402.81	2,097.19	-	-	-	-	14,500.00
Issue of Non-Cumulative Compulsory Convertible Preference Shares	(345.07)	-	-	-	-	-	(345.07)
Share Issue Expenses	-	-	1,334.99	-	-	-	1,334.99
Credit to equity for equity-settled share-based payments (Refer Note - 79A)	-	-	-	-	-	4,862.25	4,862.25
Profit for the year	-	-	-	-	-	(481.74)	(481.74)
Remeasurement of the benefit plan, net of tax effect	-	-	-	-	-	4,380.51	4,380.51
Total Comprehensive Income for the year	-	-	-	-	-	16,611.27	16,611.27
Balance as at March 31, 2023	55,439.60	2,097.19	1,334.99	(75,279.98)	-	16,611.27	203.08

Summary of Significant Accounting Policies  
The accompanying notes form an integral part of these standalone financial statements 1-53

As per our Report of even date attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



Rajesh Kumar Agarwal  
(Partner)  
(Membership No. 105546)  
Place : Gurugram  
Date: September 30, 2023

For & on behalf of Board of Directors of Hero Motors Limited

Abhishhek Munjal  
Whole Time Director  
(DIN: 05355274)  
Place: Noida  
Date: September 30, 2023

Amit Gupta  
Managing Director  
(DIN: 02997032)  
Place: Boston, US  
Date: September 30, 2023

Darpan Vaidishtha  
Chief Financial Officer  
Pan No. : ACCGP/3123M  
Place: Noida  
Date: September 30, 2023

Shreeba Dhamija  
Company Secretary  
M. No. 29705  
Place: Noida  
Date: September 30, 2023



## **1 Corporate Information**

Hero Motors Limited, 'the Company' was incorporated on April 30, 1998 as a unlisted Limited Company under the Companies Act, 1956, vide Current Registration Number U29299PB1998PLC039602. The Registered Office of the Company is at Hero Nagar G. T. Road Ludhiana Ludhiana PB 141003. The main objective of the Company's business is manufacturing, buying, selling, importing, exporting, improving, assembling, repairing and dealing of all kinds of component parts, replacement parts, gears, power train solutions, spare accessories, tools, implements and fittings for engines scooters, motorcycles, three Wheelers, e-bikes or otherwise.

Pursuant to the scheme approved by the National Company Law Tribunal, Chandigarh Bench on November 09, 2022 for which the certified copy of the order dated November 09, 2022 was received on November 16, 2022, the Demerged Undertaking (Primarily related to Auto Business consisting, inter-alia, of all assets including movable and immovable properties and liabilities related thereto) was demerged from the Demerged Company and transferred to the resulting Company, with effect from April 01, 2021, the appointed date.(refer note-41)

## **2 Significant Accounting Policies:**

### **2.1 Statement of Compliance:**

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013, as applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### **2.2 Basis of Preparation and presentation**

The financial statements have been prepared on a going concern basis using the historical cost basis and on an accrual method of accounting except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division II to Schedule III to the Companies Act, 2013 ("the Act"). The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule II to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting standards.

### **Functional and presentation currency**

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's Financial statements and notes to the Financial statements are presented in Indian Rupees (INR), which is also its functional currency and all values are rounded to the nearest of lakhs with two decimals (`00,000), except when otherwise indicated.

### **2.3 Operating cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

An asset / liability is treated as current when it is:-

- \* Expected to be realised or intended to be sold or consumed or settled in normal operating cycle.
- \* Held primarily for the purpose of trading.
- \* Expected to be realised / settled within twelve months after the reporting period, or
- \* Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- \* There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

### **2.4 Revenue recognition**

#### **Sale of goods**

Revenue from sale of manufactured goods is recognized at a point in time when the control of the same is transferred to the customer. In case of domestic sales, the transfer of control on sale of goods occurs when the goods are transferred to the transportation agent, as per the terms of contract. While in case of export sales, the transfer of control on sale of goods occurs on the date of bill of lading. Following dispatch of goods or date of bill of lading, the customer has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

(i)

For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

As per Ind AS 115, the Company determines whether there is a significant financing component in its contracts. However, the Company has decided to use practical expedient provided in Ind AS 115 and not to adjust the promised amount of consideration for the effects of a significant financing components in the contracts, where the Company expects, at contract inception that the period of completion of contract terms are one year or less. Therefore, for short-term advances, the company does not account for a financing component. No long-term advances from customers are generally received by the Company.

Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with Ind AS 37.

#### **(ii) Sale of services**

The Company's service revenue contracts include providing delivery services. The Company recognises revenue from these contracts on satisfaction of performance obligation towards rendering of such services over time, as and when the services are rendered in accordance with the specific terms of contracts with customers. The Company's performance obligation is limited to providing resources required for these services



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**(iii) Duty drawback and export incentives**

The Company makes export sales, which qualify for benefit of Duty drawback, RODTEP (Remission of duties and taxes on export products) as laid down by the Foreign Trade Policy. The Company recognises duty drawback income in respect of its entitlement towards export benefits on recognition of related export sales.

**Disaggregated revenue information**

The Company presents disaggregation of revenue from contracts with customers for the year ended 31 March, 2023 by type of goods and services and timing of revenue recognition. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors .

**2.5 Interest and Other Income**

Dividend income is recognized when the right to receive payment is established.

Income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset

Claims receivables on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

**Cash and cash equivalents:**

Cash and cash equivalents comprises cash in hand, demand deposits with banks, 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.

**Property, Plant and Equipment (PPE)**

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. Cost includes import duties and any non-refundable taxes on such purchase, after deducting rebates and trade discounts and is inclusive of freight, duties, taxes and other incidental expenses. All cost are capitalized which are directly attributable to bringing assets to the condition and location essential for it to operate in a manner as intended by the management. In respect of assets due for capitalization, where final bills/claims are to be received/passed, the capitalisation is based on the engineering estimates. Final adjustments, for costs and depreciation are made retrospectively in the year of ascertainment of actual cost and finalisation of claim.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work in progress includes the cost of property plant and equipment that are not yet ready for their intended use and the cost of assets not put to use before the Balance Sheet date.

**Transition to Ind AS:** On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment as at April 1, 2021, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**Depreciation :** Depreciation on PPE are provided to the extent of depreciable amount on straight line basis (SLM). Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013. The residual values, useful lives are reviewed at each financial year end and adjusted appropriately.

Depreciation is provided on a pro-rata basis on the straight-line basis on the estimated useful life prescribed under Schedule II to Companies Act , 2013 with the following exception :

- Leasehold land & Leasehold improvement has been amortised over the lease term.
- Freehold Land is not depreciated.

Useful life considered for calculation for various assets class are as follows:

<b>Asset Class</b>	<b>Useful Life</b>
Building	30-60 years
Plant & Machinery	0 to 25 years
Furniture & Fixture	3 to 10 years
Office Equipment's	3 to 5 years
Vehicles	8 to 10 years
Computer	3 to 6 years



**2.6 Intangible Assets**

**Recognition and measurement**

Intangible assets that are acquired by the Company are measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. All expenditures, qualifying as Intangible Assets are amortized over estimated useful life.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

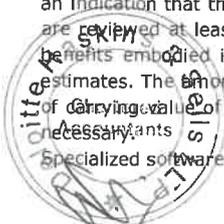
**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at April 01, 2021, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**Subsequent Expenditure:** Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of Profit and Loss as Incurred.

**Amortisation and useful lives:** Intangible assets with finite lives are amortised over the useful life and these are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of another asset. The amortisation method, residual value and the useful lives of intangible assets are reviewed annually and adjusted as necessary.

Specialized software are amortized over a period of 3 years or license period whichever is later.



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**2.7 Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. The cost of various components of inventory is determined as follows:-

Goods	Cost includes purchase cost, duties, taxes and all other costs incurred in bringing the inventory to their present location. Cost is determined on Weighted Average Cost Method.
Work in Progress	Cost include appropriate proportion of overheads wherever applicable. Goods in transit are valued at cost excluding import duties wherever applicable
Scrap	Scrap is valued at Net realisable value.

**2.8 Leases**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116:

**The Company as a lessee**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements may include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities may include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates pertaining to the company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flow activities.

**2.9 Foreign Currency Transaction and translations :**

The functional currency and presentation currency of the company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

**Initial recognition**

Transactions denominated in foreign currencies are accounted at the exchange rates prevailing on the date of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are restated at the rates prevailing at the date when the fair value was determined.

**Measurement of foreign currency monetary items at the Balance Sheet date**

Monetary items denominated in foreign currencies at the year-end are restated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at historical cost.

**Treatment of exchange differences**

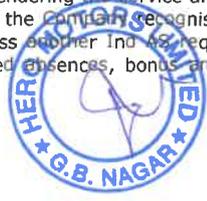
Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

**2.10 Employee's Benefits**

- i. **Short Term Employee Benefits:** All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in Statement of Profit and Loss in the period in which the employee renders the related service.

**Post-employment benefits :  
 Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and thereafter, will have no legal or constructive obligation to pay further amounts. Provident Fund are defined contribution scheme and contributions paid / payable are recognised as an expense in the statement of profit and loss during the year in which the employee renders the related service.



**(b) Defined Benefit Plan**

The Company's gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b. net interest expense or income; and
- c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognises any related restructuring costs.

**iii. Short term and other long term employee benefits :**

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees are recognised during the period when the employee renders the services. These benefits include salaries, wages, performance incentives and compensated absences.

The liability in respect of accumulated compensated absences is provided for on the basis of actuarial valuation carried out at the year-end using the Projected Unit Credit Method. Actuarial gains and losses are recognised in the Statement of Profit and Loss of the year in which they occur.

**iv. Share - based payment**

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

**v. Equity settled transaction**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be nonvesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or nonvesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

**2.11 Taxation**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



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Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### **Minimum Alternate Tax**

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

In accordance with Ind AS 12 Company is grouping MAT credit entitlement with Deferred Tax Assets / Liability (Net).

### **2.12 Provisions, Contingent liabilities and Contingent assets**

#### **Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Constructive obligation is an obligation that derives from an entity's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and
- as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

#### **Contingent assets**

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

### **2.13 Segment Reporting**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company.

### **2.14 Statement of Cash flows**

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and
- all other items for which the cash effects are investing or financing cash flows

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### **2.15 Input tax credit:**

Goods and Service tax input credit is accounted for in the books in the period in which the underlying goods or services received is accounted and when there is no uncertainty in availing / utilizing the credits.

### **2.16 Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss which are recognised immediately in profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets  
Accountants  
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.



**Classification of financial assets**

For the purpose of Subsequent measurement, the Company classifies financial assets in three categories:

- (i) Financial assets at amortized cost
- (ii) Financial assets at fair value through other comprehensive income (FVTOCI)
- (iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item

**Financial assets**

Financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Financial assets are subsequently measured at FVTOCI with gains and losses arising from changes in fair value recognized in other comprehensive income.

Financial assets are subsequently measured at FVTPL with gains and losses arising from changes in fair value recognized in profit or loss.

All equity instruments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

**De-recognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**(B) Financial liabilities**

**Financial liabilities and equity instruments**

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and transaction costs that are attributable to the acquisition of the financial liabilities are adjusted to the fair value on initial recognition.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost



Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

#### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

#### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Offsetting of financial instruments**

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

#### **Derivative financial instruments**

##### *Initial recognition and subsequent measurement*

The Company is exposed to foreign currency fluctuations on foreign currency assets and liabilities. The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments (i.e. foreign currency forward contract) where the counterparty is primarily a bank.

Derivatives are recognised and measured at fair value. Attributable transaction costs are recognised in statement of profit and loss as cost. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value at the end of each reporting period.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### **2.17 Impairment of financial assets:**

The company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, debt instruments, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

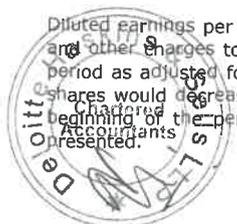
When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

#### **2.18 Earnings per share:**

Basic earnings per share ('EPS') is computed by dividing the net profit or loss (excluding OCI) for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.



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### 2.19 Operating cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 2.20 Borrowing Costs

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the interest cost.

### 2.21 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

### 2.22 Research & development costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

### 2.23 Exceptional items

When items of income and expense within statement of profit and loss from ordinary activities are of such size, nature or influence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such material items are disclosed separately as exceptional items.

## 3 Significant accounting judgements, estimates and uncertainty:

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Therefore, actual results could differ from these

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**Revenue from contracts with customers** - The Company applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers, such as identifying performance obligations in a bundled sales transactions, wherein, the Company sell goods, transportation and warranty services bundled together with sales of goods. The Company allocated the portion of the transaction price to goods basis on its relative standalone prices.

**Business Combination:** Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value on the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Further details about business combinations are given in note 50.

**Compound financial instrument:** The Company had issued Non-Cumulative Compulsorily Convertible Preference Shares and Compulsory Convertible Preference Shares on private placement basis which has a fixed to fixed conversion terms. The Company has analysed the conversion terms related to timing of conversion, future cash flows along with other factors and arrived at equity component of these instruments.

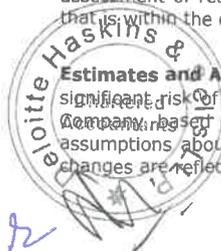
**Impairment testing:** The Company has reviewed its carrying value of long term investments in equity shares as disclosed in note- 5 of standalone financial statements at the end of each reporting period, for possible impairment if there are events or changes in circumstances that indicate that carrying amount of assets may not be recoverable. If the recoverable value, which is based upon economic circumstances and future plan is less than its carrying amount, the impairment loss is accounted.

**Expected credit losses on financial assets:** The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**Determining lease term** - The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has some property lease arrangements with its holding company that include option to terminate the contract by either party at any time by giving advance notice. The Company applied judgment in evaluating whether it is reasonably certain for both the parties to terminate the property lease contract before the lease term. It considered all the factors that create economic incentive for the parties to continue with lease or terminate including alternatives available for the office lease, use of underlying property, leasehold improvements made and accordingly determined lease term.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**Estimates and Assumptions** - The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



**Useful life of assets of (Property, plant and equipment)**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at each financial year end.

**Impairment of property, plant and equipment (PPE)**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next nine years as the plant is not reaching optimal capacity utilization by the end of 5 years hence a longer period projections considered. The Company expects that the business plan for optimal utilization of the plant is expected to be reached only in 2029. It do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property, plant and equipment recognised by the Company.

