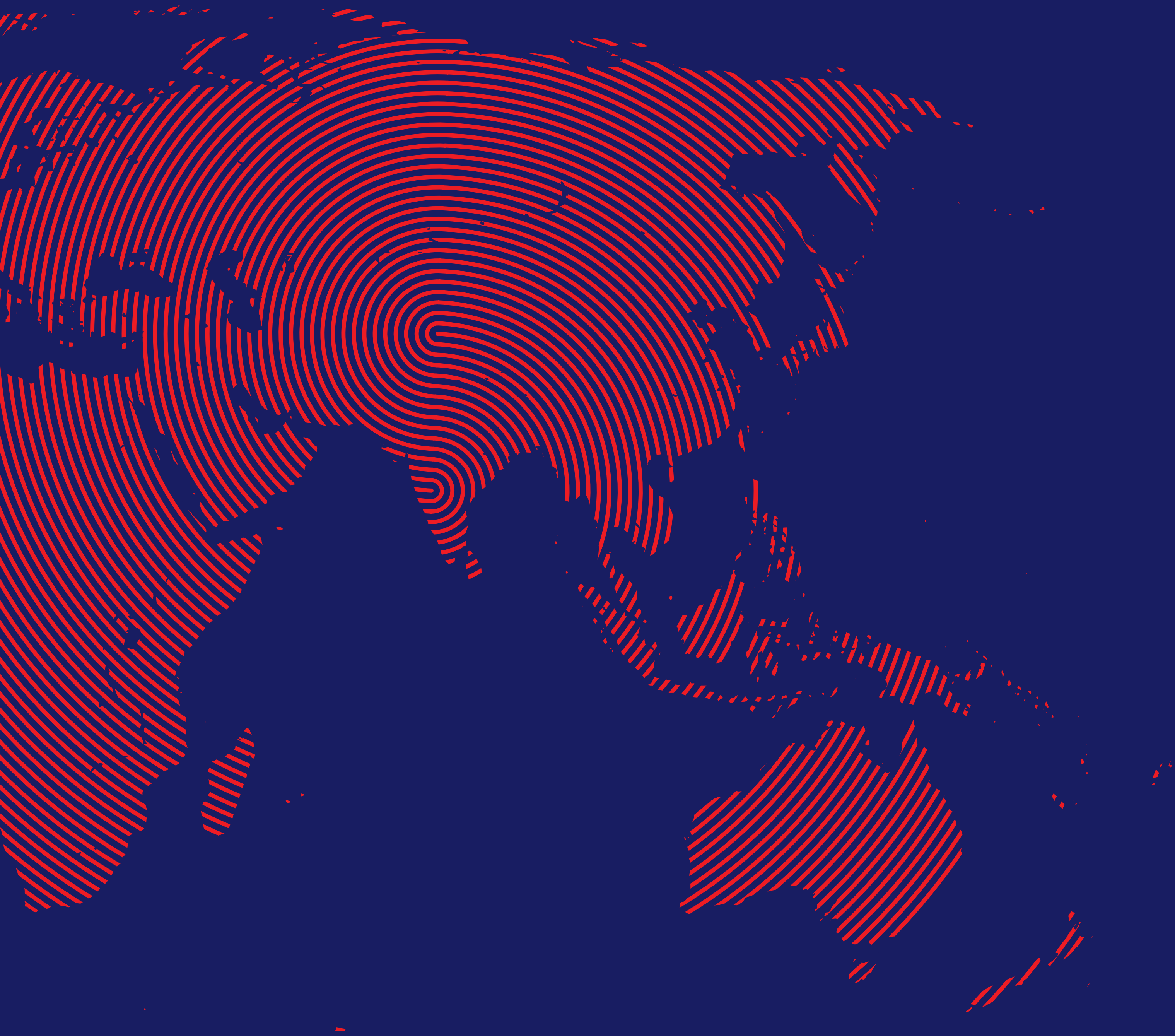
Leading the Way



Hero MotoCorp Limited

Annual Report 2019-20

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to design the
future of mobility

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that inspires
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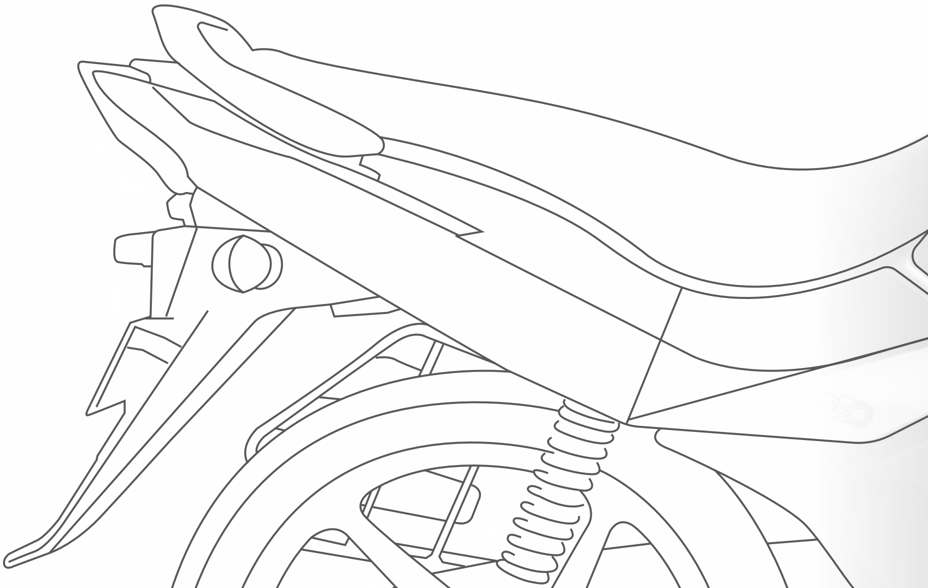
FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Hero
WORLD'S NO. ONE*
TWO-WHEELER COMPANY
19 YEARS IN A ROW

*Largest two-wheeler selling company in the world for any particular country for the year 2019

Scan the QR Code to access our Annual Report online

www.heromotocorp.com

Performance Highlights of FY20

Financial

₹ 29,614 crore

Total Income
(Vs. ₹ 34,342 crore in FY19)

₹ 3,958 crore

EBITDA
(Vs. ₹ 4,930 crore in FY19)

₹ 3,633 crore

PAT
(Vs. ₹ 3,385 crore in FY19)

12.3%

PAT Margin
(Vs. 9.9% in FY19)

Environment and Social

₹ 131 crore

CSR Spend

68.5 lakh

Lives Impacted

3.29 lakh kl

Water Recycled/Reused

7,16,000

Trees Planted

> Over the next 5-7 years, we are aiming to create the next generation of mobility solutions that are relevant to customers across the world.
>
> **DR. PAWAN MUNJAL**
> Chairman, Hero MotoCorp Ltd.

Leading the Way

For over three decades, our popular two-wheelers have been synonymous with the progress of the country. Providing wheels to the aspirations of millions, we have led the way in creating economic value for millions of stakeholders and have created a positive impact on the communities in which we operate.

Our overarching strategy is to deliver efficient and accessible mobility solutions to the present and future generations through innovation and inclusiveness. We continue to set global benchmarks through our scale of operations and products.

FY20 was a challenging year for the global automotive industry. In a sluggish market scenario, at Hero MotoCorp, we were successful in solidifying our presence in the premium motorcycle segment, strengthening the brand core and leading the industry's transition to BSVI emission norms. We ended the year with a standout showcase of our innovation prowess, technology capabilities and future roadmap at the one-of-its-kind Hero World 2020 event.

While the COVID-19 pandemic shook the world, we successfully navigated through the uncertain times with focus on safety and well-being of everyone yet ensuring business continuity. We stayed connected with our customers, business partners, employees, communities, and all other stakeholders to help them cope with the situation and eventually evolve with a comprehensive re-start roadmap. As a debt-free company with strong liquidity, we managed to support everyone within our ecosystem.

We believe, the fundamental attributes of business operations – sustainability and leadership – have attained more relevance than ever before. This report articulates multiple facets of leadership that we think are indispensable in these times. We are geared to play our part in the new world order with more adaptability, agility and optimism.

Corporate Portrait

Ingenuity makes us unique

Hero MotoCorp continues to be the world's largest manufacturer of two-wheelers, in terms of unit volumes sold by a single company in a calendar year, for 19 years in a row. A position that we cherish and celebrate with our nearly 100 million customers across the globe. We continue to design and develop tech-laden, market relevant products for our global customers.

Hero Halol plant

Our operations span more than 40 countries in Asia, Africa, the Middle East, South and Central America, with eight manufacturing facilities spread across three countries and state-of-the-art R&D facilities in India and Germany. We continue to strengthen our innovation drive to develop future-ready mobility solutions for our diverse customer-base spread across the world.

We relentlessly champion socio-economic progress and empowerment through our wide range of products and services, delivered on the basis of the core principles of sustainable development. Along with manufacturing excellence, we care deeply for nature and prioritise Environmental, Social Governance (ESG) initiatives to enable us to create a greener, safer and more equitable earth.

Our vision

Be the future of mobility

Our mission

Create: a mobility roadmap
Re-define mobility through the creation of a mobility roadmap. Set best practice and benchmarks for the industry.

Collaborate: with partners and broader teams
Capitalise on our unique position to leverage partnerships and teamwork, co-create solutions that benefit the community, while we care for both the internal and external environmental ecosystems and support sustainability.

Inspire: our stakeholders
Moving forward with purpose we will inspire our colleagues, customers, and communities. We thrive on the local and global stage.

Our values

Passion
We have the 'JOSH' – we are driven to deliver our best every day; loving what we do, to be bold and have fun.

Courage
We are risk-takers, pioneers, unafraid to question the status quo.

Respect
We show regard and appreciation for everyone; celebrate diversity, act with confidence yet humility.

Responsible
We are accountable for our actions and performance; delivering outcomes as a team, caring for each other and the environment.

Integrity
Our behaviour is ethical; and we do the right thing even when no one is watching.

RIDING WITH APLOMB

World's
#1
Two-wheeler manufacturer
19 years in a row

35+ years
of rich industry
experience

35.7%
FY20 Indian two-wheeler
market share

51.9%
FY20 Indian motorcycle
market share

GROWING SCALE

8
World-class
manufacturing facilities

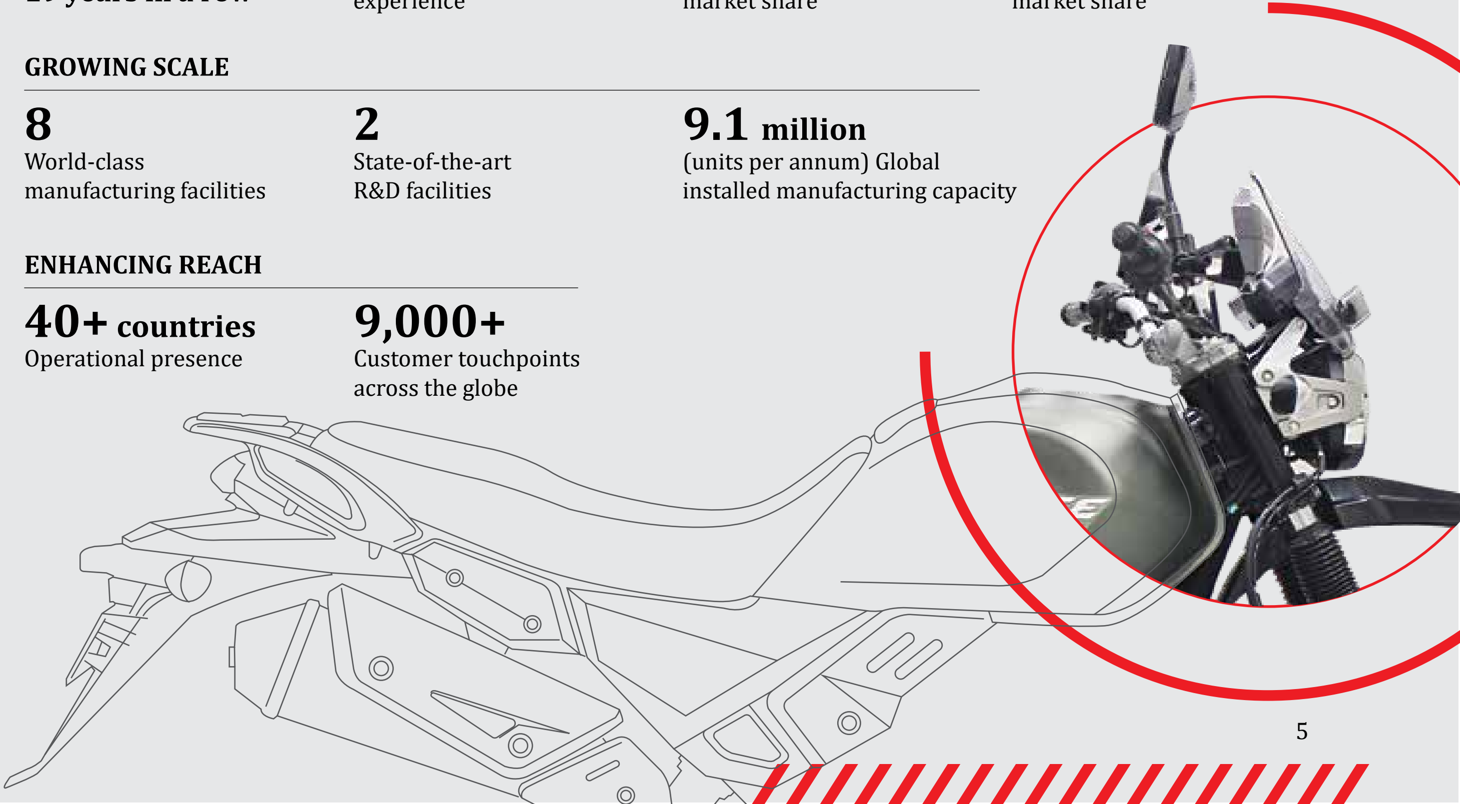
2
State-of-the-art
R&D facilities

9.1 million
(units per annum) Global
installed manufacturing capacity

ENHANCING REACH

40+ countries
Operational presence

9,000+
Customer touchpoints
across the globe



Chairman's Message

A Resilient, Compassionate and Caring Hero

Dear Shareholders,

I hope that you, your families and your loved ones are keeping safe and healthy.