**Contingencies** : Contingent Liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By virtue of their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

**Recoverability of deferred taxes** : In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

**Estimation of Taxes** - Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Standards issued but not effective**

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31st, 2023, the MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, which are applicable for annual reporting periods beginning from April 1st, 2023, as below:

(i) Ind AS 1 – Disclosure of material accounting policies:

This amendment require companies to disclose their material accounting policies information rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect to have any significant impact in its financial statements due to this amendment.

(ii) Ind AS 8 – Definition of accounting estimates:

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a "change in accounting estimates" has been replaced with a definition of "accounting estimates." Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

(iii) Ind AS 12 – Income Taxes:

profit will be available against which the deductible temporary difference can be utilized. Similarly, a deferred tax liability for all deductible and taxable temporary differences associated with:

a) right-of-use assets and lease liabilities

b) decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.

Therefore, if a company has not yet recognised deferred tax on right-of-use assets and lease liabilities or has recognised deferred tax on net basis, the same need to recognize on gross basis based on the carrying amount of right-of-use assets and lease liabilities.

The amendments are applicable for annual periods beginning on or after April 1, 2023. The Company has evaluated the amendments and the impact is not expected to be material.



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Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(All amounts are in ₹ lakh, unless otherwise stated)  
Note 4 : Property, Plant and Equipment

Particulars	Free Hold Land	Lease Hold Improvements	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipment's	Computer	Total
<b>Cost / Deemed Cost</b>									
Balance as at April 1, 2021	3,093.85	541.90	2,781.10	14,109.86	132.39	135.35	97.25	108.63	21,000.32
Add: Additions made during the year	-	-	115.64	2,242.95	10.37	60.51	15.98	139.84	2,585.30
Less: (Disposals)/adjustments during the year	(2,633.18)	(3.92)	(158.96)	(0.76)	-	(13.90)	-	-	(2,810.72)
<b>Balance as at March 31, 2022</b>	<b>460.67</b>	<b>537.97</b>	<b>2,737.77</b>	<b>16,352.04</b>	<b>142.76</b>	<b>181.97</b>	<b>113.24</b>	<b>248.47</b>	<b>20,774.89</b>
Add: Additions made during the year	-	65.11	580.67	4,867.18	28.96	66.47	36.40	141.95	5,786.74
Less: (Disposals)/adjustments during the year	-	-	-	(105.00)	-	(0.27)	(1.96)	(9.03)	(116.26)
<b>Balance as at March 31, 2023</b>	<b>460.67</b>	<b>603.09</b>	<b>3,318.45</b>	<b>21,114.22</b>	<b>171.72</b>	<b>248.17</b>	<b>147.68</b>	<b>381.38</b>	<b>26,445.37</b>
<b>Accumulated depreciation</b>									
Balance as at April 1, 2021	-	457.51	-	2,288.00	24.30	0.56	15.15	28.50	2,814.03
Add: Depreciation charge for the year	-	3.90	133.23	1,321.97	12.65	21.62	21.59	41.56	1,556.52
Less: (Disposals)/adjustments during the year	-	(3.73)	(6.87)	(0.74)	-	(3.76)	-	-	(15.10)
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>457.69</b>	<b>126.36</b>	<b>3,609.23</b>	<b>36.94</b>	<b>18.42</b>	<b>36.75</b>	<b>70.06</b>	<b>4,355.44</b>
Add: Depreciation charge for the year	-	5.31	134.10	1,286.29	15.13	26.24	23.87	72.53	1,563.47
Less: (Disposals)/adjustments during the year	-	-	-	(28.87)	-	-	-	(0.33)	(29.20)
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>463.00</b>	<b>260.46</b>	<b>4,866.65</b>	<b>52.07</b>	<b>44.66</b>	<b>60.61</b>	<b>142.27</b>	<b>5,889.71</b>
<b>Net carrying amount</b>									
As at March 31, 2022	460.67	80.28	2,611.42	12,742.82	105.82	163.55	76.49	178.41	16,419.78
As at March 31, 2023	460.67	140.08	3,057.99	16,247.57	119.65	203.51	87.07	239.12	20,555.66

**Note :**

- a) Refer note 18A & 18B for property, plant and equipment pledged/ hypothecated as security for borrowing by the company.  
b) Refer note 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment.



**Hero Motors Limited****Notes forming part of the standalone financial statements for the year ended March 31, 2023****(All amounts are in ₹ lakh, unless otherwise stated)****4A. Right of Use Assets**

Below are the carrying amounts of right to use assets and lease liabilities and the movements during the year. The Company's leased assets consists of leases for Land.

<b>Particulars</b>	<b>Lease Hold Land</b>	<b>Total</b>
<b>Balance as on April 1, 2022</b>	16.97	16.97
Additions	1,132.73	1,132.73
Derecognition of ROU	-	-
<b>Balance as on March 31, 2023</b>	<b>1,149.70</b>	<b>1,149.70</b>
<b>Accumulated depreciation</b>		
<b>Balance as on April 1, 2022</b>	16.97	16.97
Charge for the year	113.27	113.27
Derecognition of ROU	-	-
<b>Balance as on March 31, 2023</b>	<b>130.24</b>	<b>130.24</b>
<b>Carrying amount</b>		
<b>As at March 31, 2022</b>	-	-
<b>As at March 31, 2023</b>	<b>1,019.46</b>	<b>1,019.46</b>

**4B. Leases Liability**

The following is the movement in lease liabilities during the period

<b>Particulars</b>	<b>Lease Hold Land</b>	<b>Total</b>
<b>Balance as at April 1, 2022</b>		
Additions	1,132.73	1,132.73
Finance cost accrued during the period	97.03	97.03
Payment of lease liabilities	-	-
Reversal of Lease liability	-	-
<b>Balance as at March 31, 2023</b>	<b>1,229.76</b>	<b>1,229.76</b>

The following is the break-up of current and non-current lease liabilities

<b>Particulars</b>	<b>Current</b>	<b>Non - current</b>
<b>As at March 31, 2023</b>	347.29	882.47
<b>As at March 31, 2022</b>	-	-

**Others Disclosures :-**

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Depreciation expense on right-of-use assets	113.27	16.97
Interest expense on lease liabilities	97.03	-
Expense relating to short-term leases	-	-
Total Cash outflow for leases	-	-



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**Hero Motors Limited**  
**Notes forming part of the standalone financial statements for the year ended March 31, 2023**  
 (All amounts are in ₹ lakh, unless otherwise stated)

**Note 5 : Capital work in progress**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	912.13	439.87
Add: Addition made during the year	2,986.06	1,595.56
Less: transferred to Property, Plant & Equipment during the year	(3,421.13)	(1,123.30)
	<b>477.06</b>	<b>912.13</b>

**Ageing schedule of CWIP as at March 31, 2023:**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	477.06	-	-	-	477.06
Projects temporarily suspended	-	-	-	-	-

**Ageing schedule of CWIP as at March 31, 2022:**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	716.33	195.80	-	-	912.13
Projects temporarily suspended	-	-	-	-	-

Note: There are no capital-work-in progress as at March 31, 2023 and as at March 31, 2022 whose completion is overdue or has exceeded its cost as compared to its original plan.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 6 : Other intangible assets**

Particulars	Computer Software	Total
<b>At Deemed cost</b>		
<b>Gross carrying amount</b>		
<b>Balance as at April 1, 2021</b>	<b>63.70</b>	<b>63.70</b>
Add: Additions during the year	30.04	30.04
<b>Balance as at March 31, 2022</b>	<b>93.74</b>	<b>93.74</b>
Add: Additions during the year	204.01	204.01
Less: (Disposals) / adjustments during the year	(1.75)	(1.75)
<b>Balance as at March 31, 2023</b>	<b>296.00</b>	<b>296.00</b>
<b>Accumulated amortisation</b>		
<b>Balance as at April 1, 2021</b>	<b>1.28</b>	<b>1.28</b>
Add: Amortisation charge for the year	16.62	16.62
Less: (Disposals) / adjustments during the year	-	-
<b>Balance as at March 31, 2022</b>	<b>17.90</b>	<b>17.89</b>
Add: Amortisation charge for the year	48.00	48.00
Less: (Disposals) / adjustments during the year	(1.75)	(1.75)
<b>Balance as at March 31, 2023</b>	<b>64.15</b>	<b>64.14</b>
<b>Net carrying amount</b>		
<b>As at March 31, 2022</b>	<b>75.83</b>	<b>75.83</b>
<b>As at March 31, 2023</b>	<b>231.84</b>	<b>231.84</b>



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
*(All Amount are in ₹ lakh, unless otherwise stated)*

**Note 7A : Investment (Valued at Cost)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non- Current</b>		
<b>I) Investments in equity shares of Subsidiaries - (unquoted)</b>		
a) Hero Motors Thai Limited 5,89,998 equity shares (March 31, 2022: 1,64,998) of THB 100 each fully paid up	1,418.32	397.87
b) Hewland Engineering Limited 10,513 equity shares (March 31, 2022: Nil) of GBP 1 each fully paid up	10.08	-
c) HYM Drive Systems Private Limited 2,88,00,000 equity shares (March 31, 2022: Nil) of INR 10 each fully paid up	2,880.00	-
d) Hero EDU Systems Private Limited 10,00,000 equity shares (March 31, 2022: Nil) of INR 10 each fully paid up	100.00	-
	<b>4,408.40</b>	<b>397.87</b>
<b>II) Investment in other equity instruments (valued at fair value through OCI)</b>		
a) AMP Solar Urja Private Limited 182 equity shares (March 31, 2022: Nil) of INR 10 each fully paid up	0.02	-
b) Spur Technologies Private Limited 10 equity shares (March 31, 2022: Nil) of INR 100 each fully paid up	0.24	-
<b>III) Investments in Debenture of Others - (unquoted) (valued at fair value through OCI)</b>		
a) AMP Solar Urja Private Limited 11,340 Debentures (March 31, 2022: Nil) of INR 1000 each fully paid up	113.14	-
These cumulative convertible debenture shall be entitled to Interest at rate of 0.01% per annum. Interest shall be due and receivables at the end of every financial year.		
	<b>113.40</b>	<b>-</b>
<b>Grand Total</b>	<b>4,521.80</b>	<b>397.87</b>
i) Aggregate value of unquoted investments	4,521.80	397.87
ii) Aggregate value of unquoted investments (net of impairment)	4,521.80	397.87
<b>(a) Movement during the year in subsidiary investment</b>		

Name of Company	Proportion (%) of equity interest	
	As at March 31, 2023	As at March 31, 2022
<b>Subsidiary</b>		
Hero Motors Thai Limited	100.00%	99.99%
Hewland Engineering Limited	51.00%	-
HYM Drive Systems Private Limited	90.00%	-
Hero EDU Systems Private Limited	100.00%	-



**Hero Motors Limited**

**Notes to standalone financial statements for the year ended March 31, 2023**

*(All Amount are in ₹ lakh, unless otherwise stated)*

**Note 7B : Investment Others**

**Current Investment**

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Investments in Debentures measured at Fair Value through Profit and Loss</b>		
<b>Quoted Investments</b>		
Nil (March 31, 2022 : 51) market linked debentures of Shriram Transport Company of Rs 10,00,000 each	-	583.05
Nil (March 31, 2022 : 144) market linked debentures of Tata Capital Financial Services Limited of Rs 10,00,000 each	-	1,863.47
<b>Investments in Mutual funds measured at Fair Value through Profit and Loss</b>		
<b>Quoted Investments</b>		
Aditya Birla Sun Life Liquid Fund	446.72	-
1,23,036.20 (March 31, 2022 : NIL) market linked Mutual Fund		
HDFC Liquid Fund	1,083.54	-
24,496.84 (March 31, 2022 : NIL) market linked Mutual Fund		
	<b>1,530.27</b>	<b>2,446.52</b>
a) Aggregate book value of quoted investments	1,514.19	1,950.00
b) Aggregate market value of quoted investments	1,530.27	2,446.52
c) The number of units in note above represents absolute numbers.		



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 8 : Loans measured at amortized cost**  
(Unsecured, considered good unless otherwise stated)

Particulars	Non - Current		Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Loans to Employees	2.32	4.72	18.94	12.92		
Loans Receivables considered good - Unsecured						
Loans and advances (Refer Note No. 37 and below note 'b')						
Hero Motors Thai Limited	5,058.81	579.20				
Hewland Engineering Limited	1,387.48	-				
Loans to Related Party (Refer Note No. 37 and below note 'c')						
Spur Technologies Private Limited	250.00	-				
	<b>6,698.62</b>	<b>583.92</b>	<b>18.94</b>	<b>12.92</b>		

- a) The Company has no loans which have significant increase in credit risk and loans which are credit impaired. (Refer Note No. 39)  
b) The above loan given to Hero Motor Thai is repayable as per the stipulated schedule defined in agreement and carry interest rate @ 9% p.a.  
c) The above loan given to Hewland Engineering Limited is repayable as per the stipulated schedule defined in agreement and carry interest rate @ 7.25% p.a.  
d) The above loan given to related party is repayable on demand in 3 years carrying interest rate @ 9% p.a

**Note 9 : Other financial assets-At Amortized Cost**

Particulars	Non - Current		Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good unless specified</b>						
<b>i. Interest accrued but not due</b>						
- Margin Money	35.11	4.56	104.90	8.77		
- Loan to Subsidiary	-	18.04	226.65	-		
<b>ii. Interest accrued and due on Deposit</b>						
Interest accrued and due on Deposit with Uttar Pradesh State electricity board	2.42	-	-	19.66		
<b>iii. Others</b>						
Balance with Banks:						
In Deposit Accounts (with remaining maturity of less than twelve months)(refer note Below)	-	509.34	774.41	495.00		
Security deposits -Others(Electricity and others)	277.54	261.32	-	-		
Deposits with original maturity of more than three months (Refer note 15)	-	-	-	-		
Forward Contract Receivable	-	-	-	110.11		
Receivables from related party	-	-	1,619.67	-		
Other Receivables	-	-	2,072.53	2,172.30		
	<b>315.07</b>	<b>793.26</b>	<b>4,798.16</b>	<b>2,805.84</b>		

- Note:  
1. Balances with Banks held as Margin Money Deposits against Letter of Credit issued by Axis Bank.