Eleanor Roosevelt once said,

> “If Life was predictable, it would cease to be life....”

The year 2020 will forever be etched in history as the time when the human race changed forever. No one could have predicted this turn of events that evolved into the coronavirus pandemic.

Yet, when the going gets tough, the tough get going. In the face of adversity, we at Hero MotoCorp worked diligently, planned and equipped ourselves to counter the situation we were in. I am proud to share with you that we honed our competencies to prepare ourselves for the future and have come out much stronger.

From taking preventive measures, caring for our communities, stakeholders, our associates in Hero and their families, and keeping a positive outlook to hitting the ground sprinting on re-opening, we have truly led the charge on every front!

NAVIGATING DYNAMICALLY THROUGH THE COVID-19 CRISIS

At Hero MotoCorp, we were amongst the very first to recognise the oncoming crisis as early as February 2020 and constitute a Business Continuity Task Force under my direct supervision. Keeping the safety and well-being of our people as our topmost priority, we halted operations at all our manufacturing plants, offices and other facilities across the globe. We instituted the Work-From-Home (WFH) policy on March 22, 2020, two days prior to the government enforced national lockdown in India.

With the Business Continuity Plan in place, Hero MotoCorp was among the first automotive companies in India to resume plant operations on May 4, 2020 in a gradual manner. This decision was based on strict policies and protocols that encompassed every possible measure to ensure the health and safety of everyone across all our offices, manufacturing plants and retail customer touch points.

Your Company’s strong and debt-free balance sheet enabled us to manage liquidity effectively and provide support to partners, ensuring financial viability of the entire ecosystem.

EFFECTIVE & CONSTANT COMMUNICATION

Communication has come to play an even more critical role at a time when almost the entire world has been working from home. Constant communication and personal engagement have proven to be the key to business continuity.

We at Hero MotoCorp have been communicating with all our diverse stakeholder groups in a meaningful and consistent manner, throughout the lockdown period and continue to do as I write to you. I have personally hosted more than three-dozen digital Town Halls so far – interacting with Company employees, dealers, supply chain partners, our global distributors, investors and various other stakeholders across the globe.

Through these Communications outreach, I have kept everyone’s morale high and spread positivity and optimism, which has helped us bounce back strongly as a cohesive unit.

BSVI EXHAUST EMISSION NORMS – LEADING THE WAY TOWARDS A SUSTAINABLE FUTURE

Hero MotoCorp has been at the forefront of driving sustainability and green measures through its planning, operations and its products. Working in line with this ethos, your Company became the first two-wheeler manufacturer in India to receive the BSVI certification as early as June of 2019.

Staying in top gear, it was your Company that launched India’s first BSVI motorcycle – the Splendor iSmart 110. As planned, we had a smooth transition of the BSIV products to the new BSVI emission norms.

I am happy to report that the response to our new range of BSVI products from our customers, dealers as well as enthusiasts has been overwhelming. The retail sales of BSVI vehicles after the lockdown was lifted, provide an extremely positive outlook. There is also tremendous excitement and anticipation for the newly launched Xtreme 160R.

FINANCIAL PERFORMANCE & BUSINESS OUTLOOK

Your Company delivered a robust financial performance despite the economic slowdown and the impact of COVID-19. Our Profit After Tax (PAT) grew by 7.3% in FY20. We continue to maintain an attractive and leading edge dividend policy by declaring an overall dividend of ₹ 90 per share for FY20.

Most importantly, your Company continues to remain debt free and maintains a strong balance sheet. Its reserves have now reached ₹ 14,096 crore (US$ 1,988 million). The financial strength of the Company augurs well and will help the Company to successfully navigate itself into the future despite these trying times.

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The short-term business outlook remains uncertain due to the COVID-19 pandemic. However, the long-term story of India and that of the two-wheeler industry remains intact, strong and positive. There are ample growth opportunities in India, as well as in the global markets to grow our business to new heights. The continuous expansion of our geographic footprint over the past five years to more than 40 countries now creates a platform to build scale beyond India. Our investments in R&D over the past five years have been twice that of the other players in the industry. We will continue to invest in brands and R&D to sustain our growth in the future.

FORGING A PREMIUM CHARISMA

The product portfolio of your Company is well positioned to capitalise on this growth opportunity. We continue to remain a dominant leader with leading edge products in the Entry and Executive segment, while aggressively building our portfolio in the premium segment. Our recent market share improvement in premium scooters (125cc) is heartening and is a step in the right direction to win considerable market share in the scooter segment as well.

During FY20, we have further strengthened our premium motorcycle portfolio with the launch of various new benchmark-setting products. The XPulse 200, launched during the Diwali festive season won the 'Indian Motorcycle of the Year' Award for 2019. It has also begun to create a tremendous fan base across our global markets.

With products such as Maestro Edge 125 – India's first scooter with Fuel Injection, the XPulse 200 range, Xtreme 200S, the new Glamour, Super Splendor, Pleasure+ and the new generation Passion Pro, our entire portfolio is now younger, much more attractive and significantly diverse. With excellent product planning protocols in place and creative design and engineering capabilities, we are determined to have a strong presence in the premium segment with a robust portfolio of products over the next three to five years.

HERO WORLD 2020 – A GLIMPSE INTO THE FUTURE OF MOBILITY

In February 2020, we curated a unique event called the Hero World 2020 at our R&D facility - the Centre of Innovation and Technology (CIT) - in the northern Indian city of Jaipur. This event - attended by global media, investors, dealers from India, supply chain partners, our global distributors - unveiled the new Vision of Hero MotoCorp, to be the Future of Mobility. During this four-day long event, Hero MotoCorp showcased numerous products, future mobility solutions, new concepts and conducted training and design workshops, test rides of our new products and concepts during this event. This first-of-its-kind event reinforced Hero's commitment to lead the way and **"To Be The Future of Mobility."**

DIVERSITY & INCLUSION

Enhancing Diversity and Inclusion (D&I) is a key focus area for the organisation. I am driving this agenda, considering my personal passion and commitment for this cause.

As a result of this concerted effort, the number of women in our workforce crossed an important milestone of 1,000 in FY20.

In line with our D&I Vision, we have adopted an integrated approach that includes mentoring programmes to increase and retain workforce diversity within the organisation, recruitment initiatives, education, training and career development.

To promote a culture of diversity and inclusivity, we hold a number of Gender Sensitisation Workshops and D&I Talk series for our employees, where external thought leaders and eminent achievers are invited to speak on global best practices.

GLOBAL OUTREACH

Despite the sluggish economic activity around the world during the year, we continued to collaborate with our partners to keep growing our global footprint. With the appointment of a new distributor in Peru, we have now expanded our global footprint to more than 40 countries in FY20, up from just four countries in FY12.

We have been following a market-specific strategy to further enhance our presence in markets in specific geographies. For example, we plan to build on the momentum we have already gained in the Asian and Latin American markets by launching new models in the 150-160cc category.

Having grown in double digit in Africa during FY20, we are sharpening our focus among the 'Boda-Boda' (local two-wheeler taxi) riders.

In Bangladesh and Nepal, we are deepening our financing network across markets and strengthening the momentum. Increasing 'digitalisation' is also helping us drive sales in several of our global markets across the globe, including Bangladesh, Nepal, Colombia, and the Central American and Caribbean (CAC) countries.

ENHANCING DIGITALISATION

The Digital Ecosystem of the Company is an important area that we continue to focus on. Hero Connect - our CRM initiative - was extended to Authorised Representatives of Dealers (ARDs), thereby ensuring that our entire channel is now using the same platform for all their processes. This has resulted in consistent business experience across channel partners. We also set up a 'Plant Utility Cockpit' to give a 'Bird's eye view' of all utilities operations. During the year, we created a dedicated team to work on Industry 4.0 with an objective of making our manufacturing faster, much more efficient and customer-centric.

CARING, COMPASSIONATE & RESPONSIBLE

As a caring organisation, your Company has always gone beyond the immediate call of business to contribute towards making our planet a better place.

At Hero MotoCorp, we continue to play a critical role in achieving the Sustainable Development Goals (SDGs) through appropriate business practices and focused investments. Our Corporate Social Responsibility (CSR) framework is designed to make the maximum measurable impact through multiple social interventions.

Our continuous commitment towards CSR is evident from our CSR spends in the past five years (2015-2020), which is much more than the specified amount of 2% of Net Profit.

> "The future depends on what we do in the present."
>
> \- M K Gandhi

We at Hero MotoCorp – along with the other Hero Group companies – have committed a corpus of ₹ 100 crore (US$ 14 million) towards COVID-19 relief efforts in India.

In addition, we have rolled out an extensive relief effort and exercise that includes providing lakh of nutritious meals to the needy and the manufacture and distribution of sanitisers and protective face masks to the public. Through the ingenuity of our engineers, we have also developed a first-responder mobile ambulance that will be in service in the rural areas.

CREATE, COLLABORATE, INSPIRE!

Our world is going through a period that will define the lives of future generations. Human endeavour and resolve are being tested as we begin to overcome the ongoing pandemic. Together, we will emerge much wiser, stronger and better prepared for any challenges that we will be faced with in the future.

At Hero MotoCorp we are laying the foundation of our journey into the future.

We are on the cusp of creating yet another world record, a historic milestone of 100 million motorcycles and scooters in cumulative sales in FY21. The milestone of 100 million is not just a number – it also demonstrates the faith and trust that our customers around the world have placed in Hero!

However, we are not resting on our laurels. In keeping with our Vision and Mission, we are also stepping-up our efforts towards developing mobility solutions for the future through a collaborative approach. Our teams are constantly working on new business models, new vehicle concepts and alternative mobility solutions, keeping Hero MotoCorp ahead of the curve.

I seek your support and best wishes for our journey ahead and the upcoming milestones...

Stay safe. Stay upbeat.

Best regards,

Pawan Munjal

Board of Directors

Leading with integrity

DR. PAWAN MUNJAL
Chairman, Managing Director and CEO

MR. VIKRAM S. KASBEKAR
Executive Director – Operations
(Plants) and Chief Technology Officer

MR. SUMAN KANT MUNJAL
Non-Executive Director

MR. M. DAMODARAN
Non-Executive and Independent Director

MR. PRADEEP DINODIA
Non-Executive Director

PROF. JAGMOHAN SINGH RAJU
Non-Executive and Independent Director

MR. PAUL B. EDGERLEY
Non-Executive and Independent Director

MS. TINA TRIKHA
Additional and Independent Director

Board of Directors

DR. PAWAN MUNJAL

Chairman, Managing Director and CEO

Ⓒ

Dr. Pawan Munjal is one of India's foremost corporate leaders, championing growth, socio-economic progress, and technological innovations. He is the Chairman, Managing Director and CEO of Hero MotoCorp, the world's largest manufacturer of two-wheelers. Under his able leadership, Hero MotoCorp achieved the coveted title of World's No. 1 two-wheeler company in 2001 and has successfully retained this position till date, for 19 consecutive years. He has also led Hero MotoCorp to consolidate its leadership in the domestic market and expand its global footprint to more than 40 countries across multiple continents. Dr. Munjal is a prominent member of several industry organisations.

MR. SUMAN KANT MUNJAL

Non-Executive Director

Mr. Munjal was appointed as an Additional Director on the Board on July 29, 2010. He is the Executive Chairman (Whole-time Director) of Rockman Industries Ltd., one of the leading suppliers of aluminium die casting, machined and painted assemblies to Hero MotoCorp. A graduate in Commerce, he possesses rich experience and expertise in business management. Over the years, he has been instrumental in elevating Rockman Industries Ltd. to its current status as a credible ancillary supplier to auto majors. With over 44 years of experience and expertise, Mr. Munjal sits on the Boards of various companies.

MR. VIKRAM S. KASBEKAR

Executive Director – Operations (Plants) and Chief Technology Officer

Mr. Vikram S. Kasbekar is responsible for plant operations, catering to the domestic, export, and after sales markets and oversees product, strategy, design and development, ensuring global standards in manufacturing quality and delivery. He has been with the Company for 16 years. Earlier, a stint at Birla Copper as Business Head gave him the exposure to turn a business profitable. He is an active member of CII northern region council.

MR. PRADEEP DINODIA

Non-Executive Director

Ⓒ Ⓒ Ⓜ Ⓜ Ⓜ

Mr. Pradeep Dinodia is a Non-Executive Director of the Company. He is on the Board of the Company since March 31, 2001. He graduated in Economics with Honours from St. Stephen's College, Delhi University and obtained his Law Degree from the same University. He is a Fellow Member of The Institute of Chartered Accountants of India and Chairman and Managing Partner in the Delhi-based Chartered Accountancy firm M/s. S.R. Dinodia & Co. LLP. He is the Chairman of Shriram Pistons & Rings Limited and Non-Executive Independent Director in Hero FinCorp Limited and DCM Shriram Limited. He has co-authored a book, "Transfer Pricing Demystified".

Committee Details

● Audit Committee ● Risk Management Committee ● Stakeholders' Relationship Committee

● Nomination and Remuneration Committee ● Corporate Social Responsibility Committee

Ⓒ Chairman Ⓜ Member

MR. PAUL B. EDGERLEY

Non-Executive and Independent Director

M M

Mr. Paul B. Edgerley was appointed as an Additional Director on the Board of the Company on May 4, 2011 and was appointed as Non-Executive and Independent Director of the Company w.e.f. May 5, 2016. Mr. Edgerley is currently a Senior Advisor of Bain Capital and Managing Director of VantEdge Partners, a private investment firm. From 1990 to March 2016, Mr. Edgerley was a Managing Director of Bain Capital. Prior to joining Bain Capital in 1988, Mr. Edgerley worked with Bain & Company and Peat Marwick Mitchell & Company. Mr. Edgerley is a member of the Kansas State University Foundation, The Shamrock Foundation, and serves on the Board of Trustees for Massachusetts General Hospital and the Board of Directors for Year Up. He was awarded an MBA with distinction from Harvard Business School and a BS from Kansas State University.