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 10 : Non Current Tax Asset**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Advance Income Tax (Net of provision of 1,868.8 lakh (March 31, 2022 : Nil))	92.29	-
	<b>92.29</b>	<b>-</b>

**Note 10A : Current Tax Liabilities**

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Current Tax Liabilities (Net of Advance Tax of Nil (March 31, 2022 : 2,628.86 lakh )	-	59.58
	<b>-</b>	<b>59.58</b>

**Note 11 : Other assets**

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good, unless otherwise stated)				
(i) Capital Advances (Refer Note No. 36)				
Unsecured, considered good	604.35	664.59	-	-
	<b>604.35</b>	<b>664.59</b>	<b>-</b>	<b>-</b>
(ii) Balances with Government Authorities				
Unsecured, considered good			18.20	1,292.42
Goods and Service Tax Receivables			-	-
Amount Deposit Under Protest	101.17	148.03	-	-
	<b>101.17</b>	<b>148.03</b>	<b>18.20</b>	<b>1,292.42</b>
(iii) Others				
Export incentive receivable	-	-	536.02	1,099.01
Prepaid expenses	-	5.54	63.33	54.54
Advances Recoverable in Cash or Kind	-	-	4.47	34.10
Advances to suppliers	-	-	756.55	1,072.84
Other Receivables	-	-	-	210.44
	<b>-</b>	<b>5.54</b>	<b>1,360.37</b>	<b>2,470.93</b>
	<b>705.52</b>	<b>818.16</b>	<b>1,378.58</b>	<b>3,763.35</b>



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 12 : Inventories**  
**(Valued at lower of cost and or realisable value)**

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials (Refer note i (a) below)	4,159.07	3,596.99
Work in Progress (WIP)	3,128.05	2,096.62
Finished Goods (Refer note i (b) below)	6,431.06	6,587.53
Traded Goods	-	225.47
Stores and Spares	1,706.00	1,169.18
Loose Tools	-	329.01
Scrap	70.56	142.50
<b>Total</b>	<b>15,494.74</b>	<b>14,147.30</b>

**Notes:**

(i) Includes goods in transit:		
(a) Raw material	531.66	41.15
(b) Finished goods	4,689.22	5,710.86
	<b>5,220.88</b>	<b>5,752.01</b>

**Note 13 : Trade receivables**

Particulars	As at March 31, 2023	As at March 31, 2022
Secured ,Considered good	-	385.30
Unsecured Considered good	21,298.45	18,749.00
Unsecured- Credit Impaired	-	-
Less: Allowance for receivables (credit impaired)	-	-
<b>Total</b>	<b>21,298.45</b>	<b>19,134.30</b>

**Notes :**

- (i) The average credit period on sales of goods is 30 days-75 days. No interest is charged on trade receivables.
- (ii) Trade receivables are from related parties, there are no indicators at the period end for default in payments. Accordingly, the Company does not anticipate risk of recovery and expected credit loss in respect thereof.
- (iii) Of the trade receivables balance as at the year end, the Company's largest customers who represents more than 10% of the total balance of trade receivables are as follows;

Particulars	Type of Customer	As at March 31, 2023	As at March 31, 2022
Customer A	Domestic	9,659.13	5,096.07
Customer B	Export	4,389.76	5,640.82

There are no other customers other than mentioned above, who represent more than 10% of the total balance of the trade receivables.

The company's exposure to credit and current risk and loss allowance related to trade receivables are disclosed in Note 39



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

a) Trade receivables ageing schedule as at March 31, 2023:

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	20,897.70	241.44	159.19	0.12	-	21,298.45
Disputed Trade Receivables – considered good	-	-	-	-	-	-
<b>Undisputed Trade Receivables – credit impaired</b>	<b>20,897.70</b>	<b>241.44</b>	<b>159.19</b>	<b>0.12</b>	<b>-</b>	<b>21,298.45</b>
Less: Provision for doubtful trade receivables	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
<b>Disputed Trade Receivables – credit impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Trade receivables</b>	<b>20,897.70</b>	<b>241.44</b>	<b>159.19</b>	<b>0.12</b>	<b>-</b>	<b>21,298.45</b>

b) Trade receivables ageing schedule as at March 31, 2022:

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	18,992.63	57.64	79.97	3.38	0.68	19,134.30
Disputed Trade Receivables – considered good	-	-	-	-	-	-
<b>Undisputed Trade Receivables – credit impaired</b>	<b>18,992.63</b>	<b>57.64</b>	<b>79.97</b>	<b>3.38</b>	<b>0.68</b>	<b>19,134.30</b>
Less: Provision for doubtful trade receivables	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
<b>Disputed Trade Receivables – credit impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Trade receivables</b>	<b>18,992.63</b>	<b>57.64</b>	<b>79.97</b>	<b>3.38</b>	<b>0.68</b>	<b>19,134.30</b>

c) The company has used a practical expedient by computing the expected credit loss allowance for trade receivables related to distribution business, except for receivables from related parties, based on provision matrix. The provision matrix takes into account historical credit loss experienced and adjusted for forward looking information. The expected credit loss allowance is based on ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of reporting period is as follows:

i) The movement in the allowance for expected credit loss allowance is as follows:

	As At March 31, 2023	As At March 31, 2022
Balance as at beginning of the year	-	-
Loss allowances during the year	-	-
Trade receivables written off / written back during the year	-	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>

a) Trade receivables from domestic customers are generally on terms of 45- 60 days (March 31, 2022: 45-60 days).  
b) Trade receivables from export customers are generally on terms of 30-75 days (March 31, 2022: 30-90 days).

c) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other persons.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 14 : Cash and cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
- Current account	382.45	326.86
- Deposits with original maturity of less than 3 months (Refer Note 'b' below)	-	4,684.00
Cash in hand	3.20	1.23
	<b>385.65</b>	<b>5,012.09</b>

a) For the purpose of the statement of cash flow, the cash and cash equivalent are same given above.

b) The deposits maintained by the company with Banks comprise of the time deposits which may be withdrawn by the company at any point of time without prior notice and are made of varying period depending upon the cash requirements of the company and earn interest at respective deposit rate.

**Note 15 : Bank balances other than cash & cash equivalents**

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with original maturity of more than 3 months (Refer notes below) *	8,053.00	1,004.34
	<b>8,053.00</b>	<b>1,004.34</b>

\* Earmarked balances with banks is Nil (March 31, 2022: 1004.34 lakh)

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Note 16 : Equity Share Capital		As at March 31, 2023	As at March 31, 2022
<b>Authorised Share capital</b>			
38,00,00,000 shares (March 31, 2022: 6,20,00,000) Equity Shares of Rs. 10 each*		38,000.00	6,200.00
		<b>58,000.00</b>	<b>6,200.00</b>
<b>Issued, subscribed and fully paid up share capital</b>			
353,578,380 (March 31, 2022: 3,45,97,133) Equity Shares of Rs. 10 each*		35,357.84	3,459.71
		<b>35,357.84</b>	<b>3,459.71</b>

a) Reconciliation of Issued and Subscribed Share Capital:

Particulars	No. of Shares*	Amount
Balance as at April 1, 2021	3,45,97,133	3,459.71
Add: Shares issued during the year	-	-
Balance as at March 31, 2022	3,45,97,133	3,459.71
Add: Shares issued during the year	31,89,81,247	31,898.12
Balance as at March 31, 2023	<b>35,35,78,380</b>	<b>35,357.84</b>

b) Terms/ rights attached to equity shares:  
The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and will rank pari passu with each other in all respect. 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. The Company has not paid any dividend during the year.

c) Details of shareholders holding more than 5% shares In the Company

Name of Share Holder	As at March 31, 2023	No. of Shares*	Holding %	As at March 31, 2022	No. of Shares*	Holding %
Hero Cycles Limited					3,37,59,948	97.58%
Pankaj Munjal on behalf of OP Munjal Holding	27,31,23,055	77.25%		-	-	-
South Asia Growth Invest LLC	2,59,47,024	7.34%		-	-	-
Bhagyoday Investments Private limited	2,39,78,804	6.78%		-	-	-

d) Details of Promoter's Shareholding:

Promoter's Name	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Hero Cycles Limited	77,52,750	2.19%	3,37,59,948	97.58%	-95.39%
Pankaj Munjal	94,00,047	2.66%	3,396	0.01%	2.65%
Pankaj Munjal on behalf of Om Prakash Pankaj Munjal - AOP	1,05,37,140	2.98%	-	-	2.98%
Pankaj Munjal on behalf of OP Munjal Holding	27,31,23,055	77.25%	-	-	77.25%
Pankaj Munjal on behalf of Munjal Sales Corporation	1,49,359	0.04%	-	-	0.04%

e) Movement of share holding pattern during the year :

Type of capital	Face Value of Share	As at March 31, 2022		Addition		Deletion		As at March 31, 2023	
		No of share	Amount	No of share	Amount	No of share	Amount	No of share	Amount
<b>Equity Share holders</b>									
Hero Cycles Limited	10	3,37,59,948	33,75,99,480	26,936	2,69,360	-	77,52,750	2,60,34,134	33,78,68,840
Bhagyoday Investments P. Ltd.	10	5,63,479	56,34,790	2,34,15,325	23,41,53,250	-	2,39,78,804	23,97,88,040	23,97,88,040
Pankaj Munjal	10	3,396	33,960	93,96,651	9,39,66,510	-	94,00,047	9,40,00,470	9,40,00,470
Smt. Sudarshan Kumari Munjal	10	2,43,163	24,31,630	-	-	-	2,43,163	24,31,630	24,31,630
Munjal Sales Corporation	10	211	2,110	-	-	-	211	2,110	211
Charu Munjal	10	-	-	9,42,425	94,24,250	-	9,42,425	94,24,250	94,24,250
Aditya Munjal	10	-	-	7,07,022	70,70,220	-	7,07,022	70,70,220	70,70,220
Abhishek Munjal	10	-	-	7,06,210	70,62,100	-	7,06,210	70,62,100	70,62,100
Pankaj Munjal on behalf of Om Prakash Pankaj Munjal - AOP	10	-	-	1,05,37,140	10,53,71,400	-	1,05,37,140	10,53,71,400	10,53,71,400
Pankaj Munjal on behalf of OP Munjal Holding	10	-	-	27,31,23,055	2,73,12,30,550	-	27,31,23,055	2,73,12,30,550	2,73,12,30,550
Pankaj Munjal on behalf of Munjal Sales Corp	10	-	-	1,49,359	14,93,590	-	1,49,359	14,93,590	14,93,590
Tranuvipra	10	-	-	812	8,120	-	812	8,120	8,120
AK Deyan	10	-	-	812	8,120	-	812	8,120	8,120
Prabh Puri	10	-	-	812	8,120	-	812	8,120	8,120
Vipin Kumar Bhai	10	-	-	812	8,120	-	812	8,120	8,120
Pratik Shah-eddits	10	-	-	812	8,120	-	812	8,120	8,120
South Asia Growth Invest LLC	10	-	-	2,59,47,024	2,59,47,024	-	2,59,47,024	2,59,47,024	2,59,47,024
South Asia EBT Trust	10	-	-	87,110	8,7110	-	87,110	8,7110	8,7110
Public Shareholders	10	26,936	2,69,360	-	-	26,936	2,69,360	2,69,360	2,69,360
<b>Total</b>		<b>3,45,97,133</b>	<b>34,59,71,330</b>	<b>34,50,42,317</b>	<b>3,19,00,81,830</b>	<b>2,60,61,070</b>	<b>2,69,360</b>	<b>35,35,78,380</b>	<b>3,53,57,83,800</b>

f) Shares held by holding/ultimate holding &/or Held Subsidiary  
No Share are held by the subsidiary of the company . The company does not have holding and ultimate holding company.

**Note 17 : Other Equity**

PARTICULARS	As at March 31st, 2023	As at March 31st, 2022
<b>a. Securities premium:</b>		
Balance at the beginning of financial year	-	-
Add: Premium on issue of equity shares (refer note 41)	43,381.86	-
Add: Premium on issue of Non-Cumulative Compulsory Convertible Preference Shares	12,402.80	-
Less: Share issue Expenses	(345.07)	-
<b>Balance at the end of financial year</b>	<b>55,439.60</b>	<b>-</b>
<b>b. Equity component of Non Cumulative compulsory convertible preference shares(refer note below)</b>		
Balance at the beginning of financial year	-	-
Add: Issue of Non-cumulative Compulsory convertible preference shares	2,097.19	-
<b>Balance at the end of financial year</b>	<b>2,097.19</b>	<b>-</b>
<b>c. Share-based payment reserve</b>		
Balance at the beginning of financial year	-	-
Add: Credit to equity for equity-settled share-based payments	1,334.99	-
<b>Balance at the end of financial year</b>	<b>1,334.99</b>	<b>-</b>
<b>d. Retained earnings</b>		
Balance at the beginning of financial year	12,230.77	2,418.18
Add: Profit for the year	4,862.25	9,787.27
Add: Remeasurement of defined benefit obligations(net of tax)	(481.74)	25.32
<b>Balance at the end of financial year</b>	<b>16,611.28</b>	<b>12,230.77</b>
<b>e. Demerger adjustment deficit account</b>		
Balance at the beginning of financial year	(75,279.98)	-
Add: Effect of Business combination	-	(75,279.98)
<b>Balance at the end of financial year</b>	<b>(75,279.98)</b>	<b>(75,279.98)</b>
<b>f. Equity Share pending issuance</b>		
Balance at the beginning of financial year	75,279.98	-
Add:Share pending issuance (refer note 41)	-	75,279.98
Less: Issue of equity shares (refer note 41)	(75,279.98)	-
<b>Balance at the end of financial year</b>	<b>-</b>	<b>75,279.98</b>
<b>Total other equity (a+b+c+d+e)</b>	<b>203.07</b>	<b>12,230.77</b>

**Notes:**

i) For Movement during the period in Other Equity, refer "Statement of Change in Equity".

ii) The description of the nature and purpose of each reserves within equity is as follows:

**Securities premium:**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**Share-based payments reserve:**

The Share-based payments reserve is used to recognise the grant date fair value of options issued to employees under employees stock options scheme.

**Retained earnings:**

Retained earnings represents the undistributed profits of the Company.