PROF. JAGMOHAN SINGH RAJU

Non-Executive and Independent Director

C M M

Prof. Jagmohan Singh Raju holds a Ph.D. in Business, an M.S. in Operations Research, and an M.A. in Economics from Stanford University, California. He is an MBA from the Indian Institute of Management, Ahmedabad, and has a B.Tech. degree in electrical engineering from the Indian Institute of Technology, Delhi. He is currently the Vice Dean of Executive Education and the Joseph J. Aresty Professor of Marketing at the Wharton School of the University of Pennsylvania. Prof. Raju chaired Wharton's Marketing Department for six years and currently coordinates Wharton's relationship with the Indian School of Business. Prior to joining Wharton, he taught at the Anderson School at UCLA. He has received numerous teaching awards at Wharton and UCLA. He was recognised at IIM Ahmedabad for the best academic performance in each of the two years he attended and was on the merit list at IIT Delhi. His research interests include pricing, new product introduction strategies, retailing, strategic alliances, and advertising. He leads and teaches in many executive education programmes at Wharton, has consulted extensively with many leading companies around the world, and advises start-ups initiated by Wharton students.

MR. M. DAMODARAN

Non-Executive and Independent Director

C M M M

Mr. M. Damodaran is a Non-Executive and Independent Director on the Board of the Company. He has held a number of important positions in the Central and State Governments and in India's financial sector, including, Chairman, Securities and Exchange Board of India (SEBI), Chairman, Unit Trust of India (UTI), Chairman, Industrial Development Bank of India (IDBI), and Chief Secretary, Government of Tripura. After successful tenures at UTI and IDBI, where he led the turnaround efforts, and at SEBI, where he introduced improved corporate governance practices, he set up Excellence Enablers Private Limited (EEPL), a corporate governance and Board advisory consultancy firm. His pioneering role in promoting corporate governance in India invests EEPL with an experience-based leadership role in corporate governance advisory work. In addition, he is presently a consultant, advisor, coach and mentor and serves on the Boards of some of the leading companies in India as well as on the Advisory Boards of some foreign entities.

MS. TINA TRIKHA

Additional and Independent Director

M

Ms. Tina Trikha was appointed as an Additional and Independent Director effective October 23, 2019. She has close to two decades of experience working with companies in India, the United States, and South-East Asia. A published author and an executive coach, she currently serves as head of communications and talent development for SeaLink Capital Partners, an India-focused private equity firm. Previously, she was Vice President of corporate planning and strategy at Godrej Industries Limited. Prior to that, Ms. Trikha was responsible for strategic planning and business development at Scholastic, a book publisher and distributor in New York. In a previous stint, she has worked with McKinsey & Company in New York and Credit Suisse in New York and Hong Kong. Ms. Trikha holds a Bachelor's degree in Economics from Massachusetts Institute of Technology and a Master's degree in Business Management from the Wharton School of Business, University of Pennsylvania.

Leadership Team

Leading with inspiration

NIRANJAN GUPTA
Chief Financial Officer

VIJAY SETHI
Chief Information Officer, Head CSR
and Chief Human Resources Officer

RAJAT BHARGAVA
Head – Emerging Mobility,
Strategy & Performance
Transformation & Global Business

NEERAJ MATHUR
Head – Strategic Sourcing &
Supply Chain

MALO LE MASSON
Head - Global Product Planning

NEERJA SHARMA
Company Secretary &
Chief Compliance Officer

Hero World 2020 at CIT Jaipur

Hero world 2020 event

Geographic Presence

Transcending borders

Operational footprint

ASIA

- India
- Sri Lanka
- Bangladesh
- Nepal
- Myanmar

LATIN AMERICA

- Colombia
- Peru
- Ecuador
- Guatemala
- El Salvador
- Honduras
- Nicaragua
- Costa Rica
- Panama
- Bolivia
- Dominican Republic
- Argentina
- Guyana
- Trinidad & Tobago

AFRICA & MIDDLE EAST

- Kenya
- Tanzania
- Uganda
- Ethiopia
- Burkina Faso
- Ivory Coast
- Angola
- Democratic Rep of Congo
- Mozambique
- Madagascar
- Egypt
- Liberia
- Guinea
- Nigeria
- Ghana
- Turkey
- Dubai
- Iran
- Djibouti
- Zambia
- Mauritius
- Kuwait

Manufacturing capability*

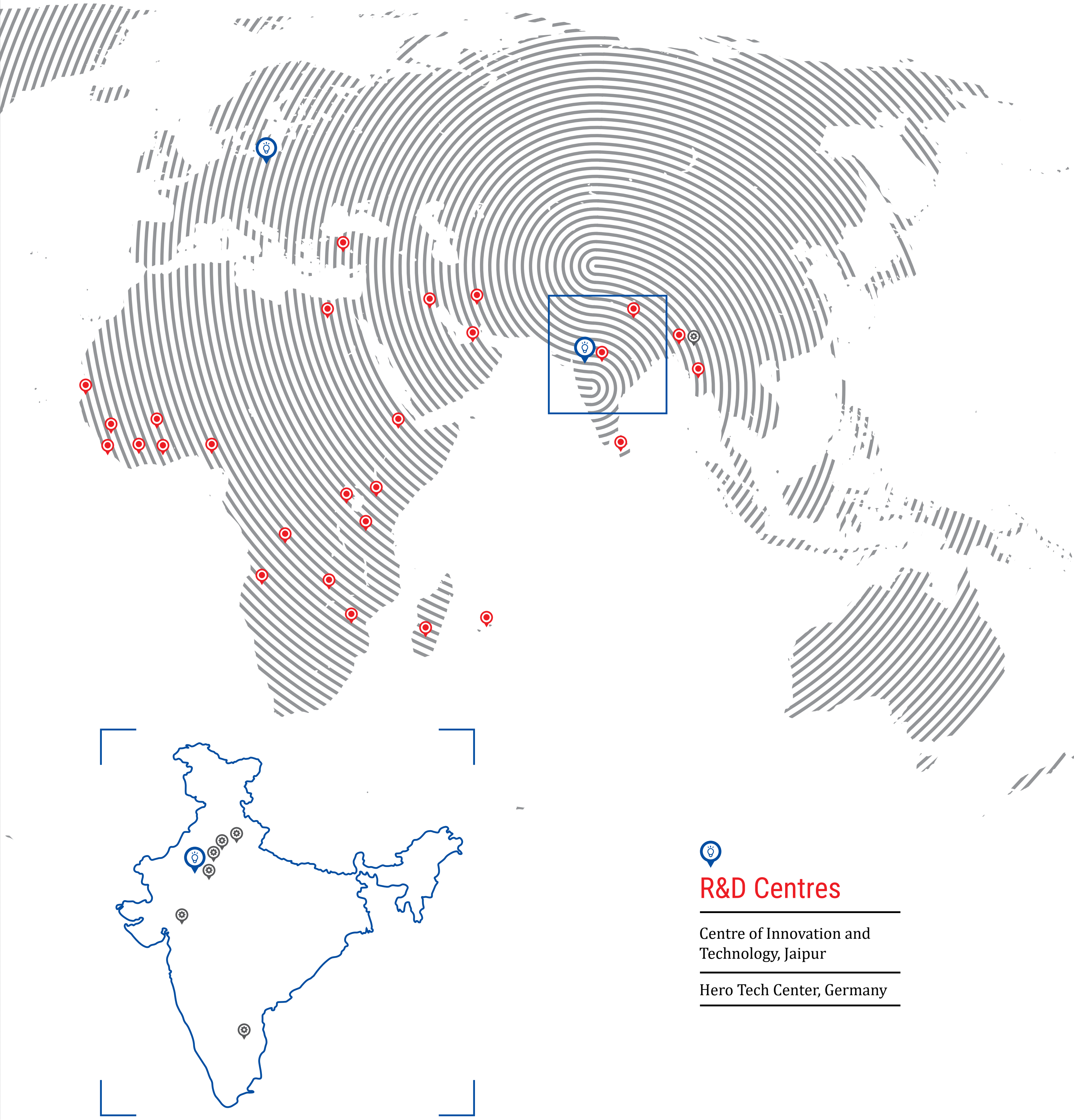
Annual Capacity (million units)

Dharuhera	Gurgaon	Haridwar	Neemrana	Halol	Chittoor
2.1	2.1	2.7	0.8	0.8	0.4
Colombia	**Bangladesh**				
0.15	0.08				

9.1 mn units

Total manufacturing capacity

* Total volumes based on change in mix and incorporating adoption of BSVI requirements



R&D Centres

Centre of Innovation and Technology, Jaipur

Hero Tech Center, Germany

Product Portfolio

Experience our spectrum

During FY20, we launched five new products in the scooter and premium motorcycle segments, which have significant growth potential. We were the first two-wheeler manufacturer in India to launch BSVI compliant motorcycles six months ahead of the deadline, leading the industry as it transitioned to BSVI emission norms.

Solidifying the motorcycle core with balanced portfolio strategy at BSVI

A balanced strategy of retaining the core products and in tandem ushering in new products, with proprietary XSens™ technology, enabled us to further strengthen our core portfolio.

RETAINED THE CORE

HF Deluxe

Splendor+

USHERED THE ALL-NEW

Splendor iSmart

Passion Pro

Super Splendor

Glamour

Anchoring the X-Story in premium motorcycles

We began FY20 with **three launches** targeting a **horizontal expansion** and followed it with one **more launch, for vertical expansion.**

EXPAND HORIZONTALLY TO THREE DISTINCT SEGMENTS

Xtreme 200S

XPulse 200T

XPulse 200

GO VERTICAL TO THE CORE, TO THE ENTHUSIASTS

Xtreme 160R

Unlocking the scooters potential

Riding on the success of Destini 125, we accomplished **~100% market coverage in FY20** with the launch of **Maestro Edge 125, India's first FI Scooter** and **the all-new Pleasure+110.**

EXCITING SCOOTER LINE-UP

Pleasure+ 110

Maestro Edge 110

Destini 125

Maestro Edge 125

Opportunity Landscape

Identifying key trends

At Hero MotoCorp, we are constantly seeking opportunities to grow and expand our horizons with a sustainable, long-term outlook. Here are the key opportunities that we are focusing on.

Growing export markets

Afro-Latam markets: Africa and Latin America are few of the largest two-wheeler markets beyond Asia. The key drivers for two-wheeler markets in these geographies are **a predominantly young population** (median age 20s), inadequacy of public infrastructure and recent focus of governments on enhancing civic amenities. The **spread of Boda Boda (motorcycle taxis)** from Nigeria to the regions of Guinea, Kenya, Tanzania and Uganda in Africa and Peru, Ecuador and Dominican Republic in Latin America among others have led to a rapid growth in the two-wheeler market in these countries.

Promising Bangladesh markets: Bangladesh is rapidly rising as one of the world's top five emerging economies for the next decade. The country's two-wheeler sales have doubled in the last three years, with FY20 hitting volumes **topping 540,000 units**. The key factors leading to strong two-wheeler market growth are the economic boom due to high growth rates and remittances from expatriates. The combination of tax and incentives for innovation, import policies, reduction of cost of ownership and introduction of ride-sharing services in major cities provide further impetus to the growth of the two-wheeler industry. Similarities with the market in India and a strong partner along with a good product profile have helped us gain a strong foothold in the two-wheeler industry in Bangladesh.

Preference for personal mobility

Two-wheelers serve as an income enabler, a flexible and sturdy transport to travel longer distances. **Further, the expanding gig economy helps bolster the demand for two-wheelers. Also, increasing participation of women in education, employment and leisure act as demand drivers for the industry.**

With safety as a key priority in the post-COVID scenario, people across the world and especially in developing economies are exploring personal mobility solutions. This trend could drive the demand for two-wheelers across categories and price points. Further, during a challenging economic environment, new buyers tend to buy affordable products from reliable market leaders. This could help players who have strong presence in multiple segments.

Favourable credit scenario

The availability of credit at cheaper rates in India and many other countries where Hero MotoCorp operates bodes well for consumption demand over the medium to long term.

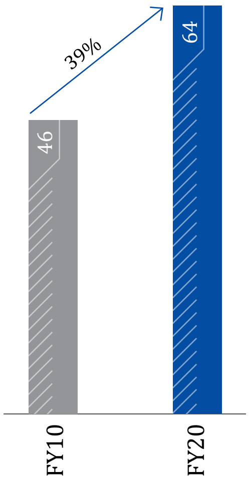
Semi-urban and rural rebound

In India, semi-urban and rural areas are likely to see better growth than urban areas in the interim. **There is the expectation of high food grain production, forecast of normal monsoons and** positive cash flow supported by higher disbursements through government schemes.

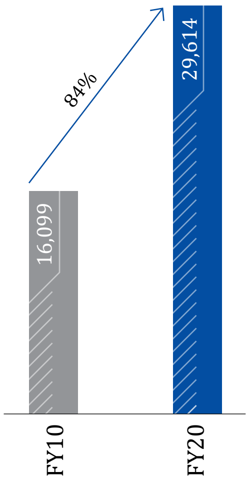
Key Performance Indicators

Consistent performance with long-term lens

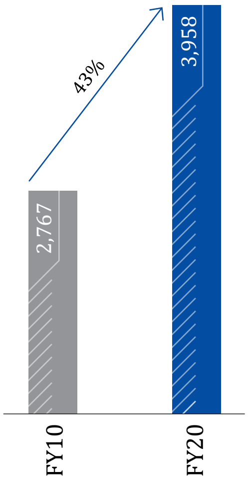
Sales Volume
(in lakh)



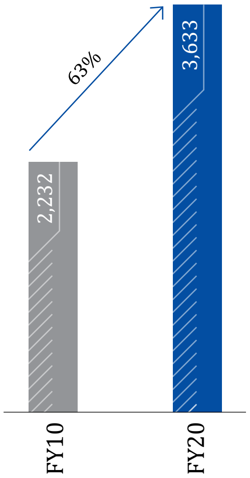
Total Income
(₹ in crore)



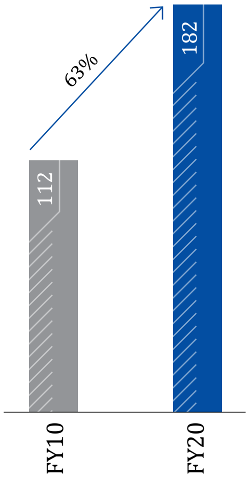
EBITDA
(₹ in crore)



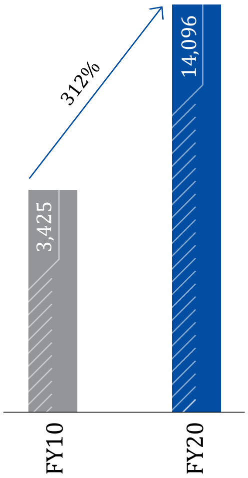
Profit after Tax
(₹ in crore)



Earnings Per Share
(₹)



Reserves & Surplus
(₹ in crore)



10 years at a glance

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Sales volume (No. in lakh)	54	62	61	62	66	66	67	76	78	64
Total Income (₹ in crore)	19,688	23,944	24,166	25,722	28,078	31,123	31,394	33,398	34,342	29,614
Profit after Tax (₹ in crore)	1,928	2,378	2,118	2,109	2,386	3,160	3,377	3,697	3,385	3,633
Earnings per share (₹)	97	119	106	106	119	158	169	185	169	182
Dividend per share (₹)	105	45	60	65	60	72	85	95	87	90
Reserves & Surplus (₹ in crore)	2,916	4,250	4,966	5,560	7,318	8,794	10,071	11,729	12,817	14,096
Profitability Metrics										
EBITDA/Income from operations (%)	13.49	15.35	13.82	14.01	12.84	14.51	16.26	16.38	14.65	13.73
Profit before tax/Total income (%)	12.62	11.96	10.47	11.15	12.41	14.25	14.84	15.70	14.59	15.44
Profit after tax/Total income (%)	9.79	9.93	8.76	8.20	8.50	10.15	10.76	11.07	9.86	12.27
Return On Average Capital Employed (ROACE) (%)	62.28	58.87	47.85	52.67	53.77	54.78	49.18	47.94	40.69	33.86
Return On Average Equity (ROAE) (%)	60.05	65.64	45.57	39.77	36.82	39.03	35.65	33.80	27.49	26.92
Working Capital Management										
Inventory period (in days)	10.30	10.50	11.16	10.50	11.13	10.35	10.18	10.14	12.11	16.21
Inventory and Receivable Conversion Period (in days)	12.38	13.39	17.77	21.01	25.35	26.15	26.97	24.65	30.94	38.60
Cash Cycle	(20.02)	(32.16)	(25.35)	(20.15)	(21.44)	(22.78)	(20.92)	(18.76)	(10.47)	(8.51)
Current Ratio	0.40	0.45	0.73	0.77	0.93	0.78	0.71	0.75	1.20	0.90
Acid Test Ratio	0.26	0.25	0.50	0.54	0.67	0.58	0.55	0.56	0.94	0.63

Business Model

Value mechanics for global leadership

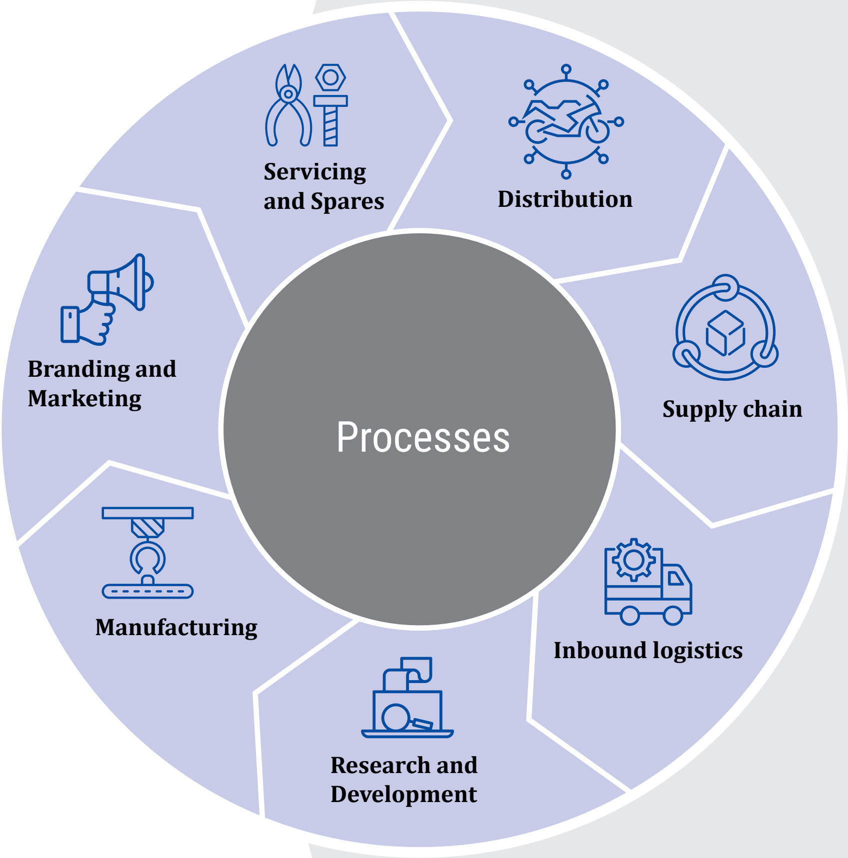
Capitals	Inputs
Financial Capital Funds available to create value through production processes, or funds generated by operations. We have a strong, net debt-free balance sheet and focus on efficient capital allocation.	• Capital Expenditure: ₹ **1,360 crore** • Networth: ₹ **14,136 crore** • Healthy **52.8%** stake of institutional and foreign investors - FPIs/FIIs/Foreign nationals: 34.3% - DIIs: 18.5%
Manufacturing Capital Our state-of-the-art infrastructure for two-wheeler production, logistics, warehousing, and sales.	• Number of Manufacturing Facilities: **8** • Installed Capacity: **9.1 million** two-wheelers annually • Net Fixed Assets: ₹ **6,458 crore**
Intellectual Capital Our knowledge base and includes patents, trademarks, copyrights and innovative products and processes developed through R&D, improvement initiatives and collaboration with institutions.	• Two world-class R&D Centres in Jaipur and Germany • R&D investments: ₹ **712 crore** • Talent pool at R&D centres: **826**
Human Capital The skills, knowhow, capabilities, experience, diversity and level of motivation of direct and contractual employees. We promote innovative thinking and equip them with the right development tools and trainings.	• Total Human Capital: **8,599** – On-rolls; **21,091** - Off-rolls • Learning and Development spend: ₹ **18.43 crore** • Investment in Employee Engagement Initiatives: ₹ **100.43 crore**
Social and Relationship Capital Trust-based, mutually beneficial relationships with key stakeholders such as investors, customers, vendors, society and government, among others, which play a vital role in our success.	• CSR Spend: ₹ **131 crore** • Dealers/touchpoints across the globe: **9,000+** • Advertising & Publicity Spend: ₹ **720 crore** • Suppliers: **388**
Natural Capital Natural resources such as air, water, energy, land and biodiversity, which are either utilised by us or impacted by our operations.	• Energy Mix - Renewable: **5%** - Non-renewable: **95%** • Number of GreenCo rated Facilities: **4** • Number of Indian Green Building Council (IGBC) Certified Facilities: **4**

Outcomes

Financial
- Total income: ₹ **29,614** crore
- EBITDA: ₹ **3,958** crore
- PAT: ₹ **3,633** crore
- ROACE: **33.86%**
- Debt-Free
- Total dividend declared: ₹ **90** per share

Manufacturing
- Total Two-wheelers dispatched: **64** lakh (Domestic+Global)
- Domestic market share in:
  - Two-Wheelers: **35.7%**
  - Motorcycles: **51.9%**

Intellectual
- Patents filed: **94**
- New models launched: **7** (in past 18 months)



Human
- Economic empowerment of employees
- Skill upgradation of employees
- No. of complaints received on POSH: **4**
- Attrition rate: **7.47%** (total on roll strength)
- Diversity ratio: **4.23%** (total on roll strength

Natural
- Actively engaged with local communities with dedicated social responsibility and environmental initiatives
- Reduction in specific consumption of energy **10%** and water **4%**
- Clean energy generated: **82** lakh kWh
- FTSE Russell ESG rating and FTSE4Good Index status
- Water recycled: **3.3 lakh kl**
- Trees planted: **7,16,000**

Social
- Lives impacted **68.5** lakh

Relationship
- Customer satisfaction index: **8.78** (on a scale of 10)
- Customer complaints resolved: **99%**

Strategic Priorities

Focused on the right roadmap

As the world's largest two-wheeler manufacturer, we are firm believers in sustainable development. In step with the changing times, we have identified five strategic priorities to envision and design the future of mobility for the world.

Enhancing R&D capability

Constantly seeking better answers to ensure safer and sustainable mobility for millions of people across the world by enhancing our R&D capabilities.

Read more on pages 28-29

Winning in premium motorcycle and scooter segments

Continuously redesign and revamp products for customers across the globe.

Read more on pages 30-31

Fortifying global footprint

Foray into new markets, imbibe new cultures, collaborate with exciting partners.

Read more on pages 32-33

Foraying into emerging mobility

Evaluating various offerings in emerging mobility opportunity, including two and three-wheelers, telematics, charging/swapping ecosystem and mobility as a service (MaaS).

Read more on pages 34-35

Strategic Priority 1

Enhancing R&D capability

What will be the future of mobility for the new world order? How can people commute safely in less time in busy, crowded cities and emerging towns and rural locations? We are constantly seeking better answers to ensure safer and sustainable mobility for millions of people across the world by enhancing our R&D capabilities.

CIT Jaipur

Built for the future

Our R&D initiatives are driven by two best-in-class facilities, having the right combination of latest equipment, industry talent and expertise.

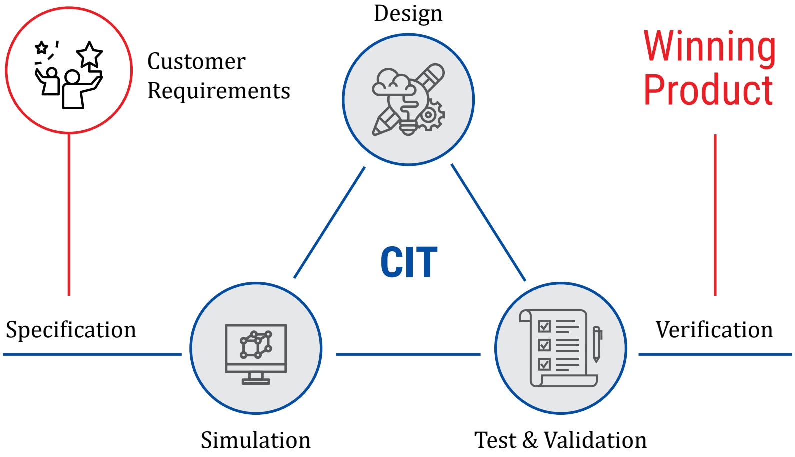
CENTRE OF INNOVATION AND TECHNOLOGY (CIT), JAIPUR

Our sprawling CIT campus in Jaipur, India is a one-of-its-kind facility, home to all facets of R&D initiatives including advanced facilities for new product design, prototype manufacturing, testing and validation. The CIT has world-class test-tracks within the campus that are used for testing new products as well as for race training. The 17-kilometre-long tracks have 45 different surfaces to simulate real-world road conditions, both Indian and global, including off-road test tracks.

The CIT brings together a multinational group of automotive experts, world-class infrastructure and talent pool, creating an environment of engineering excellence to 'Innovate in India'.

True to our organisational vision to 'Be the Future of Mobility', CIT is driving efforts in sustainability projects like future product pipeline, new technologies, electric vehicles and alternative mobility solutions.

Well-defined architecture



HERO TECH CENTER GERMANY (HTCG)

We expanded our research footprint to Germany in FY19 to supplement our continuous efforts at CIT, Jaipur. Key priorities of HTCG are:

- Strengthening technical competencies (chassis development, electric vehicle, advanced styling & design and engine mechanical development)
- Delivering on electric vehicle and premium projects

Our presence in Europe helps attract global talent to our R&D efforts and provides a strong support for the Hero MotoSports Team Rally.

MotoSports at Hero World 2020, Jaipur

₹ 712 crore

R&D investments made in FY20 (Revenue expenditure ₹ 478 crore and Capital expenditure ₹ 234 crore)

94

Patents

R&D TEAM SIZE

Centre of Innovation and Technology, Jaipur	Hero Tech Center Germany
793	33

Strategic Priority 2

Winning in premium motorcycle and scooter segments

With seven new models in the last 18 months, the immediate focus is on fortifying these brands.

PREMIUMISATION STRATEGY

The blitz of multiple models in quick succession has given us a strong foundation to build on the success of the 'X' family, with a very active lifecycle and much more, followed by wider expansion.

Blitz
Four new models launched in the last 18 months covering four distinct segments, a combination of horizontal and vertical expansion

Focus
Continue strengthening XPulse and Xtreme families into stronger brands with active lifecycle events and much more

Leverage
- Leverage the equity of XPulse and Xtreme brands to go beyond and go across with XPulse 'street legal' Rally Kit. Leverage the Hero MotoSports experience and Xtracks
- Build the 'riding community'

Expand
- Going further, expand the portfolio to multiple exciting upside offerings, achieving an unrivalled brand stature
- Revamp the distribution network with 'store-in-store' model

Premium: Anchoring the X-Story

Launched four new models in 18 months with plan to multiply the focus on the premium segment. We cover three distinct segments with XPulse 200, XPulse 200T and Xtreme 200S, built on a common platform followed by a full throttle drive to the grab the core of the market with Xtreme 160R, the fastest bike in the segment with a list of next-gen "first in the segment" technologies. Catering to performance riders and enthusiasts with the XPulse Rally Kit, road homologated (a first by an OEM), leveraging the experience of Hero MotoSports.

KEY LAUNCHES IN FY20

XPulse 200T, India's first 200cc Tourer motorcycle, built on the concept of Modern Tourer-Retro, it is targeted at youngsters who are seeking the right mixture of modern-retro composition and ease of ride.