**Equity Shares Pending Issuance**

Shares pending for issuance as on March 31,2022 has been issued during the current financial year (Refer Note 41) as an effect of which company has issued a total of 3,18,98,1247 shares and accordingly Out of total balance of INR 75,279.98 Lakhs, INR 43,381.44 Lakhs has been transferred to Security premium and INR 31,898.12 lakhs has been transferred to Equity share Capital

**List of Non Cumulative compulsory convertible preference share**

Type of capital	Face Value of Equity Share	As at March 31, 2023	
		No of share	Amount (Lakh)
Name Of Share Holder			
South Asia Growth Invest LLC	10	2,09,08,282	2,090.83
South Asia EBT Trust	10	63,658	6.37
		2,09,71,940	2,097.19



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Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(Amount in ₹ lakh, unless otherwise stated)

**Note 18A : Non Current Borrowing - At Amortised Cost**

Particulars	Non - Current		Current Maturities*	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>				
(a) Term Loan from Bank	1,496.25	2,500.00	99.75	1,250.00
(b) External commercial Borrowing (ECB)	2,900.60	-	-	-
(c) Redeemable Non-Convertible Debenture	1,667.00	3,333.33	1,666.50	5,666.67
	<b>6,063.85</b>	<b>5,833.33</b>	<b>1,766.25</b>	<b>6,916.67</b>
Less: Amount disclosed under other financial liabilities as 'Current Borrowings' (refer note 18B)			1,766.25	6,916.67
	<b>6,063.85</b>	<b>5,833.33</b>	-	-

\*Amount disclosed under current Borrowing (Refer Note 18B)

**Security**

- (i) The term loan and External Commercial Borrowing mentioned in (a) and (b) have been secured by first pari passu charge on all movable fixed assets ,land and building of Ghaziabad plant.
- (ii) The Redeemable Non Convertible Debentures (NCD) mentioned in (c) have been secured by a first pari passu charge (equitable mortgage) on the land and building of Mangli plant held by Hero Cycles Limited and a first pari passu charge on Flat No 2A , 10th Floor Gurugram held by Hero Cycle Limited. These non convertible debenture were transferred to the Company via demerger scheme and these NCDs are yet to be transferred in the name of the Company. (refer note 41).

**Terms of Repayment**

Maturity profile of secured term loans is as set out below :	2023-24	2024-25	2025-26	2026-27	Beyond 2026-27
(i) Term loan from banks are repayable in quarterly instalments	99.75	399.00	399.00	399.00	299.25
(ii) External Commercial Borrowings	-	726.03	726.03	726.03	722.51
(iii) Redeemable Non convertible Debentures	1,667.00	1,666.50			

**Notes :**

- The rate of interest for term loan from bank is 1 year MCLR+ 0.2% spread i.e. 8.95% p.a
- The rate of interest for External commercial borrowings is 3M Secured Overnight Financing Rate + 2.75% p.a. i.e. 7.64% p.a
- The 7.5 % Redeemable Non Convertible Debentures have been issued through Beacon Trusteeship Services Limited.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Details of borrowings availed and repaid during the year :**

Particulars	Opening	Addition	Repayment	As at March 31, 2023
External Commercial Borrowing	-	2,900.60	-	2,900.60
Non Convertible Debenture	9,000.00	-	(5,667.00)	3,333.00
Term Loan	3,750.00	5,200.20	(7,354.20)	1,596.00

**Note 18B : Current Borrowing - At Amortised Cost**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
(a) Working Capital Demand Loan	16,202.35	11,122.00
(b) Buyer's Credit	189.76	1,132.26
(c) Current Maturities of Long Term Borrowings (Refer Note 18A)	1,766.25	6,916.67
	<b>18,158.36</b>	<b>19,170.93</b>

**Security**

(i) The Working Capital Demand Loan and Buyer's Credit mentioned in (a) and (b) have been secured by first pari passu charge on entire current assets of the company present and future.

**Notes :**

1. The rate of interest for Working Capital Demand Loan ranges from 6.25% - 8.50 %
2. The rate of interest for Buyer's Credit is 1M Secured Overnight Financing Rate+ 0.90% -1.15% p.a.
3. Refer Note No. 18A for the terms and conditions, nature of security and maturity profile of the current maturities of long-term borrowings (forming part of long term borrowings of the Company).

*[This space has been left blank intentionally]*

a) First Pari Passu charge on entire current assets of the company present and future , Intt Rate is ranges from 6.25 % - 8.5%

**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 19 : Other financial liabilities**

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Security deposit	413.40	385.30	-	-
Interest accrued but not due on borrowings	-	-	118.06	470.66
Leave Encashment Payable	-	-	-	14.49
Creditors for capital goods	-	-	161.82	267.09
Payable to Related parties	-	-	1,765.37	2,958.97
Bonus / Leave Travel Allowances	-	-	214.01	-
Forward contract payable	-	-	19.98	-
	<b>413.40</b>	<b>385.30</b>	<b>2,279.24</b>	<b>3,711.21</b>

**Notes:**

a) The company's exposure to currency and liquidity risk related to trade payables is disclosed in note 39.

**Note 20 : Other liabilities**

Particulars	Non- Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Deferred Government Grant	-	13.11	-	0.97
Advance from customer	-	-	405.80	430.70
Statutory dues	-	-	225.26	157.78
	<b>-</b>	<b>13.11</b>	<b>631.06</b>	<b>589.45</b>

**Note 21 : Provisions**

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b>				
Provision for compensated absences (Refer note 35)	236.87	101.18	33.65	13.17
Provision for gratuity (Refer note 35)	1,415.74	679.45	134.85	181.93
	<b>1,652.61</b>	<b>780.63</b>	<b>168.50</b>	<b>195.10</b>



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 22 : Deferred Tax Liabilities (Net)**

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Tax Liabilities	1,290.82	1,221.45
Deferred Tax Assets	894.90	93.37
Net Deferred Tax Liabilities	<b>395.92</b>	<b>1,128.08</b>

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	------------------------	------------------------

**Deferred tax liabilities relates to followings:**

Property, Plant and Equipment and Intangible Assets	1,287.18	1,193.74
Forward Contract Receivable	-	27.71
Payment of leave Encashment	3.65	-
	<b>1,290.82</b>	<b>1,221.45</b>

**Deferred tax Assets relates to followings:**

Employee benefit	500.95	48.18
Debentures	-	3.89
Deffered Government Grant	-	3.54
Interest Accrued but not due on Borrowings	-	37.75
Forward Contract	5.03	-
Employee Stock option Plan	335.99	-
Right of use asset	52.93	-
	<b>894.90</b>	<b>93.37</b>
Deferred tax Liabilities (net)	<b>395.92</b>	<b>1128.08</b>

**Note 22(A) : Income tax recognised in Statement of profit and loss**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
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**Current tax expense:**

Current year	1,868.80	2,688.43
Prior year Tax adjustment	(137.58)	-
<b>Total current tax (A)</b>	<b>1731.22</b>	<b>2688.43</b>

**Deferred tax assets/ (liabilities):**

Current year origination and reversals of temporary difference	(332.67)	1,119.56
Prior year Tax adjustment	(237.47)	-
<b>Deferred tax charge/ (credit) (B)</b>	<b>(570.14)</b>	<b>1,119.56</b>
<b>Total tax expense recognised in statement of profit and loss</b>	<b>1,161.07</b>	<b>3,807.99</b>

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
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**Income tax recognised in Other Comprehensive Income**

Income tax impact on Remeasurement of defined benefits	(162.02)	8.52
<b>Total Income tax recognised in Other Comprehensive Income</b>	<b>(162.02)</b>	<b>8.52</b>

**Note 22(A) : Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
-------------	--	-------------------------------------

<b>Profit before tax</b>	<b>6,023.33</b>	<b>13,595.26</b>
Applicable income tax rate	25.17%	25.17%
<b>Expected Income tax expenses</b>	<b>1,515.95</b>	<b>3,421.65</b>

Adjustments:

Corporate Social Responsibility	10.57	-
Income tax related to prior years	(137.58)	-
Deffered Tax adjustment related to prior year	(237.49)	-
Others	9.49	-
Impact of Business Combination	-	332.54
Due to Capital gain Charged at different rate	-	53.80
<b>Reported Income tax expenses</b>	<b>1,161.07</b>	<b>3,807.99</b>

\*Permanent difference represents taxes on disallowance of corporate social responsibility expenditures, expenses to increase authorized

share capital

Notes: Chartered

Accountants

1) The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the

2) The Company has recognised deferred tax liabilities (net of assets) only to the extent it is probable that future taxable income will be

available against which unused tax credit will be adjusted.

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Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(Amount in ₹ lakh, unless otherwise stated)

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>Sundry Creditor for goods and services</b>		
Total Outstanding dues of Micro and Small enterprises	1,590.86	1,898.22
Total Outstanding dues of Creditors other than Micro and Small enterprises	19,430.63	17,867.85
<b>Total</b>	<b>21,021.49</b>	<b>19,766.07</b>

**a) Trade Payables ageing schedule as at March 31, 2023:**

Particulars	Outstanding for following periods from due date of payment				Unbilled dues	Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME (Refer Note 44)	1,590.86	-	-	-	-	1,590.86
(ii) Others	18,283.45	209.96	1.90	76.40	858.92	19,430.63
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues — Others	-	-	-	-	-	-
	<b>19,114</b>					<b>830</b>

**a) Trade Payables ageing schedule as at March 31, 2022:**

Particulars	Outstanding for following periods from due date of payment				Unbilled dues	Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
(i) MSME (Refer Note 44)	1,898.22	-	-	-	-	1,898.22
(ii) Others	17,486.13	91.96	71.88	8.74	209.14	17,867.86
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues — Others	-	-	-	-	-	-



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 24 : Revenue from operations**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of product	1,02,628.45	88,252.12
Sale of Service	1,083.37	448.78
	1,03,711.82	88,700.90
<b>Other Operating Revenues</b>		
- Scrap Sales	1,366.30	1,225.42
- Export Incentive	449.40	471.07
- Amortisation of Capital Subsidy	-	0.49
	<b>1,05,527.52</b>	<b>90,397.88</b>

**a) Performance obligation**

Revenue is recognised upon transfer of control of products.

During the year, the company has not entered into long term contracts with customers and accordingly disclosure of unsatisfied or remaining performance obligation (which is affected by several factors like changes in scope of contracts, periodic revalidations, adjustment for revenue that has not been materialized, tax laws etc.) is not applicable to the company.

b) Disaggregation of revenue: The table below presents disaggregated revenues from contracts with customers on the basis of geographical spread of the operations of the company. The company believes that this disaggregation best depicts how the nature, amount of revenues and cash flows are affected by market and other economic factors:

Revenue based on Geography	For the year ended March 31, 2023	For the year ended March 31, 2022
India	66,086.49	63,163.98
Outside India	39,441.03	27,233.90
<b>Revenue from operations</b>	<b>1,05,527.52</b>	<b>90,397.88</b>

**Revenue based on Customer-wise**

Revenue based on Customer-wise	For the year ended March 31, 2023	For the year ended March 31, 2022
Related Party	12,314.34	15,982.52
Non- Related Party	93,213.18	74,415.36
<b>Revenue from operations</b>	<b>1,05,527.52</b>	<b>90,397.88</b>

**c) Reconciliation of revenue from operations with contracted price**

Reconciliation of revenue from operations with contracted price	For the year ended March 31, 2023	For the year ended March 31, 2022
Contracted Price	1,02,628.45	88,252.12
Less:		
Sales Returns	-	-
Rebate and Discount	-	-
	<b>1,02,628.45</b>	<b>88,252.12</b>

**Note 25 : Other income**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Interest Income</b>		
- On bank deposits	260.73	96.46
- Interest received on Trade Investment	150.50	33.63
-Others(Inter Corporate Loan & Security) (refer note 8)	249.92	-
<b>Other non-operating income:</b>		
Rental income	6.06	6.41
Profit on sale of Property Plant Equipment	9.56	0.17
Mark to Market on Mutual Fund	16.08	110.11
Foreign Exchange Fluctuation Gain(net)	573.03	389.53
Excess Provision/ Liabilities Written Back	1.94	0.37
Other Non Operating Income (refer note below)	136.02	-
	<b>1,403.84</b>	<b>636.68</b>
<b>Note:</b>		
Profit on sale of Investment	127.48	-
Misc. Income others	8.54	-
<b>Other Non Operating Income</b>	<b>136.02</b>	<b>-</b>



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 26 : Cost of raw material consumed**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Raw Material</b>		
Balance at the beginning of the Year	3,555.84	2,600.57
Add:- Purchases during the year	72,800.06	52,999.68
	76,355.90	55,600.25
Less:- Balance at the end of the Year	4,159.07	3,555.84
<b>Cost of raw materials consumed</b>	<b>72,196.83</b>	<b>52,044.41</b>

**Note 27 : Purchase of stock in trade**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchases during the year	402.83	13,236.88
	<b>402.83</b>	<b>13,236.88</b>

**Note 28 : Changes in inventories of finished goods, work in progress and stock in trade**

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Inventories at the beginning of the year</b>		
Work-in-progress	2,096.62	3,025.55
Finished goods	876.67	689.64
Finished goods in transit	5,710.86	2,425.74
Scrap Stock	142.50	79.14
Stock in trade	225.47	133.53
<b>(A)</b>	<b>9,052.12</b>	<b>6,353.60</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	3,128.05	2,096.62
Finished goods	1,741.84	876.67
Finished goods in transit	4,689.23	5,710.86
Scrap Stock	70.56	142.50
Stock in trade	-	225.47
<b>(B)</b>	<b>9,629.68</b>	<b>9,052.12</b>
<b>(Increase) / decrease in inventory (A-B)</b>	<b>(577.56)</b>	<b>(2,698.52)</b>

**Note 29 : Employee benefits expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages & bonus	6,346.22	4,442.90
Contribution to provident and other fund (Refer note 35)	511.45	369.46
Gratuity expense (Refer note 35)	169.31	156.15
Compensated absences	222.62	49.78
Staff welfare expenses	453.98	461.54
Share based payment expenses (Refer Note No.29A )	1,334.99	-
	<b>9,038.57</b>	<b>5,479.83</b>

**Note 30 : Finance costs**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on		
-term loans & working capital facilities	1,480.13	595.18
-redeemable non convertible debentures	343.83	706.17
-external commercial borrowings	17.38	-
-delayed payment of statutory dues	-	0.30
Other borrowing cost		
- Reverse discount	177.61	-
- Buyer credit	47.58	-
- Sales bill discounting	304.65	-
- Others	91.90	131.11
Interest on lease liability	97.03	-
	<b>2,560.11</b>	<b>1,432.76</b>

**Note 31 : Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 4)	1,563.40	1,573.64
Amortisation of intangible assets (Refer note 6)	48.00	16.62
Amortisation of Right of use assets (Refer Note 4A)	113.27	-
	<b>1,724.67</b>	<b>1,590.26</b>



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note No : 29A Employee Stock option plan**

**Details of Stock Option Scheme**

**ESOP Scheme plan 2022**

Particulars	Option Value (Rs.)	Date of Grant	Number of option Granted
Tranche-1	60.93	December 02, 2022	95,15,278
Tranche-2	27.44	December 30, 2022	49,43,511
Tranche-3	29.97	December 30, 2022	39,54,809
Tranche-4	32.34	March 01, 2023	11,54,196
Date of Board approval of the relevant scheme		December 02, 2022	
Date of Shareholder's approval of the relevant scheme		December 02, 2022	
Date of last modification by shareholders		NA	
Method of settlement (Cash/Equity)		Equity	
Vesting Period		Minimum of 1 Year and maximum of 8 year from grant date	
Exercise period	10 years from the vesting date		
Exercise price	The options are granted to eligible employees at the latest available closing price of the shares of the company prior to the grant date as per the valuation report obtained by the company		
Vesting Condition	Vesting of options is a function of achievement of performance criteria or any other criteria as specified by the company in the grant letter ,further the vesting takes place on staggered basis over the respective vesting period.		