Xtreme 200S built around the concept of **'The Power of Presence'** targeted at today's smart generation that is looking for Style, Substance and Sporty character. The bike adds to the sporty appeal with many first-in-the-segment features such as digital console with bluetooth connectivity and navigation.

FY21 launch: Xtreme 160R, built around the concept of Urban Racing, boasts of the **best-in-segment acceleration with first-in-segment All-LED Package, Side-Stand engine cut-off and integrated pillion grab.**

Scooters: Growth with diversification

With the launch of three all-new scooters in the last 18 months, we now cover almost 100% of the scooter market. **Each model holds a unique position and role in the business and line-up**.

Build
The three new launches, four models with distinct position cover the entire scooter market.

Focus
Build on the recent success of 125cc and Pleasure+ in other markets with action-packed lifecycle product personality and equity enhancements.

Win
On the back of build and focus, target to come out stronger in the coming years and gain momentum in the segment.

Expand
Going beyond, expand with exciting offers in new segments.

KEY LAUNCHES IN FY 20

Destini 125, India's first scooter with start-stop technology launched in November 2018, became #1 brand in 125cc Scooters in many areas and strong #2 in many others. The BSVI avatar comes with LED guide-lamps, 11% higher fuel efficiency and 10% faster acceleration. This is the first product to get i3S technology in scooters.

Pleasure+ 110 launched in May 2019 with all new powerful retro avatar. The BSVI version comes with 10% faster acceleration and 10% better fuel efficiency than Pleasure BSIV. It is the #1 brand in the compact segment which has grown 150%. (July-Dec 2019 vs. July-Dec 2018)

Maestro Edge 125 launched in May 2019 with signature LED insignia **has made known its unmistakable presence as India's first Fuel Injected (FI) Scooter**. The BSVI refresh comes with an industry first exclusive Prismatic™ Paint technology.

XPulse 200: 2020 Indian Motorcycle of the Year (IMOTY)
XPulse 200, **segment creator**, straightaway caught customers' attention **not just in India but across Asia and South America** and soon the demand started to exceed the supply. The confidence was further reinforced with XPulse 200 bagging the **coveted Indian Motorcycle of the Year award amidst very credible competition**.

The XPulse 200 Rally Kit
Leveraging the experience of Hero MotoSports Team Rally at the world's top rally races, including the Dakar Rally and building on the positioning of XPulse 200 for enthusiasts, we launched the Hero XPulse 'Street legal' Rally Kit. The Rally Kit transforms the XPulse 200 into a competitive purpose-built machine, enabling customers to improve their off-roading skills and test their limits.

Maestro Edge 125: 2020 Autocar Scooter of the Year
The first scooter in India to bring F1 technology to scooters, the Maestro Edge 125 has won the 2020 Autocar Scooter of the year award.

Strategic Priority 3

Fortifying global footprint

We foray into new markets, imbibe new cultures and collaborate with exciting partners to grow our global footprint.

MARKET-SPECIFIC STRATEGIES

Premiumisation: Plan to launch new models in the 150-160cc category and build on the momentum we have already gained in the Asian and Latin American markets.

Africanisation: Sharpening our focus on Africa with a bespoke strategy to build on the momentum we have accomplished among the Boda Boda riders.

Scooterisation: Revive our scooters market share in Asia with the new models of Pleasure 110 and Destini 125.

Retail Finance: Deepening our financing network across markets and strengthen the momentum across Bangladesh and Nepal.

Digitalisation: Generating sales leads through digital platform in Bangladesh, Nepal, Colombia, and Central American and Caribbean (CAC) countries.

Reverse Engineering: From quality service to topping sales
Moving beyond traditional operating practices is an integral component of our work culture. Service to generate vehicle sales has proven to be a successful long-term strategy in the Bangladesh market. We are looking to leverage this strategy across other markets as well.

GROWING WANDERLUST

FY12	FY16	FY18	FY20
4	29	37	40+

Countries

ACHIEVEMENTS IN FY20

- Volume expansion in Bangladesh, Nepal, and Colombia with retail finance
- Regained leadership in Bangladesh during the important Eid season
- Double digit growth in African markets
- Participation in various auto shows across Asia, Europe, Latin America and Africa

Strategic Priority 4

Foraying into emerging mobility

Our product philosophy is to develop a customer-focused mobility solution that provides exceptional value proposition. We are evaluating various offerings in emerging mobility opportunity, including two-wheelers and three-wheelers, telematics, charging/swapping ecosystem and mobility as a service (MaaS).

Tenets of our electric vehicle (EV) strategy

Technology as platform to differentiate

Leadership in the belly of the market

Compelling, differentiated customer proposition

Ecosystem partnerships with 'Frenemies'

Our foray into emerging mobility expands our current business model. We are exploring both product and service offerings with in-house R&D initiatives, internal incubator and strategic tie-ups.

Strategic tie-up approach

- In 2016, we invested in India's best two-wheeler EV start-up – Ather Energy. Ather, an Indian electric vehicle company, went on to launch its own product and currently has two offerings – Ather 450 and Ather 450X.
- They have already established EV charging infrastructure in Bengaluru, Chennai and expanding to other cities.

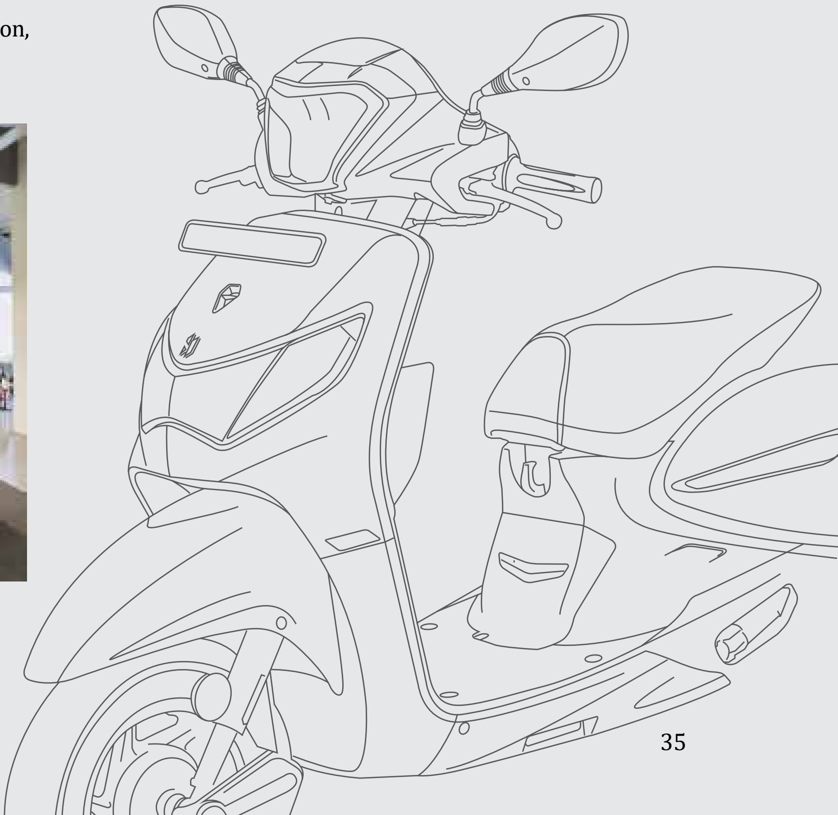
HEROHATCH
INNOVATION THROUGH DISRUPTION

In-house EV product approach

- Our engineers at HTCG Germany and CIT India are developing an in-house electric product.
- Opportunity to expand into the business of installing charging stations at our touch points.

Internal incubator

- Developing innovative EV concepts through an internal start-up - HeroHatch. An agile start-up, with 11 driven youngsters chosen from within our teams through an exhaustive selection process.
- This team has developed a unique modular mobility solution, now under testing for quality and commercial viability.



Association with Various Sports

A sporting DNA

Dr. Pawan Munjal, being felicitated by the Asian Tour with a Special Achievement Award for his contributions to Asian Golf. Dr. Munjal was presented with a special salver by leading Indian golfer Shiv Kapur, representing the players on the Asian Tour.

We believe the love of sports unites us all and helps lift the human spirit. We are one of the largest global corporate promoters of various sporting disciplines. We have been associated with motorsports, golf, football, field hockey and cricket for many years.

Golf

Hero MotoCorp has been at the forefront of promoting Golf, not just in India but across the world for the past two decades. The Company is a prominent partner of all three prestigious tours - The Asian Tour, The European Tour, and the US PGA. It hosts the 'Hero World Challenge', a PGA sanctioned Tiger Woods invitational event at Albany in the Bahamas. The 2019 edition witnessed the introduction of Hero Shot that saw participation from international top-league golfers.

The innovative one-hole knockout contest – The Hero Challenge — which was introduced by Hero MotoCorp on the European Tour, has now been extended by another three years, to five annual events.

The Company remains the title sponsor of Hero Indian Open for men, co-sanctioned by the Asian Tour and European Tour, since 2006 and the Hero Women's Indian Open, which is a part of the Ladies European Tour, since 2010. Hero MotoCorp also sponsors India's domestic Pro Tour for women.

Khel Mahakumbh

Hero MotoCorp remains committed to promote sports and local athletes at the grass-root levels and recently facilitated 18 winners – nine girls and an equal number of boys — with Destini 125 at the Khel Mahakumbh in Uttarakhand. The scooters were presented as part of Khelo Hero – a Corporate Social Responsibility initiative of Hero MotoCorp, aimed at creating an ecosystem to promote sports amongst the youth in the country.

Hero MotoSports

Hero MotoSports Team Rally

Hero MotoSports Team Rally, the rally-racing team of Hero MotoCorp, continues to be the ambassador of Indian motorsport at the global stage. Since its inception in 2016, the Team has captivated the sports' enthusiasts with its impressive performances at prestigious motorsport events, including the world's most challenging 'Dakar Rally'. The Team clinched its first rally win of the year at the 2019 Pan Africa Rally when its Portuguese rider, Joaquim Rodrigues (JRod) emerged victorious in Morocco. The entire Hero family suffered an immense loss this year with the tragic demise of its legendary rider, Paulo Gonçalves, during the Dakar Rally in January 2020.

Cricket

Hero MotoCorp has had a long and successful association with cricket, across the globe. Hero MotoCorp has earlier been a global partner of the International Cricket Council (ICC) and a sponsor of the Indian Premier League (IPL). The Company is currently the title sponsor of the Hero Caribbean Premier League. Many champions of the sport, like Virat Kohli, Smriti Mandhana and R. Ashwin, are Hero brand ambassadors.

Smriti Mandhana, Indian Women's Cricket team player

Environmental and Social Initiatives

Responsible now and forever

From manufacturing facilities to products, processes and people, sustainability is at the heart of everything we do.

Environmental efforts

EFFICIENT AND GREEN PLANT DESIGN TO REDUCE OUR CARBON FOOTPRINT

Our manufacturing facilities have been designed and constructed on green building concept. Facilities such as Neemrana, Global Parts Centre (GPC), CIT Jaipur are LEED IGBC certified. These Garden Factories demonstrate our commitment to sustainability with water and energy optimisation.

Green roofs are essential for conserving energy through moderation of temperature. Additionally, it helps reduce the storm water runoff volume and peak flow rate dramatically. Altogether, our plants cover 1,16,500 sq metres of green roofs, the latest being 25,000 sq metres in FY17 at Vadodara.

Using Hydroponics technology, our plants require only 2% water. We also recycle carbon dioxide into the greenhouse, thereby enhancing the plants' photosynthesis, while the green walls generate oxygen, giving it back to the work environment. Our Neemrana and Vadodara plants are equipped with green walls.

ENERGY CONSERVATION

With the long-term target of becoming 100% carbon neutral by 2030, we are consistently enhancing our renewable portfolio through solar power plants.

Cumulative Installed Solar Capacity

7.7 MW

Variable Frequency Drive (VFD)

₹ 13 lakh

Annual Savings

Offsetting

8,000+ tonnes of CO_2

Reducing

190 tonnes of CO_2

PLANT-WISE INITIATIVES

Gurgaon

- Generated **>3 lakh units** of energy p.a.
- Implemented real-time Energy Management System (EMS) improved power factor to **0.994**

Neemrana

- Installed **500 kWp** Solar Power Plant, saving **423 Mwh p.a.**
- Implemented EMS

Haridwar

- Elimination of heater and pneumatic pumps from engine oil transfer line, saved **571 kWh/day** and a total of ₹ **10 lakh p.a.**

WASTE NEUTRALITY AND ELIMINATING SINGLE USE PLASTIC

Our commitment towards sustainability efforts to demonstrate Sustainable Plant - Sustainable Planet and Manufacturing Happiness is fulfilled by using Zero Waste to Landfill approach. In FY20, three of our plants i.e. Dharuhera, Gurgaon and Global Parts Centre, Neemrana achieved Zero Waste to Landfill (ZWL) Certification.

We have adopted the approach of Extended Producer Responsibility (EPR) for the treatment or disposal of plastics used as packaging material. We are proactively working to take back equivalent quantity of plastic waste put in the market of each state through an EPR Action Plan across India. We are registered with the Central Pollution Control Board as a brand owner.

WATER RECYCLING

Ours manufacturing process is equipped with zero water discharge. The major water conservation measures adopted include large-scale rainwater harvesting projects that ensure water recovery and recycling and recharge of ground water.

To prevent water pollution, we have also invested in an Effluent Treatment Plant which is capable of treating wastewater, which is either re-used in general activities or recycled back to processes with the help of reverse osmosis process and multi-effect evaporators, thereby reducing the freshwater dependence.

Our water sustainability strategy for future-readiness is to continue investing in Sewage/Effluent Treatment Plant (STP) and creating new Rainwater Harvesting (RWH) structures at various locations to improve the ground water table.

All our facilities have achieved zero discharge status.

GLOBAL ENVIRONMENTAL SUSTAINABILITY CERTIFICATIONS

We have a periodic systematic mechanism for environmental impact assessment as a part of the Environmental Management System Certifications of **ISO – 14001**.

We have upgraded the Environmental Management System to the latest version of **ISO 14001: 2015**. Our plants are also certified for Occupational Health and Safety Management System certification of **OHSAS – 18001**.

21.14

Water Positivity Index of Neemrana Plant

Social efforts

CORPORATE SOCIAL RESPONSIBILITY (CSR) FOCUS AREAS

Greener
Environment protection and conservation

- **7,16,000+** trees planted in FY20, totaling **20 lakh+** saplings with **90%** survival
- **39 million+** litres of water saved
- **32 million+** litres of water channelised in the villages of Haryana
- **19,900+** solar streetlights installed in **225+** Gram Panchayats
- LED lights in **330** villages saving **30 million** units of electricity per year
- **1,00,000+** people participated in taking a pledge for safe riding habits
- **40** motorcycles donated in FY20, bringing total fleet size of forest rangers to **270**

Hero CSR activity

Safer
Ensure safety on road

- **6,50,000+** youth trained on 'Safe Driving' across **9** safety training parks, including **1,50,000+** trained in FY20
- **1,25,000+** Road Safety Pledges
- Regular awareness campaigns with Road Safety Clubs in **1,150+** schools and 'Be a Hero' programme

Equitable
Support underprivileged communities

- Project Shiksha supporting **216** schools and **4,00,000+** students to build scientific temperament and lower drop out rates
- Mobile science labs on bike, carrying models on physics, chemistry, biology benefitting **12,000+** students of government schools
- **1,400+** toilets built in Government Schools
- **5,000** girls trained in two-wheeler riding
- Entrepreneurship training for **55,000** women and **5,000+** doing business
- **7,700+** youth trained, many working now
- **6,000+** specially-abled supported for limbs, surgery and crutches; **600+** trained to become professionals
- **900+** youth trained at Centres of Excellence to pursue careers in automotive or manufacturing industry
- Holistic development of villages with over **3,00,000+** beneficiaries
- **2,500+** young athletes being supported through Khelo Hero project

Other initiatives

Project Arogya
Four mobile medical vans in Delhi, Haryana, Rajasthan and Gujarat benefiting **1,00,000+** people with basic medical treatments and **2,500+** children for preventive health check-ups

Project Seva
COVID-19 pandemic support with relief material including meals, ration kits, masks, sanitisers, Personal Protective Equipment (PPE) kits and other equipment and donation to PM CARES Fund

Volunteering

- Employees volunteer for noble causes throughout the year for painting school buildings, providing food items, clothes, books and teaching aids.
- Hero Impact League – **700+** employees participated in technology-driven CSR initiative for supporting families of the Indian Army

COVID-19 Response

Combating the pandemic

The COVID-19 pandemic continues to impact lives, livelihoods, economies, and businesses in a manner that was unimaginable, even a few decades ago. The important thing is to stay positive, evaluate the scenario in a calm and composed manner, so that on the other side we can emerge as winners. We are responding to the crisis in the best way we can and keeping a close watch on the impact of the contagion.

We have conducted a comprehensive assessment of possible COVID-19 impact on our business operations, financial assets, contractual obligations and overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. We do not foresee any significant incremental risk to the recoverability of our assets or in meeting financial obligations in the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure.

IMPACT ON OUR BUSINESS

Under the supervision of our leadership team, we have set up a Business Continuity Task Force and proactively rolled out measures to ensure the health and safety of our employees and business partners. On March 22, we responded proactively and decided to halt all our operations at eight of our manufacturing facilities that span India, Bangladesh and Colombia, at our two R&D centres in India and Germany; and put all corporate offices under work from home, even before the lockdown was announced by the Hon'ble Prime Minister.

RELIEF MEASURES UNDERTAKEN

We are making our best efforts to ensure the safety and well-being of all our stakeholders. We were engaged in a host of social welfare work, setting aside a corpus of ₹ **100 crore** for the relief efforts towards COVID-19, including a contribution of ₹ **50 crore** to the PM CARES Fund.

RESTARTING OPERATIONS

We are ensuring that all our facilities are following safety guidelines issued by the Government of India and other state governments.

- Gradual reopening of facilities during May 2020, ensuring stringent safety protocols for employee and customer well-being
- Commenced retail operations with a detailed restart manual in 10 languages for supporting all dealers, service centres and parts distributors. This manual provides comprehensive guidance on acquisition and usage of key safety materials such as masks, gloves, sanitisers, disinfectants and various other aspects like social distancing protocols, hygiene/care of tools, vehicle pick-up and drop protocols, delivery norms, digital payments, creation of waiting areas, and so on
- We are maintaining strict procedures to ensure hygienic workplaces by measures such as thorough sanitisation of all workplaces, sanitisation of buses, shuttles and other official vehicles after each trip, deep cleaning and sanitisation before daily shift commencement
- We have mandated our employees to follow key safety guidelines, which include health self-declaration through Aarogya Setu and Hero App, wearing of face-masks, face shield, marking digital attendance, regular sanitisation of personal items, work-stations, maintaining social distancing, and so on

Robust Governance

Transparency and accountability count

> "At Hero MotoCorp, we believe in transparent and ethical business practices. Sustained efforts of the leadership, core sustainability team, our valuable employees and other stakeholders have helped us win several accolades in the spheres of Sustainability, Corporate Social Responsibility and People Practices. These recognitions encourage us to step up our efforts in our journey to become a global sustainability champion."
>
> **Leadership Team,**
> Hero MotoCorp

OUR GOVERNANCE SYSTEM

We are committed to benchmark with the best standards of corporate governance. It is our firm faith that good corporate governance practices are powerful enablers to build trust and confidence and to attract and retain financial and human capital. We believe in – Doing the 'right things' in the 'right manner'.

GOVERNANCE FRAMEWORK

Key elements/pillars to attain good conduct and governance are:

1 **Transparency**
2 **Accountability**
3 **Fairness**
4 **Integrity**
5 **Equity**

Leading to a strong governance framework, supplemented by:

1. **Board Effectiveness**
    - Competent and diverse Board
    - Strategic orientation
    - Clear role delineation between Board and Company leadership
2. **Codes and Procedures**
    - Comprehensive Policy framework
    - Effective policy implementation
    - Efficient internal financial and operational controls and risk management systems
3. **Stakeholders and Compliance Management**
    - Robust compliance framework
    - Focus on stakeholders' effective engagement and management
    - Proactive disclosures and information sharing

FREQUENT REGULATORY CHANGES AND ITS IMPACT

With the rapid growth of business and its complexities coupled with increasing regulatory compliances, we firmly believe that it is necessary to have a zero non-compliance status at all times for sustainable business operations. With this object, the Company has put in place a structured mechanism and a comprehensive compliance management system for ensuring full compliance of various statutes, rules and regulations applicable to and impacting the Company.

GOVERNANCE OBJECTIVES AND GOOD GOVERNANCE PRACTICES

We believe that transparency, fairness, integrity, equity and accountability constitute the basic building blocks of sound governance. We have built a robust governance framework with well-defined Codes and Procedures and a strong and diverse leadership at the helm.

Awards and Accolades

Rewarding ride

Product

XPulse 200

- Indian Motorcycle of the Year (IMOTY)
- Bike of the Year (upto 200 cc) and Two-wheeler of the year at Bike India Awards
- Tourer of the Year (upto 250cc) at Flywheel Auto Awards
- Motorcycle of the year at Exhibit Auto Tech Awards
- Commuter Bike of the Year at Jagran Hitech Awards

Maestro Edge 125

- Scooter of the Year 2020, at the Autocar Awards
- Scooter of the Year at Bike India Awards

Environmental

- FTSE Russell ESG rating and FTSE 4Good Index Series status
- Maximum numbers of families participating in tree plantation drive by Asia Book of Records and India Book of Records
- Best factory for environment within the district for Bangladesh facility

Social

- CSR Excellence Award in energy and education at Rajasthan CSR state summit
- Best Corporate Social responsibility practices by Honourable Finance Minister of Haryana
- Mahatma Award for Excellence in Corporate Social Responsibility
- 2nd Highest Contributing Corporate awarded by Airtel Delhi Half Marathon (ADHM)
- Mr. Vijay Sethi CIO, CHRO and Head CSR among Top 20 record holders in 2020
- Appreciation certificate for encouraging sports by supporting Khel Mahakumbh by Education and Sports Department of Uttarakhand

Management Discussion and Analysis

As the world's largest manufacturer of two-wheelers, our strategy is to continue to lead the way, on the strength of our iconic brands, industry-leading innovation, global market presence and strong engagement with all our stakeholders.

Global economies have been severely impacted by the recent pandemic, leading to uncertainties in the operating environment. At Hero, we have designed a comprehensive contingency plan with frequent review mechanisms in place. Agility and the ability to respond to potential and emerging risks with speed in a concerted and coordinated manner will be the key to success. Further, our debt-free balance sheet puts us in a strong position to navigate through any possible liquidity impact caused by the crisis.

Our continued focus on corporate governance and on enhancing the efficiency curve with the use of talent, teamwork and technology will enable us to lead the way for the industry.

Hero Haridwar Plant

Economic insight

Global: Demand recovery impacted by the great lockdown

FY20 commenced with a consumption slowdown and rising protectionism in the major economies of the world. Even as the world began the slow journey towards economic recovery, the COVID-19 pandemic struck, causing an unprecedented health crisis and impacting large sections of the population.

The virus outbreak weighed down growth in several of the emerging economies, which already had their own issues to contend with. India was caught amidst declining credit growth and stress in the non-banking finance sector, countries in the Middle East and North Africa (MENA) were witnessing weak oil output and civil unrest, and Latin America was in the grip of a weak investment climate. Consumption slowdown and a potential tightening of financial conditions in the advanced economies put further pressure on global GDP growth.

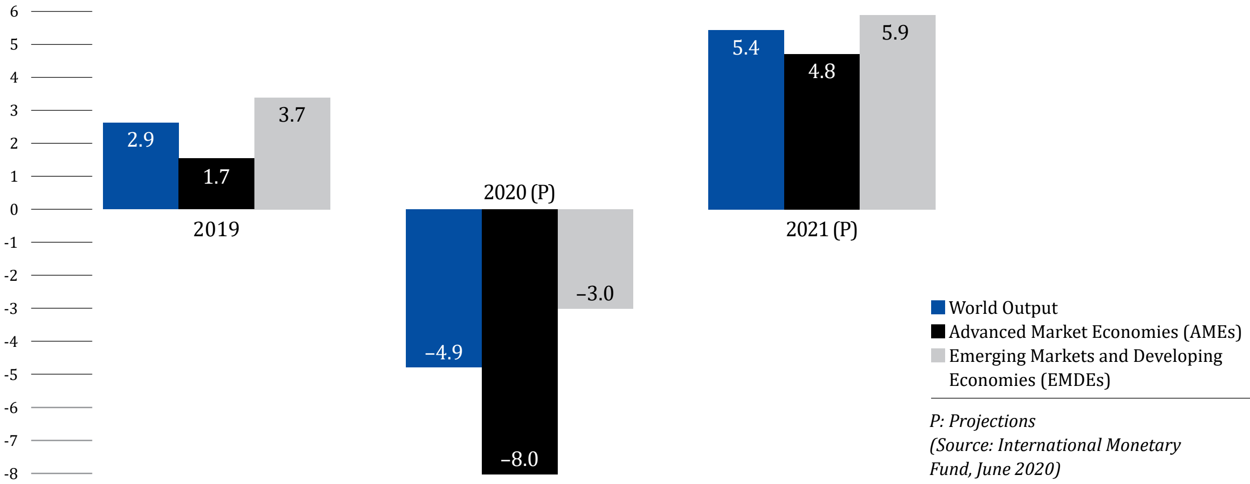
The June forecasts of the International Monetary Fund project global economic growth to contract by 4.9% in 2020, with the pandemic effecting the worst economic downturn since the Great Depression of 1929. Both advanced and emerging economies are bracing up for a continued slowdown. However, projections for 2021 are better and growth is expected to return as economies normalise, helped by policy support and pent-up consumption demand.

Hero
WORLD'S
NO. 1
ONE*
TWO-WHEELER COMPANY

Largest two-wheeler selling company in the world for any particular country for the year 2019


Hero World 2020 rally kit bike activity

GLOBAL GROWTH TREND (%)



P: Projections
(Source: International Monetary Fund, June 2020)

CIT Jaipur

All major countries are expected to witness a decline in the gross domestic product (GDP) in 2020, followed by a recovery in 2021. The extent and shape of recovery will, however, depend on multiple factors like the duration of the pandemic (there are already fears of a possible second wave of infection sweeping across nations), stimulus or financial easing by governments across the globe, liquidity and viability of business enterprises, return of consumer confidence and easing of geo-political issues.

This period requires coordinated efforts, not only within the medical fraternity, but also between various governments, between the government and the industry, within industries, between citizens and the government, between strategy and execution. These are times when real life heroes rise to the occasion and we begin to appreciate the small wonders of life that we had taken for granted.

The world will undoubtedly recover faster with collaboration, which is the mantra of the times. The pandemic, in a way, is also uniting the world.

TRADE VOLUMES

According to WTO, the merchandise trade volume declined by 0.1% in CY 2019, due to trade policies inclined towards protecting domestic industries and overall sluggish economic growth. The COVID-19 outbreak will result in double digit declines in trade volumes, with merchandise trade expected to decline sharply between 13% and 32% in CY 2020.