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expenses arising from equity - settled share based payment transactions (Refer Note 29)	1,334.99	-
<b>Total expense arising from share-based payment transactions recognized in statement of profit and loss</b>	<b>1,334.99</b>	<b>-</b>

**Notes:**  
 The company has given stock options to certain employees and has considered the related compensation cost to recognize in the statement of profit and loss over the vesting period

The details of activity under the ESOP Plans have been summarized below :

Particulars	ESOP Scheme plan 2022			
	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	Weighted Average Exercise Price (INR)	Number of options	Weighted Average Exercise Price (INR)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,95,67,794	44.53	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,95,67,794	44.52561974	-	-
Exercisable at the end of the year	-	-	-	-
Remaining average contractual life (in years)		<b>3.07</b>		



**Fair value of options granted**

The weighted average fair value of stock options granted during the year pertaining to ESOP 2022 plan is INR 44.53 The fair value at grant date is determined using the Black- Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following tables list the inputs used for fair valuation of options for the ESOP plans

Particulars	For option granted during the year as on March 31,2023 ESOP 2022 Plan	For option granted during the year as on March 31,2022 ESOP 2022 Plan
Dividend yield	0.36%	-
Expected volatility	39.02%-39.98%	-
Risk free interest rate	6.87%-7.08%	-
Expected life of share option	4 to 6.4 years	-
Share price at grant	69.14	-



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 32 : Other expenses**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	151.45	40.28
Contract Labour Charges	3,122.30	2,995.45
Power & Fuel	2,512.88	2,149.42
Consumption of Stores & Spare	2,518.62	2,474.40
Packing Material Consumed	2,440.88	2,212.91
Security Charges	176.73	120.89
Repair & maintenance		
- Plant & machinery	603.43	757.12
- Buildings	65.16	97.25
-Others	22.45	18.10
Legal & professional expenses	536.18	232.37
Payment to the auditors (refer note 'a' below)	32.50	15.50
Freight & Forward Charges	1,557.87	1,179.57
Other selling expenses	256.42	180.10
Rates & taxes	78.85	42.04
Travelling & Conveyance	294.52	86.00
Insurance Expenses	206.50	90.23
Bank Charges	94.99	26.62
Loss on sale/write off of PPE	27.45	1.64
Mark to Market Loss on Forward Contract	19.98	-
Corporate Social Responsibilities (refer note 32A)	42.00	-
Miscellaneous expenses	801.42	207.85

<b>Total</b>	<b>15,562.58</b>	<b>12,927.73</b>
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a) **Details of payment made to auditors is as follows:**

i) <b>Payment to Auditor</b>	For the year ended March 31, 2022	For the year ended March 31, 2022
- Statutory audit fee	25.00	10.50
- Tax audit fee	2.50	2.50
- Other services and certification	5.00	2.50
	<b>32.50</b>	<b>15.50</b>

**Note 33 : Exceptional Items**

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit on sale of land (Refer Note 'b' below)	-	6,712.87
Loss on Demolition of Building	-	(138.82)
	<b>-</b>	<b>6,574.05</b>



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 32A : Corporate Social responsibility expenditure (CSR)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gross amount required to be spent by the company during the year	42.00	-
Amount spent during the year on :		-
- National Apprenticeship Promotion Scheme	11.42	-
- Other	2.00	-
Unspent amount at the end of the year	28.58	-
Amount spent during current year pertaining to previous years	-	-
Total of previous year unspent balance	-	-
Reason for unspent balances :		
- For Current Year	As the project are ongoing project, the spending is distributed beyond 2022-23	-
- For previous Year	Nil	Nil
Nature of CSR activities	Skill Development and Entrepreneurship	-
Details of related party transaction to CSR expenditure as per relevant Accounting Standard :	Nil	Nil
Movement in the CSR provision during the year :		
Opening Provision	-	-
Provision made during the year	42.00	-
spent during the year	13.42	-
Provision at the end of the year	28.58	-

Total unspent amount of INR 28.58 lakhs as on March 31st, 2023 has been deposited in Prime Minister relief Fund in 6 months period from the end of the financial year.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(Amount in ₹ lakh, unless otherwise stated)**

**Note 34 : Earnings per share (EPS)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to the equity shareholders <b>(A)</b>	4,862.25	9,787.27
Number equity shares for Basic EPS <b>(B)</b>	35,35,78,380	3,45,97,133
Weighted average number of equity shares for Basic EPS <b>(C)</b>	12,46,11,019	3,45,97,133
Nominal value of Equity shares (INR)	10	10
Basic Earning per share <b>(A/C) (in)</b>	3.90	28.29
Weighted average number of potential equity shares on account of pending issuance		31,89,82,976.00
Weighted average number of potential equity shares for Non-Cumulative compulsory convertible preference shares	52,86,078	-
Weighted average number of potential equity shares on account of Pending Employee Stock option Scheme	26,53,552	
Weighted average number of Equity shares (including dilutive shares) outstanding for Dilutive EPS <b>(D)</b>	13,25,50,649	35,35,80,109
Nominal value of Equity shares INR	10	10
Diluted earnings per share <b>(A/D) (in INR)</b>	3.67	2.77

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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 35 : Gratuity and other post-employment benefit plans**

**a) Defined contribution plans**

The Company makes contribution towards Employees Provident Fund, Employee's State Insurance scheme and other welfare schemes. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The company during the year recognised the following amount in the Statement of Profit and Loss under company's contribution to defined contribution plan.

	For the year ended March 31, 2023	For the year ended March 31, 2022
Employer's Contribution to Provident Fund/ Pension Fund	466.09	331.86
Employer's Contribution to Employee State Insurance	44.29	36.84
Employer's Contribution to Welfare Fund	1.07	0.76
<b>Total</b>	<b>511.45</b>	<b>369.45</b>

The contribution payable to these schemes by the Company are at the rates specified in the rules of the schemes.

**b) Defined benefit plans**

In accordance with Ind AS 19 "Employee benefits", an actuarial valuation on the basis of "Projected Unit Credit Method" was carried out, through which the Company is able to determine the present value of obligations. "Projected Unit Credit Method" recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation.

**i) Gratuity scheme**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity is funded for Mangli unit by Life Insurance Corporation of India and unfunded for Ghaziabad unit.

The following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the fund status and amounts recognised in the balance sheet for the defined benefit plan and other long term benefits. These have been provided on accrual basis, based on year end actuarial valuation.

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
<b>Change in benefit obligation</b>				
<b>Opening defined benefit obligation</b>				
Interest cost	439.40	740.87	421.98	716.57
Service cost	31.05	56.04	27.49	50.58
Effect of Business Combination	22.56	83.26	24.39	67.40
Past Service cost	-	(31.12)	(31.61)	-
Benefits paid	-	-	-	-
Actuarial (gain) / loss on obligations	(54.44)	(91.09)	(33.27)	(83.91)
	100.08	538.76	30.42	(9.77)
<b>Present value of obligation as at the end of the year</b>	<b>538.65</b>	<b>1,296.72</b>	<b>439.40</b>	<b>740.87</b>

The following tables summarise the components of net benefit expense recognised in the Statement of Profit or Loss and the funded status and amounts recognised in the balance sheet for the respective plans:

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
<b>Cost for the year included under employee benefit</b>				
Current service cost	22.56	83.26	24.39	67.40
Past service cost	-	-	-	-
Interest cost	31.05	56.04	27.49	50.58
Effect of Business Combination	(23.60)	-	(16.30)	25.89
Expected return on plan assets	-	-	(23.29)	-
Actuarial (gain) / loss	-	-	-	-
<b>Net amount charged to Profit and Loss</b>	<b>30.01</b>	<b>139.30</b>	<b>12.28</b>	<b>143.87</b>



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Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(All amounts are in ₹ lakh, unless otherwise stated)

e) Changes in the fair value of the plan assets are as follows:

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
Fair value of plan assets at the beginning	318.92	-	330.46	-
Expected return on plan assets	23.60	-	23.30	-
Contributions	1.64	-	1.72	-
Employee's Contribution	-	-	-	-
LIC charges	-	-	-	-
Benefits paid	(54.44)	-	(33.27)	-
Actuarial gains / (losses) on the plan assets	(4.92)	-	(3.29)	-
<b>Fair value of plan assets at the end</b>	<b>284.79</b>	<b>-</b>	<b>318.92</b>	<b>-</b>

Detail of actuarial gain/loss recognised in OCI is as follows:

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
Actuarial gain / (loss) for the year - obligation	(100.08)	-	30.42	9.77
Actuarial gain / (loss) for the year - plan assets	(4.92)	(538.76)	(3.29)	-
Effect of Business Combination	-	-	(3.06)	-
Unrecognised actuarial gains / (losses) at the end of year	<b>(105.01)</b>	<b>(538.76)</b>	<b>24.06</b>	<b>9.77</b>

g) Principal actuarial assumptions at the balance sheet date are as follows:

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
<b>Economic assumptions</b>				
1. Discount rate	7.32%	7.33%	7.40%	7.45%
2. Rate of increase in compensation levels	8.00%	8.00%	6.00%	3.00%
<b>Demographic assumptions</b>				
1. Retirement Age (years)	58	58	58	58
2. Mortality Rate	Indian Assured Lives Mortality (2012-14) (modified) ultimate			
<b>Withdrawal Rate (Average in case of unfunded amounts)</b>				
1. Ages from 0 to 30 Years	3.60%	3.00%	5.00%	3.00%
2. Ages from 31 to 44 Years	-	2.00%	-	2.00%
3. Ages Above 44 Years	-	1.00%	-	1.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

h) Net (assets) / liabilities recognized in the Balance Sheet and experience adjustments on actuarial gain / (loss) for benefit obligation and plan assets.

	As at March 31, 2023		As at March 31, 2022	
Particulars	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangli Unit	Gratuity (Unfunded) Other Unit
Present value of obligation	538.65	1,296.72	439.40	740.87
Less: Fair value of plan assets	284.79	-	318.92	-
<b>Net assets / (liability)</b>	<b>(253.86)</b>	<b>(1,296.72)</b>	<b>(120.48)</b>	<b>(740.87)</b>

i) Expected contribution for the next year is INR 285.20 lakh (March 31, 2022: INR 127.21 lakh) in respect of Gratuity.



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**Hero Motors Limited**  
Notes to standalone financial statements for the year ended March 31, 2023  
(All amounts are in ₹ lakh, unless otherwise stated)

**j) A quantitative sensitivity analysis for significant assumptions is as shown below**

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangil Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangil Unit	Gratuity (Unfunded) Other Unit
<b>A. Discount rate</b>				
Effect on DBO due to 1% increase in Discount Rate	(33.69)	(102.53)	(24.20)	(41.89)
Effect on DBO due to 1% decrease in Discount Rate	37.78	120.96	26.82	47.33
<b>B. Salary escalation rate</b>				
Effect on DBO due to 1% increase in Salary Escalation Rate	35.95	119.95	27.68	49.57
Effect on DBO due to 1% decrease in Salary Escalation Rate	(33.90)	103.69	(25.47)	(44.50)
C. Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated. Further, there are no changes in current year from the previous corresponding period in the methods and assumptions used in preparing the sensitivity analysis.				

<b>Risk</b>	Reduction in discount rate in subsequent valuations can increase the liability.
Discount Rate	Actual salary increases will increase the defined benefit liability. Increase in salary increase rate assumption in future valuations which in turn also increase the liability.
Salary Increases	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact defined benefit liability.
Withdrawals	Actual details and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Mortality and disability	

**i) Maturity profile of cash outflows relating to defined benefit obligation are as follows:**

	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Funded) Mangil Unit	Gratuity (Unfunded) Other Unit	Gratuity (Funded) Mangil Unit	Gratuity (Unfunded) Other Unit
0 to 1 years	54.57	113.98	64.37	62.84
1 to 2 years	49.13	122.69	68.46	77.24
2 to 3 years	61.88	111.87	47.83	122.74
3 to 4 years	42.58	156.19	55.98	100.52
4 to 5 years	64.25	128.90	39.44	105.77
From 5 years onwards	296.05	598.49	237.67	352.56



**Note 36 : Contingent liabilities and commitments**

**a) Contingent liabilities (To the extent not provided for)**

I The Company has reviewed all its pending claims, litigations and other proceedings and has adequately provided for wherever required.

Particulars	As At March 31, 2023	As At March 31, 2022
Sales tax demand		
- Amount deposit under protest 8.08 Lakh (March 31, 2022: 10.06 lakh). The case is pending before Hon'ble Supreme Court of India.	27.64	27.64
- Legal Cases of labour pending before Labour Court	44.08	41.59

Several Legal Cases of labour pending at labour Court, Civil Court and High Court. The Company has assessed and believe that none of these cases, either individually or in aggregate, are expected to have any material adverse effect on its standalone financial statements. However, Since it is difficult for the Company to estimate the timings of the cash outflows, if any, no further provision or separate disclosure is made in books of account.

II During the year 2022-23, company imported goods worth Rs 2,233.63 lakh on which company saved the duty amounting Rs 410.94 lakh on EPCG Licences for which company has to fulfil export obligation amounting Rs 1,637.02 lakh.

III During the year 2022-23, Company imported goods worth Rs 1,443.12 lakh on which company saved the duty amounting Rs 418.88 lakh on advance licences. The remaining export obligation is Rs 2.56 lakh.