Hero Colombia Plant

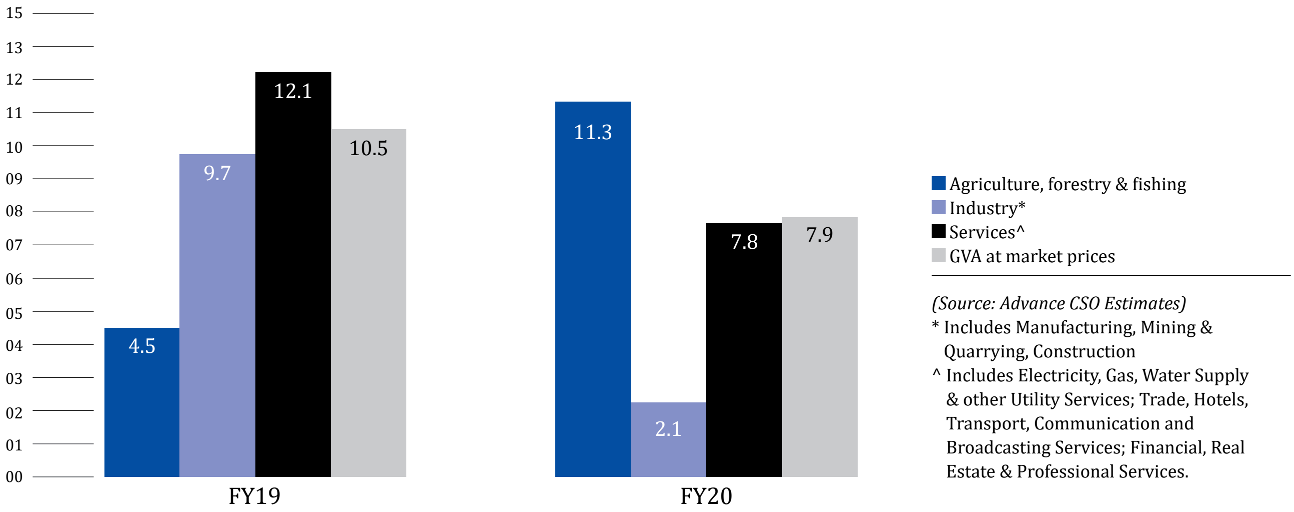
India: Upholding self-reliance

Growth in India was muted in FY20, given the corporate uncertainty and concerns about the health of non-banking financial companies (NBFCs) that had triggered a crisis. In purview of the economic downturn and health crisis caused by the pandemic, economic growth in India is expected to decline by 4.5% in 2020 before bouncing back to 6.0% in 2021. *(Source: IMF June 2020)*

The easing of policies and the gradually improving business confidence in response to government reforms, particularly for small and medium enterprises (SMEs) and micro, small and medium-sized enterprises (MSMEs), which now have greater access to finance, are likely to enhance growth.

> Growth in FY21 is expected to pick up, supported by policy easing and gradually improving business confidence in response to the reforms. Promoting access to finance for SMEs and MSMEs can also enhance growth.

NATIONAL GROSS VALUE ADDED (GVA) GROWTH (CURRENT PRICES) (%)



(Source: Advance CSO Estimates)

* Includes Manufacturing, Mining & Quarrying, Construction

^ Includes Electricity, Gas, Water Supply & other Utility Services; Trade, Hotels, Transport, Communication and Broadcasting Services; Financial, Real Estate & Professional Services.

OUTLOOK

Although the projections for 2021 are encouraging, in the short term, the economic cost of the lockdown could prolong economic recovery in India even as the country unlocks and reopens for business. The market stimulus and reforms introduced by the government included corporate tax rate cuts, cash transfers to farmers, rural developmental spends, payments of all pending goods and services tax (GST), income tax refunds, and further liberalisation of foreign direct investment (FDI). These measures were supported by the Reserve Bank of India (RBI) with a series of rate cuts, reduction in the cash reserve ratio (CRR), moratorium on term loans and working capital loans, the injection of liquidity through various modes to help the industry get back on its feet. The measures should begin to facilitate growth.

Lower oil prices could aid the economy as consumption picks up again. Additionally, the focus on urbanisation, the revamp of the banking and financial services sector and bridging the rural-urban opportunity deficit continue to be priority areas that should support economic growth.

India may be less integrated with the global value chain than the Association of Southeast Asian Nations (ASEAN) countries, but it is not immune to the impact of global trade uncertainties. The country's exports have slowed down, even as imports of Indian goods have faced also faced a moderate slump.

Irrespective of the current challenges, including the pandemic, the long-term growth story of India remains intact. The demographic factor in the shape of a younger population, increasing urbanisation, the rising aspiration of the youth, women's increasing access to education and employment, and potential of consumer credit remain the drivers of growth. It is important for India to navigate the next few quarters carefully before embarking again on the road to stronger growth.

Indian two-wheeler industry: Short-term slowdown

Economic volatility in India, especially in the developing world, adversely impacted the two-wheeler industry in FY20. After a double-digit decline in the first half of FY20, the second half was even more difficult for the industry on account of the lack of income growth, liquidity crunch and the overall consumption slowdown. The two-wheeler industry declined by 18% compared to the previous year to a volume of 17.44 million for FY20. Significant changes in the emission norms for BSVI compliance were implemented with effect from April 1, 2020.

MAJOR INDUSTRY HEADWINDS

- Delayed monsoons impacted the rural economy. Recovery in the latter part of the monsoon season made up for the delay.
- Consumers had to adapt to a higher cost of ownership due to insurance price increase from September 2019
- Increase in overall cost of ownership (BSVI related price hikes other safety and insurance costs) impacted demand for automobiles
- Liquidity crunch due to the stress in the banking/NBFC sector impacted customers' affordability
- Transition management to BSVI also impacted demand

The motorcycles segment, which make up 64% of the industry, declined by 17% to 11.23 million. Within the overall segment, the Entry segment declined by 20%, Deluxe 100cc segment by 15%, Deluxe 125cc segment by 11% and the Premium segment by 21%.

Scooters contribute 32% of the industry and the segment declined due to increase in the overall cost of ownership and higher penetration levels. The 100-110cc segment declined by 21% in FY20, while for 125cc scooters, sales plateaued within the segment. The scooter industry volume stood at 5.57 million.

Mopeds make up 4% of the two-wheeler industry. Moped industry volume was 0.64 million, registering a significant decline of 28% over the previous year. Contrary to popular perception, the Entry and Executive segments outperformed Scooters and Premium bikes.

INDUSTRY OUTLOOK

Short term

FY20 has witnessed unprecedented volatility on account of the pandemic. The roll out of BSVI during the health crisis is likely to complicate the already challenging recovery of the two-wheeler segment:

- The overall contraction of the economy and fall in GDP growth. For India too, GDP is estimated to contract by 4.5% for 2020, following an extended lockdown and slow recovery
- A robust Rabi harvest and a normal monsoon season, expected to be well distributed as per the forecast of the India Meteorological Department (IMD). Bountiful rains coupled with good reservoir levels augur well for the upcoming Kharif season, positively impacting rural sentiment
- Cash transfers for the poor, rate cuts by the RBI to inject liquidity into the system and the government's spending on infrastructure and the rural sector are expected to aid the economy
- There could be a shift away from "shared mobility" to own(ed) mobility. This is likely to benefit two-wheeler demand in the short and medium term

FY22 is expected to be a crucial year for the industry, with recovery projected to pick up from the second half of FY21 around the festive season. The potential pent-up demand and economic revival are also expected to support recovery in the sector.

Long term

The long-term growth story of two-wheeler industry remains intact. The industry has significant potential, considering that overall penetration levels are only 1/2 to 1/3 of the level in other ASEAN countries. Two-wheelers are not just a consumption good but they are also income enablers. The vehicle creates its own demand and feeds a virtuous cycle. Growing urbanisation, increasing numbers of women in the work force and an affordable product that supports last mile connectivity — these factors are likely to keep the demand for two-wheelers buoyant. In other words, the two-wheeler industry has a long drive ahead of it. As the GDP grows, it will further fuel two-wheeler demand not just in the Entry and Executive segment, but also support demand for Scooters and Premium segment.

Operational performance: Our strategy in action

Our operational strategies are based on robust manufacturing and business excellence platforms, which follow global best practices. Moreover, sustainability remains our overarching principle. As the world's largest two-wheeler company, our strategies are fine-tuned to create industry-leading business value through sustainable manufacturing, economies of scale, cost leadership and innovation that is best-in-class.

We recorded domestic sales of 6.22 million, far higher than our nearest competitor, weathering the challenges of consumption slowdown and liquidity crunch by following a focused market strategy, including targeted promotions.

6.22 million
Domestic two-wheeler sales in FY20

Other drivers for sales included continuous focus on lead management, digitalisation, Hero Sure and customer engaging activations. Our market share in the motorcycles segment was up by 1.2% in FY20, a testament to our relentless focus.

Motorcycles market share growth

Up by 1.2% in FY20

Despite the challenging macro-economic scenario and liquidity crisis, we continued to be the world's largest two-wheeler company in FY20, with a market share of 35.7% of which motorcycles was 51.9%, which was up by 1.2% as compared to FY19, while scooters were lower at 7.2%, down by 44% vs. FY19.

Segment-wise performance

Entry

The industry declined by 20.4%, led by a consumption slowdown in the first half of the year and the impact of the lockdown in the second half. While our volumes declined by 6% over the preceding year, the consumption slowdown accentuated by stress in the financial sector impacted underlying demand. We gained significant market share up from 58.1% to 68.9% in FY20.

68.9%

Entry segment Market share

Deluxe

The deluxe 100cc industry volumes contracted by 15.4%. Our volumes in this category declined 19.5%. Our market share in this segment stands at 74.8%, a decline of 3.8% over the previous year. The all new Passion Pro 110 should help us strengthen our play. The Deluxe 125cc category declined by 11.3%, while our volumes declined by 21.5% over last year due to our inventory correction in this segment. Our market share in this segment stands at 49.8%, down 6.5% over FY19 as other players entered the segment, expanding the size of the pie. With volume build up and launch of the new BSVI Glamour, we look forward to strengthening our segment share again.

74.8%

Deluxe 100cc Market share

49.8%

Deluxe 125cc Market share

Premium (150cc+)

The Premium segment declined 21.3% over the previous year. Our market share in this segment is 1.6%, a slight gain over last year. The launch of Xtreme and Xpulse facilitated market share improvement in FY20. With the launch of Xtreme 160, volumes and market share are expected to strengthen in FY21.

Scooter Segment

This segment declined by 17% over last year, while our volumes contracted by 44% over that of last year. Our market share in this segment stood at 7.2%, a decline of 3.5% over FY19. With the BSVI portfolio of products, we will continue to work on this segment. In the relatively more profitable 125cc sub-segment, our market share gain has been credible.

Greater demand for personal mobility

For FY21, we expect that the industry will witness greater two-wheeler demand due to the customer's need for personal mobility to maintain safety standards. The industry would stabilise by the festive season and the pent-up demand will provide the much-anticipated boost to the industry. Being a market leader, we should be well placed to capitalise on market shifts.

Whenever business picks up, we will be ready and have the right products to meet demand. The market response to our entire range of new BSVI products has been very encouraging.

BRAND MILESTONES

Splendor continues to be the Number 1 Motorcycle brand with almost 3 mn units sold

HF Deluxe crosses the 2 mn milestone this year, yet again

Passion new brand proposition identified as *Dare to be different*

Glamour new brand proposition epitomised as *The Next Level*

Pleasure+ modern brand narrative 'Hamare naye bold andaaz ki aadat daal lo' voiced by the brand ambassador, Alia Bhatt

Maestro Edge 125 new narrative of 'Kal ke saath chal' introduced by Ranbir Kapoor to target the young male audience

NETWORK EXPANSION

With new regulations, we proactively prepared and strengthened our networks for best-in-class customer outreach. Following are relevant initiatives in this area:

Total Domestic Channel Touchpoints

7,267

y-o-y Growth of 8%

Fortifying secondary network development

We initiated Secondary Network (SN) business excellence project across key markets to enhance sales productivity.

Dealer initiatives

As the financial year approached closure, the two-wheeler industry had to grapple with COVID-19 lockdown and BSVI transition, causing immense industry stress. We supported our dealer network by providing financial assistance and need-based advice. Following are some key highlights:

We provided psychological COVID-19-related stress in addition to support during BSIV inventory liquidation for dealerships and field team along with real time stock visibility (SKU and inventory-wise). Dealer support package in two tranches to help dealerships manage crisis better and finance support.

Rolled out 'Digital Display Network' in all dealership showrooms, enabling us to engage with our customers through customer education programmes (such as safe riding tips, BSVI awareness), brands (new product launches) and our social media properties.

Going forward, we are also upgrading our digital channels to enable online sales process, as a part of social-distancing measures. We have also digitalised our retail finance channel with contact-less financing and introducing the simple credit card and debit card EMI schemes for the benefit of our customers.

Launched multiple schemes to support the network, including retail finance scheme, an enabler for two-wheeler purchase by a customer willing to buy, but unable to spend the full amount at the time of purchase, and **launched flexi cash scheme and disbursed loans in over 50,000 cases in FY20**. This is a direct cash collection model for two-wheeler loans, making the loan available to customers who have the ability to take and repay the loan, but do not have a formal bank account.

About **70,000 opinion leaders by our rural sales executives** through our rural contact programme - "Khushiyan Har Aangan" during the festive season. For the engagement of rural audience, **Hero Hindustan Kabaddi League was organised, under which 81 matches were played across villages.**

Launched Hero XConnect, a new mobile app based exchange bidding platform, where exchangers bid for vehicles of customers interested in resale of the old vehicle while buying a new vehicle. Also, we developed an online assessment module to assess improvement areas of DNM which is the first online module for assessing skill, knowledge, and overall competence of its employees.

Dealership trainings

Total dealer executives trained	Dealer owners trained*	Total dealer owners trained in HR programme
25,819	**64**	**158**

*Through IIM(B)

Hero Halol plant

Parts business

We make available best-in-class genuine parts through our extensive network of dealers. After all, easy availability and reasonable pricing of parts is one of the enablers for our continued market leadership.

During FY20, we piloted the direct sale of Hero Genuine Oil through our parts distributors in Rajasthan and Orissa and are ready for a national rollout in FY21.

PROGRESSING WORLDWIDE

Hero MotoCorp continues to strengthen its presence in global markets. During FY20, with footprints in more than 40 markets outside India, the focus was on scaling up our innovation efforts especially in the retail financing front. We have been **very successful in scaling up retail finance in Bangladesh, Nepal, and Colombia,** wherein we have now gained substantial percentage of our monthly volumes on financing.

With the launch of new motorcycles and scooters, we have now expanded our presence in newer segments like On-Off road segment and premium scooters. The market response to our launches has been encouraging. Despite the tough turf, we gained market share in select markets.

Leadership across continents

We regained leadership in Bangladesh during the most prominent Eid season, and have been a close number two for the rest of the year. In the Africa region, we gained numbers over last year and our aggressive marketing strategy is helping us gain market share in difficult markets like Uganda and Tanzania.