IV A Vendor - Sadhu Forging Limited, has filed suit claiming Rs. 39.29 lakhs as balance payment against supply of material. Hero Motors Limited has resisted the claim on the basis that the material supplied was faulty by the vendor, material was rejected by Hero Motors Limited & Debit Note raised to the Vendor. The case is pending with Civil Court, Faridabad

V The excise department issued a show cause notice to demand duty of Rs. 474.82 lakhs along with interest and penalties. Vide final order dated September 05,2017 the CESTAT set aside the SCN and dropped the demand. The Department filed Civil Appeal Diary No. 42952/2019 which is pending consideration before the Supreme Court impugning the final order passed by CESTAT.

**b) Commitments**

	As At March 31, 2023	As At March 31, 2022
Capital Commitment: Estimated amount of contracts remaining to be executed on the capital account (net of capital advances of INR 604.34 lakh (March 31, 2022 : INR 664.59 lakh)	190.34	1,413.36

The Company does not have any other long term commitments or material non cancellable contractual commitments, which may have a material impact on the standalone financial statement.

**Note 37 : Related party transactions**

**a) List of related parties**

Nature of Relationship	Name of the Related Party
Subsidiaries	Hero Motors Thai Ltd. (September 20 , 2021)
	Hero EDU Systems Private Limited (Februray 17 , 2023)
	Hewland Engineering Limited (Februray 21 , 2023)
	HYM Drive Systems Private Limited (April 07,2022)
Enterprise over which Key Managerial Personnel exercise Significant influence	Bhagyoday Investments Private Limited
	Firefox Bikes Private Limited
	Hero Cycles Group Private Limited
	Hero Cycles Limited
	Hero E-Cycles Private Limited
	Hero PBG Cycles Private Limited
	Hero Transmission Private Limited
	High Rise Industries
	Lectro E-Mobility Private Limited
	Munjal Kiriu Industries Private Limited
	Munjal Sales Corporation
	Nuvomax Nutritionals Private Limited
	OMA Living Private Limited
	Spur Technologies Private Limited
ZF Hero Chassis Systems Private Limited	



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

<b>Key Management Personnel (KMP) &amp; their relative</b>		
Mr. Pankaj Munjal	Director and Shareholder	
Mr. Amit Gupta	Managing Director & CEO	Appointment-September 09,2022
Mr. Abhishek Munjal	Whole-time Director	Change in designation-September 09,2022
Mr. Keshav Misra	Director	Appointment-September 09,2022
Mr. Sridhar Narayan	Nominee Director	Appointment- January 04,2023
Mr. Kulbir Singh	Independent Director	Appointment-February 01,2023
Ms. Pratibha Goyal	Independent Director	
Mr. Pawan Puri	Director	Cessation-March 01,2023
Mr. Darpan Vashishtha	Chief Financial Officer	Appointment-May 01,2022
Ms. Sheeba Dhamija	Company Secretary	Appointment-May 01,2022
Ms. Purna Joshi	Company Secretary	Cessation-May 02,2022

**b) Related Party Transactions**

**A. Transactions with related parties during the year**

S.No	Particulars	Relation	Year Ended	Year Ended
			March 31, 2023	March 31, 2022
<b>a.</b>	<b>Sale of goods</b>			
	Spur Technologies Private Limited	Significant Influence	1,298.23	1,709.24
	Bsh Ventures Private Limited	Significant Influence	-	45.76
	Lectro E-Mobility Private Limited	Significant Influence	-	0.47
	Hero Cycles Limited*	Significant Influence	9,496.48	14,082.92
	Hero E-Cycles Private Limited	Significant Influence	977.79	127.48
	Hero Motor Thai Limited	Subsidiary	146.21	-
	Hewland Engineering Limited	Subsidiary	203.23	-
	HYM Drive Systems Private Limited	Subsidiary	192.40	-
	High Rise Industries*	Significant Influence	-	16.65
<b>b.</b>	<b>Purchase of goods</b>			
	Nipman Fastners Industries Private Limited	Significant Influence	-	-
	Munjal Kliru Industries Private Limited	Significant Influence	2,612.54	2,188.50
	Spur Technologies Private Limited	Significant Influence	0.28	(2.12)
	Hnf GmbH	Significant Influence	-	-
	Hero E-Cycles Private Limited	Significant Influence	1.14	-
	High Rise Industries*	Significant Influence	1,054.45	371.70
	Hero Cycles Limited*	Significant Influence	11,022.45	13,174.22
	Lectro E-Mobility Private Limited	Significant Influence	7.20	-
	Oma Living Private Limited	Significant Influence	3.53	-
<b>c.</b>	<b>Consultancy Fees</b>			
	Nuvomax Nutritionals Private Ltd	Significant Influence	259.06	-
<b>d.</b>	<b>Purchase of Assets</b>			
	Hero Cycles Limited*	Significant Influence	187.69	-
<b>e.</b>	<b>Loan Granted</b>			
	Spur Technologies Private Limited	Significant Influence	250.00	-
	Lectro E-Mobility Private Limited	Significant Influence	-	0.40
	Hero Motor Thai Limited	Subsidiary	4,462.16	579.20
	Hewland Engineering Limited	Subsidiary	1,256.14	-
	<b>Loan received</b>			
	HYM Drive Systems Private Limited	Subsidiary	500.00	-
<b>f.</b>	<b>Investment in equity shares</b>			
	Hero Motor Thai Ltd.	Subsidiary	1,021.06	397.87
	Hero EDU Systems Private Limited	Subsidiary	100.00	-
	Hewland Engineering Limited	Subsidiary	10.08	-
<b>g.</b>	<b>Purchase of Services</b>			
	Hewland Engineering Limited	Subsidiary	137.94	-
<b>h.</b>	<b>Interest Income on loan</b>			
	Hero Motor Thai Limited	Subsidiary	226.65	18.04
	Spur Technologies Private Limited	Significant Influence	11.28	-
<b>i.</b>	<b>Interest Paid on loan</b>			
	HYM Drive Systems Pvt Limited	Subsidiary	4.43	-



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

<b>j.</b>	<b>Other Expense</b>			
	Hero Global Designs Limited	Significant Influence	0.24	0.81
	Spur Technologies Private Limited	Significant Influence	10.18	106.39
	Lectro E-Mobility Private Limited	Significant Influence	0.38	-
	Hero E-Cycles Private Limited	Significant Influence	9.90	-
	Hero Cycles Limited*	Significant Influence	731.89	300.15
	Munjial Sales Corporation	Significant Influence	0.10	-
	High Rise Industries	Significant Influence	-	0.01
	Transmission Private Limited	Significant Influence	-	0.12
	Hero Motor Thai Limited	Subsidiary	81.63	75.39
	Hewland Engineering Limited	Subsidiary	6.39	-
	HYM Drive Systems Private Limited	Subsidiary	12.25	-
	Hero Edu Systems Private Limited	Subsidiary	2.36	-
<b>k.</b>	<b>Rent Received</b>			
	Spur Technologies Private Limited	Significant Influence	0.40	1.20
	Lectro E-Mobility Private Limited	Significant Influence	-	0.40
<b>i.</b>	<b>Remuneration paid to Key Management Personnel*</b>			
	Amit Gupta	Managing Director and CEO	240.00	242.00
	Darpan Vashishtha	CFO	160.00	-
	Abhishek Munjal	Whole Time Director	335.05	-
	Purna Joshi	Company Secretary	-	2.42
	Rohit Maheshwari	Key Financial officer	-	6.00
	Sheeba Dhamija	Company Secretary	18.72	-
<b>m.</b>	<b>Directors sitting Fees:</b>			
	Pratibha Goyal	Independent Director	0.54	0.90
	Pawan Puri	Director	0.90	0.90

**B. Balance Outstanding with related parties at end of the year**

S.No	Particulars	Relation	Year Ended	Year Ended
			March 31, 2023	March 31, 2022
<b>a.</b>	<b>Trade Receivable</b>			
	Spur Technologies Private Limited	Significant Influence	281.00	-
	Hero E-Cycles Private Limited	Significant Influence	832.00	-
	HYM Drive Systems Private Limited	Subsidiary	11.50	-
	Hero Motor Thai Limited	Subsidiary	292.32	75.39
	Hewland Engineering Limited	Subsidiary	185.06	-
	Hero Edu Systems Private Limited	Subsidiary	2.36	-
<b>b.</b>	<b>Trade Payable</b>			
	Hero Cycles Limited	Significant Influence	1,765.00	3,002.51
	Munjial Kiri Industries Private Limited	Significant Influence	972.23	-
	Nuvomax Nutritionals Private Limited	Significant Influence	27.54	-
	ZF Hero Chassis Systems Private Limited	Significant Influence	5.51	-
	High Rise Industries	Significant Influence	153.52	-
<b>c.</b>	<b>Investment in Equity Shares</b>			
	HYM Drive Systems Private Limited	Subsidiary	2,880.00	-
	Hero Motor Thai Limited	Subsidiary	1,418.93	397.87
	Hero Edu Systems Private Limited	Subsidiary	100.00	-
	Hewland Engineering Limited	Subsidiary	10.08	-
<b>d.</b>	<b>Loan Receivable</b>			
	Hero Motor Thai Limited	Subsidiary	5,058.80	579.20
	Hewland Engineering Limited	Subsidiary	1,387.61	-
	Spur Technologies Private Limited	Significant Influence	250.00	-

- Note**
- a) Refer Note 16, for movement of shareholding pattern from erstwhile shareholders to new shareholders
- b)\* These are the transactions appearing in the respective ledgers of these parties in the books of Hero Motors Limited
- c) The status of stock options pending vesting/exercise, granted to Key Management Personnel are as below

Name of Key Management Personnel	Mr. Amit Gupta		Mr. Keshav Misra
	ESOP Scheme Plan 2022		ESOP Scheme Plan 2022
ESOP tranche	Tanche-1	Tanche-2	Tanche-1
Exercise price (INR per option)	10	69.14	69.14
Share option outstanding as at 31st March 2023 (In Nos)	95,15,278	49,43,511	39,54,809
Share option outstanding as at 31st March 2022 (In Nos)	-	-	-

**c) Ultimate Beneficiary**

- (i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

- (ii) The Company has not received any fund 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

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding Parties (ultimate beneficiaries), or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries



**Note 38 : Fair value measurements**

**I Financial instruments**

**a) Financial instruments by category**

Except Investment in equity instruments (Quoted) and investment in mutual funds which are measured at fair value through profit or loss, all other financial assets and liabilities viz. trade receivables, security deposits, cash and cash equivalents, other bank balances, interest receivable, other receivables, trade payables, employee related liabilities and borrowings, are measured at amortised cost.

**b) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the standalone 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 standalone 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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels of in the fair value hierarchy:

**As at March 31, 2023**

Particulars	Level	As at March 31, 2023	As at March 31, 2022
<b>Financial assets measured at fair value through Profit and loss</b>			
Investment in Debentures	Level 1	-	2,446.52
Investment in Mutual Funds	Level 1	1,530.27	-
Forward Contract Receivable	Level 1	-	110.11
<b>Financial assets measured at fair value through Other comprehensive Income</b>			
Other investment	Level 3	113.40	-
<b>Financial assets measured at amortized cost</b>			
Investment in equity shares (Unquoted)	Level 3	4,408.40	397.87
Loan to employees	Level 3	21.26	17.64
Loan to related parties	Level 3	6,696.29	579.20
Security Deposits	Level 3	1,051.96	261.32
Interest accrued but not due on margin money	Level 3	140.00	13.33
Interest accrued but not due on loan to related parties	Level 3	226.65	18.04
Interest accrued and due on Deposit with UPSEB	Level 3	2.42	19.66
Deposits with original maturity of more than 12 months	Level 3	-	1,004.34
Other Receivable	Level 3	2,072.53	2,172.30
Trade receivables	Level 3	21,298.45	19,134.30
Cash and cash equivalents	Level 3	8,438.65	5,012.09
Other bank balances	Level 3	-	-
Receivables from related party	Level 3	1,619.67	-
<b>Total Financial Assets</b>		<b>47,619.96</b>	<b>31,186.72</b>
<b>Financial liabilities measured at fair value</b>			
Forward contract payable	Level 1	19.98	-
<b>Financial liabilities valued at amortized cost</b>			
Borrowings	Level 3	24,222.21	25,004.26
Security Deposits	Level 3	413.40	385.30
Lease Liabilities	Level 3	1,229.76	-
Interest accrued but not due on borrowings	Level 3	118.06	470.66
Interest accrued and due on borrowings	Level 3	-	-
Trade payables	Level 3	21,021.49	19,766.07
Employee Benefit Payable	Level 3	214.01	14.49
Payable to Related parties	Level 3	1,765.37	2,958.97
Creditors for capital goods	Level 3	161.82	267.09
<b>Total Financial Liabilities</b>		<b>49,166.10</b>	<b>48,866.83</b>

**c) Capital management**

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

For the purpose of Company's capital management, capital includes equity attributable to the equity shareholders of the Company and other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholders value.



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Equity Share Capital	35,357.84	3,459.71
Free Reserve(i.e. retained earnings,security premium,demerger adjustment deficit account)	(1,131.90)	12,230.77
<b>Reserve to Share Capital (in no. of times)</b>	<b>(0.03)</b>	<b>3.54</b>

**Gearing Ratio**

The Company has outstanding long term debt of INR 6,063.85 lakh at the end of reporting period (previous year INR 5,833.33 Lakh) and short term debt of INR 18,158.36 Lakh at the end of reporting period (previous year INR 19,170.93 Lakh). Accordingly, the gearing ratio is worked out as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Long term Borrowing (Refer Note 18A)	6,063.85	5,833.33
Short Term Borrowing (Refer Note 18B)	18,158.36	19,170.93
<b>Total Debt</b>	<b>24,222.21</b>	<b>25,004.26</b>
Less:Cash and Cash Equivalent	8,438.65	5,012.09
<b>Net Debt</b>	<b>15,783.56</b>	<b>19,992.17</b>
<b>Total Equity</b>	35,560.92	15,690.48
<b>Net Debt to Equity</b>	44%	127%



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 39 : Financial risk management objectives and policies**

The Company's principal financial liabilities comprises of trade and other payables, borrowings, current maturity of borrowings, interest accrued and capital creditors. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets includes investment in mutual funds, loans to related parties, security deposits, trade receivables, cash and cash equivalents, deposits with bank, interest accrued in deposits, receivables from related and other parties and interest accrued thereon.

The Company has exposure to the following risks arising from financial instruments:

- credit risk,
- liquidity risk and
- market risk.

The Company's senior level management oversees the management of these risks and is supported by finance department that advises on the appropriate financial risk governance framework.

**A. Credit Risk**

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. Credit risk arise from Cash and cash equivalents, deposit with banks, trade receivables and other financial assets measure at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control. The Company also uses expected credit loss model to assess the impairment loss in Trade Receivables and makes an allowance of doubtful trade receivables using this model.

**B. Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans from banks at an optimised cost.

**The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.**

	As at March 31, 2023			Total
	Less than 1 year	1 to 5 years	> 5 years	
Borrowings	18,158.36	6,063.85	-	24,222.21
Trade payables	21,021.50	-	-	21,021.50
Other financial liabilities	2279.24	413.40	-	2,692.64
<b>Total</b>	<b>41,459.10</b>	<b>6,477.25</b>	<b>-</b>	<b>47,936.35</b>
	As at March 31, 2022			Total
	Less than 1 year	1 to 5 years	> 5 years	
Borrowings	19,170.93	5,833.33	-	25,004.26
Trade payables	19,766.08	-	-	19,766.08
Other financial liabilities	3,711.20	385.30	-	4,096.50
<b>Total</b>	<b>42,648.22</b>	<b>6,218.63</b>	<b>-</b>	<b>48,866.84</b>

**C. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its net exposure to interest rate risk related to borrowings, by balance sheet proportion of fixed rate and floating rate borrowing in its total borrowing portfolio.



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Hero Motors Limited  
Notes to standalone financial statements for the year ended March 31, 2023  
(All amounts are in ₹ lakh, unless otherwise stated)

	Impact on profit before tax		Impact on total equity	
	Year ended	Year ended	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>USD sensitivity</b>				
INR/USD - increase by 5 %	(340.67)	480.17	(340.67)	480.17
INR/USD - decrease by 5 %	340.67	(480.17)	340.67	(480.17)
<b>EURO sensitivity</b>				
INR/EURO - increase by 5 %	(33.39)	31.23	(33.39)	31.23
INR/EURO - decrease by 5 %	33.39	(31.23)	33.39	(31.23)
<b>GBP sensitivity</b>				
INR/GBP - increase by 5 %	57.32	(1.61)	57.32	(1.61)
INR/GBP - decrease by 5 %	(57.32)	1.61	(57.32)	1.61
<b>SGD sensitivity</b>				
INR/SGD - increase by 5 %	0.03	-	0.03	-
INR/SGD - decrease by 5 %	(0.03)	-	(0.03)	-
<b>THB sensitivity</b>				
INR/THB - increase by 5 %	338.74	-	338.74	-
INR/THB - decrease by 5 %	(338.74)	-	(338.74)	-
<b>JPY sensitivity</b>				
INR/JPY - increase by 5 %	0.14	(0.02)	0.14	(0.02)
INR/JPY - decrease by 5 %	(0.14)	0.02	(0.14)	0.02

Note: External commercial borrowing is not prone to foreign exchange sensitivity risk as the same has been hedged.



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 40: Segment Reporting**

The primary reporting of the Company has been performed on the basis of business segment. The Company is organised into key business segments – Power Train & Alloy & Metallics . Segments have been identified and reported based on the nature of the products, the risks and returns, the organisation structure and the internal financial reporting systems.

The following is the segment information for :

**Year ended March 31, 2023**

Particulars	Power Train	Alloy & Metallics	Unallocable	Total
Revenue - External customers	46,351.99	59,175.53	-	1,05,527.52
Other Income	537.91	21.10	-	559.01
Unallocable Other income	-	-	844.82	844.82
<b>Total revenue</b>	<b>46,889.90</b>	<b>59,196.63</b>	<b>844.82</b>	<b>1,06,931.36</b>
Segment Expenses	(40,171.93)	(55,891.37)	-	(96,063.30)
Unallocable Expenses	-	-	(2,284.62)	(2,284.62)
Unallocable Finance Expenses	-	-	(2,560.11)	(2,560.11)
<b>Segment profit (Before Tax)</b>	<b>6,717.97</b>	<b>3,305.26</b>	<b>(3,999.91)</b>	<b>6,023.33</b>
Less: Current Tax	-	-	(1,731.22)	(1,731.22)
Deffered Tax	-	-	570.14	570.14
<b>Segment profit (After Tax)</b>	<b>6,717.97</b>	<b>3,305.26</b>	<b>(5,160.99)</b>	<b>4,862.25</b>
<b>Total assets</b>	<b>38,971.06</b>	<b>27,424.37</b>	<b>21,179.68</b>	<b>87,575.11</b>
<b>Total liabilities</b>	<b>5,994.34</b>	<b>16,256.27</b>	<b>29,763.58</b>	<b>52,014.19</b>

**Year ended March 31, 2022**

Particulars	Power Train	Alloy & Metallics	Others	Total
Revenue - External customers	32,760.21	57,632.31	-	90,392.52
Other Income *	499.63	-	-	499.63
Unlocable other Income	-	-	6,716.46	6,716.46
<b>Total revenue</b>	<b>33,259.84</b>	<b>57,632.31</b>	<b>6,716.46</b>	<b>97,608.61</b>
Expenses	(28,853.68)	(53,725.73)	-	(82,579.41)
Unlocable Other Expenses	-	-	(1.18)	(1.18)
Unlocable Finance Expenses	-	-	(1,432.76)	(1,432.76)
<b>Segment profit</b>	<b>4,406.16</b>	<b>3,906.58</b>	<b>5,282.52</b>	<b>13,595.26</b>
Less: Current Tax	-	-	(2,688.43)	(2,688.43)
Deffered Tax	-	-	(1,119.56)	(1,119.56)
<b>Segment profit (After Tax)</b>	<b>4,406.16</b>	<b>3,906.58</b>	<b>1,474.53</b>	<b>9,787.27</b>
<b>Total assets</b>	<b>27,756.60</b>	<b>20,382.80</b>	<b>19,183.87</b>	<b>67,323.27</b>
<b>Total liabilities</b>	<b>2,363.17</b>	<b>15,504.69</b>	<b>33,764.93</b>	<b>51,632.79</b>

\* Other income includes Exceptional profit from sale of land INR 6574.05lakh

**Geographical information**

Secondary segment reporting is performed on the basis of geographical location of customers. The operations of the Company are 63% in India, with exports contributing to approximately 37% (Previous Year 30%) of its annual sales. The management views the Indian market and export market as distinct geographical segments.

**Revenue from external customers (Refer note 24)**

**Non-current assets:**

**(INR in Lakh)**

	March 31, 2023	March 31, 2022
India	22,284.03	17,407.74
Outside India	-	-
<b>Total</b>	<b>22,284.03</b>	<b>17,407.74</b>

Non-current assets for this purpose consist of Property, Plant and Equipment, Right of Use Assets, CWIP and Intangible assets.

**Segment revenue and profit**

The expenses that are not directly attributable to the business segments are shown as unallocable expenses.

**Segment assets and liabilities**

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and Property Plant and Equipments. Assets at the unallocable level including cash and bank balances , investment and tax assets are not allocable to segments on a reasonable basis and thus the same have not been allocated.

Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

The Company does not have revenues from transactions with a single external customer amounting to 10 per cent or more of the total revenue.

**Hero Motors Limited****Notes to standalone financial statements for the year ended March 31, 2023****(All amounts are in ₹ lakh, unless otherwise stated)****Note 41 : Scheme of Arrangement**

The Board of Director of Hero Cycle Limited (HCL) ("Transferor Company") as its meeting held on August 27, 2021 had approved a scheme and subsequently filed with National Company Law Tribunal (NCLT) for demerger of Auto business of HCL into Hero Motors Limited ("resulting Company").

Pursuant to the scheme approved by the National Company Law Tribunal, Chandigarh Bench on November 09, 2022 for which the certified copy of the order dated November 09, 2022 was received on November 16, 2022 and it was submitted to Registrar of Company on November 30, 2022, the Demerged Undertaking (Primarily related to Auto Business consisting, inter-alia, of all assets including movable and immovable properties and liabilities related thereto) was demerged from the Demerged Company and transferred to the Resulting Company, with effect from April 01, 2021, the appointed date.

Shareholders of the Demerged Company will receive 81,174 share of the Resulting Company for every 100 share they hold in the Demerged Company.

As per the Scheme, all assets and liabilities of the Auto Business ("Demerged Undertaking") stand transferred to the Resulting Company from the appointed date. The employees of the Demerged Undertaking have also moved to the Resulting Company and consequently the employee related benefits and all contracts and agreements in relation to them have been taken over by the Resulting Company. The approved Scheme has accordingly been given effect to in these standalone financial statements as on the appointed date.

In the preparation of financial statements for the year ended March 31, 2022, pursuant to the approved Scheme, the Resulting Company had given effect to the scheme in the standalone financial statements for demerger of Demerged Undertaking. Further, as per the requirements of Appendix C to Ind AS 103 "Business Combination", the comparatives for the year ended March 31, 2021 were restated as if the common control business combination had occurred from the beginning of the earliest period presented. The Accounting treatment included the following:

1. Assets, Liabilities and Reserves of the Demerged Undertaking transferred to and vested in the Resulting Company were recorded at their carrying values as appearing in books of the Demerged Company at the time of the demerger effective date and in accordance with requirements of relevant Ind AS.
2. The Resulting Company will issue new equity shares pursuant to the approved Scheme to the shareholders of the Demerged Company
3. The inter-company balances between Demerged Company and Resulting Company relating to Demerged Undertaking, if any, in the books of accounts of Demerged Company and Resulting Company got cancelled.
4. The difference between assets, liabilities and reserves transferred and the purchase consideration on Demerger is recorded as "Demerger Adjustment Deficit Account" of Resulting Company.
5. As per para 43 of Ind-AS 7 - Statement of Cash Flows, transactions that do not require the use of cash and cash equivalents (i.e. the above transfer of assets and liabilities under the scheme of demerger) have been excluded from the standalone cash flow statement for the year ended March 31, 2022.

The details of Demerged Undertaking as per the scheme approved by National Company Law Tribunal into Resulting Company is as follows:

<b>Particulars</b>	<b>As on April 01, 2021</b>
<b>Assets</b>	
<b>Non-current assets</b>	
(a) Property, plant and equipment	15,411.59
(b) Capital work in progress	439.87
(c) Other Intangible assets	62.42
(d) Financial assets	
(i) Other financial assets	266.40
(e) Non current tax assets (net)	7.96
(f) Other non current assets	439.09
<b>Total Non-current assets</b>	<b>16,627.33</b>
<b>Current assets</b>	
(a) Inventories	10,499.94
(b) Financial assets	
(i) Trade receivables	15,258.03
(ii) Cash and cash equivalents	1,486.78
(iii) Loans	0.60
(c) Other current assets	1,840.20
(d) Other current assets	2,145.93
<b>Total current assets</b>	<b>31,231.48</b>
<b>Total assets</b>	<b>47,858.80</b>

**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

<b>Equity and liabilities</b>	
<b>Equity</b>	
(b) Other equity	3,214.36
<b>Total equity</b>	<b>3,214.36</b>
<b>Liabilities</b>	
<b>Non- current liabilities</b>	
(a) Financial liabilities	
(i) Borrowings	12,759.27
(ii) Others financial liabilities	360.15
(b) Provisions	741.47
<b>Total non- current liabilities</b>	<b>13,860.89</b>
<b>Current liabilities</b>	
(a) Financial liabilities	
(i) Borrowings	16,318.52
(ii) Trade payables	
- Total outstanding due of micro enterprises and small enterprises	1,389.05
- Total outstanding due of creditors other than micro enterprises and small enterprises	11,424.92
(iii) Other financial liabilities	927.38
(b) Other current liabilities	520.90
(c) Provisions	202.78
<b>Total current liabilities</b>	<b>30,783.55</b>
<b>Total equity and liabilities</b>	<b>47,858.80</b>
Excess of assets over liabilities	Nil
Less: Issue of equity share capital of the Company due to demerger as per scheme (Refer Note 16)	75,279.98
Amount debited to Demerger Adjustment Deficit Account pursuant to the above scheme of demerger	(75,279.98)

Note : Equity shares pending for issuance at the end of previous year i.e. March 31, 2022 has been issued in current financial year.



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**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**Note 42: Financial Ratios**

Description	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.24	1.09	14.24%	NA
Debt- Equity Ratio	Total Debt (It includes Borrowing)	Shareholder's Equity	0.68	1.59	-57.26%	The decrease is mainly on account of issuance of preference shares and equity shares in this year
Debt Service Coverage ratio	Earnings available for debt service= Net Profit after Tax + Non Cash Operating Expenses(Depreciation and amortization)+Finance cost	Debt Service= Interest, and Principal Repayments	4.75	5.02	-5.30%	NA
Return on Equity ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	18.97%	90.76%	-79.09%	The decrease is mainly on account of decrease in profit and increase in Shareholder's funds
Inventory Turnover ratio	Revenue	Average Inventory	7.12	7.34	-2.93%	NA
Trade Receivable Turnover Ratio	Revenue	Average Trade Receivable	5.22	5.26	-0.70%	NA
Trade Payable Turnover Ratio	Purchases of goods and services	Average Trade Payables	3.59	4.05	-11.28%	NA
Net Capital Turnover Ratio	Revenue	Working capital= Current assets - Current liabilities	10.19	23.60	-56.81%	The decrease is mainly because of increase in short term deposits
Net Profit ratio	Net Profit after tax.	Revenue	4.61%	10.83%	-57.44%	The decrease is mainly because of decrease in profit
Return on Capital Employed	Earnings before interest and taxes	Capital Employed= Tangible Net Worth + Total Debt + Deferred Tax Liability	14.26%	20.21%	-29.44%	The decrease is mainly because of decrease in profit and increase in shareholder's fund

**Note:** Reasons have been explained for variance in which % of change is more than 25% as compared to previous year..



**43 Transfer Pricing:**

The Company has established a comprehensive system on maintenance of information and documents as required by the transfer pricing legislation under 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements.

**44 Details of dues to micro and small enterprises as defined under MSMED Act 2006:**

The Ministry of Micro, Small and Medium Enterprises had issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts payable to Micro and Small Enterprises as at 31 March 2023 except as follows:-

Particulars	As at March 31, 2023	As at March 31, 2022
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	1,590.86	1,898.22
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**45 EXCEPTIONAL ITEMS**

Exceptional items includes below income & expenses :

Particulars	As at March 31, 2023	As at March 31, 2022
Profit on sale of land	-	6,712.87
Loss on Demolition of Building	-	(138.82)
<b>Total</b>	<b>-</b>	<b>6,574.05</b>

**46** There are no amounts which were required to be transferred to the Investor Educational and Protection Fund by the Company.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Presidential assent in September 2020 and was published in the Gazette of India. However, the date on which the code will come into effect has not been notified.

**47** The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**48** As per section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The CSR activities and spend are as per the CSR Policy recommended by the CSR Committee and approved by the Board.

**49** All the amounts included in the financial statements are reported in lakhs of Indian Rupees ('INR' or 'Rs.') and are rounded to the nearest lakh, unless stated otherwise.

**50 Relationship with Struck-off Companies**

The Company has not incurred any transaction with struck-off companies i.e., investments in securities, receivables, payables, shared held by struck-off companies and other balances during the period.

**51 Registration of charges or satisfaction with Registrar of Companies**

There is no charge created on the assets of the Company with the Registrar of Companies other than assets specified in Note 18



**Hero Motors Limited**  
**Notes to standalone financial statements for the year ended March 31, 2023**  
**(All amounts are in ₹ lakh, unless otherwise stated)**

**52 Inclusion of Prior period errors**

No prior period items have been recorded or exists as on date.

**53 Details of Crypto Currency or Virtual Currency**

The Company has not done any investment or trading in crypto and virtual currencies.

**54 The Company does not have any Benami property, where any proceedings has been initiated or pending against the Company for holding any Benami property.**

**55 The Company has not been declared as a wilful defaulter by any lender who has powers to declare a Company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.**

**56 In respect of immovable properties that have been taken on lease and disclosed in the financial statements as right to use asset as at the balance sheet date, the lease agreements are duly executed in favour of the Company, except for the following:**

Description of immovable properties taken on lease	Carrying Value	Gross Carrying Value	Held in Name of	Whether promoter, director or their relative or employee	Period held indicate range, where appropriate	Reason for not Being held in name of Company
3,16,098 Sq. Ft. in Ludhiana	1,019.46	1,132.73	Hero Cycles Limited	Land in name of Hero Cycles Limited	April 1, 2022 to Mar 31, 2023	Company is in the process of duly executing the lease agreement

**57 The Company does not have any transaction which is not recorded in the books of account but has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).**

**58 The Company has not declared any dividend during the year.**

**59 Previous year's numbers have been regrouped/reclassified, wherever necessary, to conform to current year classification.**

**60 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.**

**61 As per the notification of the Ministry of Corporate Affairs (MCA) dated August 05, 2022, the Central Government has notified the Companies (Accounts) Fourth Amendment Rules, 2022 which amended the Companies (Accounts) Rules, 2014 (hereinafter referred as 'Rules'). As per said Rules, the Companies are, Inter-alia, required to maintain back-up of the books of accounts and other relevant books and papers in electronic mode in servers physically located in India on a daily basis. The books of account along with other relevant records and papers of the Company are maintained in electronic mode and the same is physically located in India and backups are being carried out on a daily basis.**

**62 The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.**

**63 The Board of Directors approved the financial statements for the year ended March 31, 2023 and authorised for issue on September 30, 2023.**

**For & on behalf of Board of Directors of  
 Hero Motors Limited**



**Abhishek Munjal**  
 Whole Time Director  
 (DIN: 05355274)  
 Place: Noida  
 Date: September 30,2023



**Amit Gupta**  
 Managing Director  
 (DIN: 02997032)  
 Place: Boston,US  
 Date: September 30,2023



**Darpan Vashista**  
 Chief Financial Officer  
 Pan No. : ACGPV3123M  
 Place: Noida  
 Date: September 30,2023



**Sheeba Dhamija**  
 Company Secretary  
 M. No. 29705  
 Place: Noida  
 Date: September 30,2023



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**Hero Motors Limited**  
**CIN: U29299PB1998PLC039602**  
**Regd. Office: Hero Nagar, G.T. Road, Ludhiana, Punjab-141003**

**Phone:** 0161-5026969

**Email:** sheeba.dhamija@heromotors.com

**Website:** www.heromotors.com

### **NOTICE**

A **NOTICE** is hereby given that 24<sup>th</sup> Annual General Meeting (“**AGM**”) of the Members of Hero Motors Limited will be held on 1:00 P.M. (IST), Saturday, September 30, 2023 through video conferencing to transact the following businesses:

#### **Ordinary Business:**

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2023, together with Auditors Report and Board’s Report thereon.
2. To receive, consider and adopt the Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2023, together with Auditors Report and Board’s Report thereon.
3. To appoint Mr. Keshav Misra (DIN: 00133702) as Director of the Company, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To approve the re-appointment of M/s Deloitte Haskins and Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as Statutory Auditors of the Company.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of section 139(1), 142 of The Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarification(s), exemption(s) or re-enactment(s), thereof for the time being in force), M/s Deloitte Haskins and Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of Annual General Meeting of the Company to be held in the year 2028 at such remuneration plus applicable taxes, and out of pocket expenses, as may be mutually agreed between the management and the Statutory Auditors.”

#### **Special Business:**

5. To consider and approve the appointment of M/s Ramanath Iyer & Co., Cost Accountants as Cost Auditor for FY 2023-24.

To consider and, if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to section 148 (3) of The Companies Act, 2013 read with Rules made thereunder, the appointment of M/s Ramanath Iyer & Co., Cost Accountants (Registration No. 000019) as the Cost Auditors of the Company to conduct audit of cost records made and maintained at its Ghaziabad Plant for financial year 2023-24 at mutually agreed remuneration of Rs 1,70,000/- (Rupees One Lakh and Seventy Thousand Only) plus GST & re-imburement of out-of-pocket expenses, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board of Directors, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

6. To consider and approve the appointment of Mr. Kulbir Singh (DIN: 00204829) as an Independent Director:

To consider and, if thought fit, to pass, with or without modification(s), the following as **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of section 149, 152 and any other applicable provisions of The Companies Act, 2013 (**“the Act”**) read with Schedule IV and The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Kulbir Singh (DIN: 00204829), who was appointed as an Additional Director in the capacity of an Independent Director with effect from February 01, 2023 and has submitted a declaration confirming that he meets the criteria of independence under section 149(6) of the Act and whose candidature for the office of Director has been recommended by the Nomination and Remuneration Committee and Board of Directors and in respect of whom the Company has received a Notice in writing from a Member under section 160(1) of the Act, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of 5 (five) years from the original date of appointment i.e. February 01, 2023 and whose office shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors including Nomination and Remuneration Committee thereof, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

**By Order of Board of Directors  
For Hero Motors Limited**

**Sd/-  
Sheeba Dhamija  
Company Secretary  
Membership No: A29705**

**Date: 30.09.2023  
Place: Uttar Pradesh**

## NOTES:

1. **The Explanatory Statement pursuant to section 102 of The Companies Act, 2013 (“the Act”), which sets out details relating to Special Business at the Meeting, is annexed hereto.**
2. The Ministry of Corporate Affairs has vide its circulars dated April 08, 2020, April 13, 2020, May 05, 2020 and December 28, 2022 (“MCA Circulars”) permitted holding of the AGM through video conferencing or other audio visual means. In compliance of the provisions of the Act and MCA Circulars, the AGM of the Company is being conducted through video conferencing.
3. The Company is pleased to inform that the AGM of the Company will be held through the two-way video conferencing facility.
4. The web-link of the meeting shall be provided separately. To access and participate in the meeting, shareholders and other participating stakeholders are requested to install Webex application and then click on the link provided.
5. The proceedings of the meeting shall be recorded and shall be kept in the safe custody of the Company. Such recording shall be made available on the website of the Company.
6. The notice of the AGM is being sent by electronic mode to those members whose e-mail addresses are registered with the Company.
7. Pursuant to the provisions of the Act, a member is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since the AGM is being held through video conferencing pursuant to the MCA Circulars, the physical attendance of members has been dispensed with. Accordingly, the facility of appointing proxies by the members will be not be available for the AGM.
8. Corporate Shareholders are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend and vote during the meeting. The said Resolution/Authorization shall be sent to the Company at sheeba.dhamija@heromotors.com.
9. Pursuant to Secretarial Standard on General Meetings, the information about the Directors who are proposed to be appointed/re-appointed is given in **Annexure I** to this Notice.
10. The facility for joining the AGM through video conferencing will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the AGM. The rule of first-come-first-served basis would not apply to participation of shareholders holding 2% or more shareholding, promoters, Directors, key managerial personnel and auditors.
11. Attendance of members is allowed at the meeting through video conferencing and the same shall be counted for quorum.
12. All relevant documents (copies thereof) referred to in the accompanying Notice and the Statement including Register of Directors and Key Managerial Personnel and their shareholding (as may be applicable) under section 170 and Register of Contracts or Arrangements in which Directors are interested, maintained under section 189 of the Act and their shareholding, shall remain open for inspection in the physical or electronic mode, by the Members at the Registered Office of the Company on all working days during business hours i.e. 9 a.m. to 6p.m. up to the date of the meeting.

13. The voting at the meeting shall be conducted by show of hands unless a poll in accordance with section 109 of the Act is demanded by any member.
14. When a poll is demanded during the meeting on any resolution, the members can convey their vote at the designated email ID of the Company i.e. sheeba.dhamija@heromotors.com.
15. The members can pose questions concurrently at the meeting or they can submit questions or queries regarding the agenda items on the designated email address through which the notice has been sent.
16. In case of any assistance with regards to using the technology before or during the meeting, please contact on the helpline number +91-9873368108.

## **EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013**

### **ITEM NO. 5**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s Ramanath Iyer & Co., Cost Accountants to conduct the audit of the cost records of the Company for the financial year 2023-24 at remuneration as detailed in the resolution.

In accordance with the provisions of section 148(3) of The Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is being sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 2023-24.

None of the Directors and Key Managerial Personnel of the Company & their relatives is in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution at Item No. 5 for approval of the members.

### **ITEM NO. 6**

The Board of Directors at its meeting held on February 01, 2023 on the recommendation of the Nomination and Remuneration Committee had appointed Mr. Kulbir Singh (DIN: 00204829) as an Additional Independent Director for a term of 5 (five) years with effect from February 01, 2023 and pursuant to the requirements of The Companies Act, 2013 (“Act”), it is proposed to seek approval of the members to appoint Mr. Kulbir Singh, as an Independent Director for a term of 5 (five) years commencing from February 01, 2023. Further, Mr. Kulbir Singh shall not be liable to retire by rotation as provided under section 152(6) of the Act.

Mr. Kulbir Singh has given a declaration to the Board that he meets the criteria of independence as provided in section 149(6) of the Act. In terms of proviso to sub-section (5) of section 152, the Board of Directors are of the opinion that Mr. Mr. Kulbir Singh fulfils the conditions specified in the Act, for his appointment as an Independent Director. The Company has received all statutory disclosures / declarations from Mr. Kulbir Singh, including:

- (i) Consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of The Companies (Appointment and Qualification of Directors) Rules, 2014,
- (ii) Intimation in Form DIR-8 in terms of The Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section (2) of section 164 of the Act, and
- (iii) A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of section 149 of the Act.

The Company has received a notice in writing from a member, pursuant to section 160(1) of the Act, proposing the candidature of Mr. Mr. Kulbir Singh for his appointment to the office of Independent Director.

Mr. Kulbir Singh does not hold any shares/securities in the Company, either in his individual capacity or on a beneficial basis for any other person. Except Mr. Mr. Kulbir Singh and his relatives, none of the other Directors and Key Managerial Personnel of the Company, or their relatives, are concerned or interested, financially or otherwise in this resolution. The Board recommends the Special Resolution at Item No. 6 for approval of the members.

**By Order of Board of Directors  
For Hero Motors Limited**

**Sd/-**

**Sheeba Dhamija**

**Company Secretary**

**Membership No: A29705**

**Date: 30.09.2023**

**Place: Uttar Pradesh**

**Annexure I****Details of director seeking appointment / re-appointment at the Annual General Meeting pursuant to Secretarial Standard on General Meeting (SS-2)**

<b>Particulars</b>	<b>Mr. Keshav Misra</b>	<b>Mr. Kulbir Singh</b>
Age	45 years	76 years
Qualifications	Bachelor in Business Administration	B.A., Economic Honors
Experience	24 years	56 years
Terms and Condition for appointment / re-appointment	Director liable to retire by rotation	Appointment as an Independent Director
Remuneration to be paid, if any	NIL	Sitting Fees: Rs. 10,000/- per meeting
Remuneration last drawn	NIL	NIL
Date of first appointment on the Board	09.09.2022	01.02.2023
Shareholding in the Company	NIL	NIL
Relationship with other Director, Manager / KMPs	N.A.	N.A.
Number of Board meeting attended during the year	12 out of 16	1 out of 16
No. of other Directorship	<ul style="list-style-type: none"><li>• Barrier Foils Private Limited</li><li>• Vostok Capital Private Limited</li><li>• Nuvomax Nutritionals Private Limited</li></ul>	<ul style="list-style-type: none"><li>• DCM Nouvelle Limited</li><li>• Secure Earth Technologies Limited</li><li>• DCM Nouvelle Specialty Chemicals Limited</li><li>• Micronics India Private Limited</li></ul>
Membership / Chairmanship of Committees of other Board	NIL	<ol style="list-style-type: none"><li>1. DCM Nouvelle Ltd -Chairman of Audit Committee.</li><li>2. In DCM Nouvelle Specialty Chemicals Ltd- Chairman of the Audit Committee and a member of the NRC Committee</li></ol>

**By Order of Board of Directors  
For Hero Motors Limited**

**SD/-  
Sheeba Dhamija  
Company Secretary  
Membership No: A29705**

**Date: 30.09.2023  
Place: Uttar Pradesh**

**Hero Motors Limited**  
**CIN: U29299PB1998PLC039602**  
**Regd. Office: Hero Nagar, GT Road, Ludhiana, Punjab-141003**  
Phone: 0161-5026969 | Email: sheeba.dhamija@heromotors.com

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**ATTENDANCE SLIP**

**Please complete this attendance slip and hand it over at the meeting venue**

\_\_\_\_\_  
Name of the attending shareholder/proxy  
(In block letters)

\_\_\_\_\_  
Regd. Folio No./DP ID/Client ID

No. of shares held \_\_\_\_\_

I hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company held on 1:00 P.M. (IST), Saturday, September 30, 2023 through video conferencing.

\_\_\_\_\_  
Signature of proxy holder

\_\_\_\_\_  
Signature of Shareholder

Notes:

1. Shareholder/Proxy is requested to bring the attendance slip with him/her when they come to attend the meeting. No attendance slip shall be issued at the time of the meeting.
  2. Shareholders are requested to indicate their folio number, the change in their addresses, if any to the Company at its Registered Office
-