Widening our Hero Genuine Parts touchpoints

199	**25,500**
Total HGPDs (Hero Genuine Parts distributor)	**Total retailers**

Working closely with strong allied business partners has been the key for us to grow in the global markets. We also displayed strength in various Auto Shows across the globe including EICMA in Italy, Colombia, Turkey, Nepal, Sri Lanka, Bolivia, UAE, Ethiopia, Kenya, and Ecuador.

Following the pandemic outbreak, we have enhanced our focus on digitalisation (virtual showrooms, online bookings, test rides at doorstep, among others). We also have important launches this year and will be foraying into emerging segments.

Our operating culture is to move beyond traditional ways of doing business. For example, service as an avenue to generate vehicle sales has proven to be a successful step for the long term in Bangladesh; and will soon be replicated across markets.

Advancements such as use of Augmented Reality solutions for training of overseas teams have been successfully proven in certain markets and will take off in FY21. The virus outbreak has given us an opportunity to reset and realign our global business with focus on innovation across sales, marketing, and customer service.

World's first to receive the TPM Excellence Award

Our Global Parts Centre (GPC) in Neemrana, Rajasthan became the first parts facility in the world to win the prestigious TPM Excellence Award for 2019 from Japan Institute of Plant Maintenance (JIPM).

REINFORCING MANUFACTURING EXCELLENCE

Manufacturing is one of our core strengths and we leverage it to build better competencies. We innovate and optimise unconventional methodologies to operate sustainably, aided by the latest in digitalisation practices. Our world-class manufacturing facilities act as enablers to optimise market opportunities.

Quality is imbibed in our DNA and our integrated operations and robust controls ensure that quality is incorporated across our products, processes, and services. Through years of practice, we have been able to come up with zero-defect strategy, focusing on industry-best productivity levels and leaner manufacturing processes. Upskilling our talent pool with regular learning and development activities, enables us to have a future-ready workforce.

Key highlights for FY20

- Mass produced 40 new products across 8 new platforms
- Conducted 100 trial events for new models across different plants
- Launched BSVI as per schedule and developed new infrastructure across plants
- Strengthened capacities so that it can meet the dynamic model mix demand across various countries with agility
- Expanded capacity of frame body line to meet local manufacturing regulations at our Bangladesh plant
- Employed 469 female team members in various plants across various categories (staff/workmen) to enhance gender diversity
- Total Productive Maintenance (TPM) enabled reduction of 16 losses to enhance productivity multi-fold
- Eliminate, Combine Re-arrange, Simplify (ECRS), Automation, Cycle time optimisation/benchmarking and new technology introduction among others are facilitating productivity enhancements
- First vehicle manufacturer in India to receive BSVI certification for a two-wheeler (Splendor iSmart 110)
- **New launches:** HF Deluxe, Splendor+, Glamour, Passion Pro, Maestro Edge 125+, Destini 125, Pleasure+.
- Introduced Rally Kit for young racing enthusiasts

Capacity utilisation

The average capacity utilisation across plants was 72.5% and 88% during peak levels. With the move to BSVI models and uptick in premium and scooter demand, we expect this to improvement on this front.

We are constantly building on our DNA of flexibility and agility in manufacturing to build better asset utilisation on multi-models. This will help introduce new models (motorcycles/scooters) smoothly in the existing framework to avoid investments and thereby enhance utilisation levels. With new product portfolio of scooters, new avatars of 160/200cc (conforming to multi-emission regulations), we are suitably placed to enhance our capacity utilisation with a dynamic model mix.

New Chittoor facility

During FY20, our eighth manufacturing facility in Chittoor district in Andhra Pradesh was commissioned with Phase I installed capacity of 0.4 million units. The total Phase I investment for setting up the manufacturing facility is around ₹ 622 crore for a projected 1.8 million units annual capacity.

Overseas facilities

Overseas plants in Bangladesh and Colombia have consolidated their capacities to meet the market demand.

Capitalising on existing scale

The most important key would be to have a robust mid-term planning process in place for better planning of capacities and model-mix mapping across geographies.

BSVI transition – Challenges and solutions

Vertical ramp up and ramp down between BSIV and BSVI was crucial considering the numbers to be managed across the entire plant setup. However, considering that the manufacturing set-ups are developed as part of a long-term strategy, the challenge could be addressed with well thought comprehensive planning and cohesive team work. We are now geared up to ramp up production rapidly.

Defect-free product was the key objective during this transition which was well thought out by the interfacing teams across the value chain in terms of planning, compliances, execution etc. In addition, statutory approvals for newly added processes for our industry (gasoline tank safety check, fuel management system) were successfully executed. The engineering solution, supply chain capacity blocking, statutory approvals on processes and buildings could be consolidated well to deliver the product with the best-in-class quality.

Comprehensive efforts were demonstrated across the Company to optimise capacities, investments, and obsolescence across the value chain.

Cost savings

LEAP was launched for fixed cost optimisation and has focused on material cost reduction with a target of ~50 bps of annual savings. We have now launched LEAP-II with double the target of LEAP to ~100 bps targeting substantial savings.

Other cost-cutting initiatives include fixed cost optimisation across plants, alternative sources for dies/moulds, cost avoidance on duplication of tooling and product design changes/refurbishment of old tooling to name a few.

Robotic Machine Shop, Hero Neemrana Plant

Assembly Line, Gurgaon Plant

Good operational practices

Our primary aim is to manage our compliances effectively, adopting Total Productive Maintenance (TPM)/Quality Function Deployment (QFD) strategies with zero-tolerance on quality. Being adaptive, flexible and agile are the other key drivers which have consistently made our manufacturing operations resilient in an uncertain business landscape.

We have rationalised our cost structure to invest our surplus in attractive growth opportunities, emerging technologies and futuristic initiatives that have the potential to make our operations more economical.

Safety first

Our commitment to Environment, Health and Safety (EHS) is integral to our operations. We are focused on creating a safe and enabling working environment at all our manufacturing plants. We have also put in place safety management systems to help prevent workplace accidents.

Financial performance: Measuring our progress

FINANCIAL HIGHLIGHTS – EXTRACTS (STANDALONE)

Particulars (Amount in ₹ crore)	Year-ended FY20	Year-ended FY19
Number of Two-wheelers sold (in lakh)[1]	**63.98**	**78.21**
Income		
(a) Revenue from operations[2]	28,836	33,651
(b) Other income	778	691
Total income	**29,614**	**34,342**
Expenses		
[a] Cost of materials consumed & changes in inventories[3]	19,697	23,318
[b] Employee benefits expense[4]	1,842	1,730
[c] Other expenses[5]	4,179	4,283
Total expenses	**25,718**	**29,331**
Profit before exceptional item and tax	3,896	5,011
Exceptional item[6]	677	0
Tax expense[7]	940	1,626
Profit after exceptional item and tax	**3,633**	**3,385**
Other comprehensive income/(expense) [net of tax]	-32	-18
Total comprehensive income	3,601	3,367
Earning per equity share on profit after tax (face value ₹ 2/- each) [In ₹] – Basic	**182**	**169**

[1] **Sales Volume** declined by 18.2% annually. This is largely reflective of the overall slowdown in economic activity, which was further compounded by price increases due to regulatory changes in insurance in the first half of the year. The second half of the year witnessed migration from BSIV to BSVI, calling for recalibration of dispatches and inventory to ensure smooth transition. Towards the end of the year, spread of the pandemic and consequential lockdown of business operation also impacted the volumes adversely.

[2] Against the volume drop of 18.2%, **Revenue from Operations** declined by 14.3% — the various price increases taken during the year, favourable product mix and BSVI vehicles dispatched in fourth quarter of the year, have all helped in partially offsetting the volume drop y-o-y.

[3] The **Material Cost** as a percentage of Revenue fell to 68.3% (vs 69.3% FY19), largely attributable to softening in material prices and value engineering initiatives also supported by periodical price increases in the two wheelers over the year. The softening in prices of base metal was partially offset against the depreciating Rupee and increase in the prices of precious metals.

[4] The **Employee Cost** has grown by 6.4%, largely reflective of fresh hiring and annual increment.

FY20 EPS

₹ 182

Vs. ₹ 169 in FY19

[5] There is an increase in **Depreciation and Amortisation** cost by ₹ 216 crore largely on account of capitalisation of the new plant in Chittoor in the last quarter of the year, and accelerated depreciation charged on certain assets pursuant to phasing out of BSIV.

Finance Cost has increased by ₹ 13.4 crore, which is on account of interest charged against lease liability booked during the year pursuant to Ind AS 116 implementation.

Other expenses apart from Depreciation and Finance cost have decreased by ₹ 333 crore during the year (₹ 3,339 crore in FY20 vs ₹ 3,672 crore in FY19); major part of this is attributable to decrease in variable spends such as stores and consumables, power and fuel, packing & forwarding cost, etc. due to lower underlying volumes when compared to previous year. Also, fall in spends such as advertising and publicity, administrative expenses and regrouping of lease rent and part of office rent to balance sheet pursuant to Ind AS 116 have contributed to the decrease.

[6] The Company had deposited and created provision for “National Calamity Contingent Duty” (‘NCCD’) including applicable cess in its Haridwar plant during prior years, while contesting the applicability of the same. Pursuant to favourable order from the Hon’ble Supreme Court , the provision has been reversed as **Exceptional income of ₹ 737.48 crore** in the quarter ended June 30, 2019. The refund of the deposits made has also been received during the year.

During the quarter ended September 30, 2019, the Company had introduced a voluntary retirement scheme (VRS) and had considered a provision of ₹ **60.11 crore Extraordinary expense** for employees who have accepted to be part of VRS as exceptional item in the standalone financial results.

[7] **Tax expense** for the year was lower on account of decrease in taxable profit as well as decrease in Corporate tax rate (from 34.94% to 25.17%) and remeasurement of deferred tax assets/liabilities basis during the year pursuant to the Company electing to exercise option permitted under section 115BAA of Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) Act, 2019.

MAJOR MOVEMENTS IN BALANCE SHEET FIGURES

During the year,
Net fixed assets increased to ₹ 6,458 crore (from ₹ 5,160 crore in FY19), major increase was on account of new plant capitalisation at Chittoor-Andhra Pradesh, additional capex for BSVI infrastructure booking of Right of Use of Assets (ROU) as required by Ind AS 116 (Leases) and continued investment in innovation and technology.

Income tax assets have decreased to ₹ 310 crore (from ₹ 839 crore in FY19), on account of Income tax refund received related to previous years and lower taxable base and rates in the current year pursuant to exercising option permitted under section 115BAA of Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) Act, 2019.

Other non-current assets have gone down to ₹ 97 crore (from ₹ 664 crore in FY19). This is because of capitalisation of Capital advances which were lying in previous years into Fixed assets and recognition of pre-paid leasehold land of previous year under Fixed Assets during the year pursuant to Ind AS 116.

Trade receivables, which were elevated in the previous| year consequent to overall slowdown in the economy and consequential higher inventory, have come down to ₹ 1,603 crore (vs ₹ 2,822 crore in FY19). Lower dispatches in last week of March 2020 on account of lockdown has also resulted in lower receivables.

The incentives accrued from various state governments in the previous years have been received in the current year and hence the **Other Current Financial Assets** have gone down to ₹ 355 crore (vs ₹ 654 crore in FY19).

Provisions under Current Liabilities have gone up to ₹ 147 crore (vs ₹ 59 crore in FY19) mainly on account of increase in provision relating to employee benefits.

KEY FINANCIAL RATIOS

Change in Key Financial Ratios	FY20	FY19	Change
Debtors turnover ratio (times)[1]	12.73	15.15	-15.9%
Inventory turnover ratio (times)[2]	22.52	30.13	-25.3%
Current ratio (times)[3]	0.90	1.20	-24.6%
Operating Profit margin (%)[4]	10.89	12.86	-15.3%
Net Profit margin (%)[5]	12.27%	9.86%	24.5%
Return on net worth (%)[6]	26.92%	27.49%	-2.1%

FY20 Net Profit Margin

12.27%

Vs. 9.86% in FY19

[1] **Debtors turnover** ratio has decreased from 15.15 times in FY19 to 12.73 times in FY20 mainly on account of decrease in the underlying sales volumes.

[2] **Inventory turnover ratio** has lowered from 30.13 times in FY19 to 22.52 times in FY20 because of lower cost of goods consequent to lower volume.

[3] The decrease in Trade receivables due to lower dispatch towards the end of March 2020 on account of national lockdown and lower Financial assets owing to cash inflow of State incentives during the year have exceeded the fall in trade payables and other liabilities and hence has brought down the **Current ratio** from 1.2 times in FY19 to 0.9 times in FY20.

[4] Decrease in **Operating profit margin** by 15.3% is on account of negative operating leverage and accelerated depreciation charged during the year.

[5] The **Net profit margins** have however increased by 24.5% supported by net exceptional income during the year and reduction of corporate tax rate.

[6] There has been no major change in the **Return on Networth** – slightly lower (by 2.1% y-o-y) on account to lower profits.

Interest coverage and Debt equity ratios are not applicable to the Company since it has no interest-bearing loan or any other debt/borrowing.

Customer experience: Delighting our patrons

We ride on aspirations and fulfil the desires of millions of people across cultures and geographies. The relationships that we seek to build are emotive and evergreen. We gift our patrons extraordinary experiences of youthful zest and energy that are deeply cherished for life. Our brands, engagement initiatives and wide innovation spectrum are geared to bring more global citizens into the Hero universe.

Nurturing Relationships@GoodLife

GoodLife as a Relationship Programme aims to nurture customers meaningfully. In FY20, our membership base added ~24 lakh members, with enrolments over 20 lakh+ and renewals at 3 lakh+. The referral pool of customers contributed nearly 4 lakh referral sales.

Engagement initiatives have increased radically last year with myriad campaigns. These include Vote for Nation Campaign, World Environment Day, World Cup Bonanza, World Cup Predicta, Monsoon offer, Karodon Ka Tyohar, Young Artists, Top Gun, New Year Bonanza, Vijeta, Nakshatra, Mega Service Carnival, Women's Day, and GoodLife Carnival to name some relevant ones. These Customer Engagement Programmes touched the lives of 3 lakh+ unique customers.

Consumer Experience for showroom sales through Hero Happiness

A great customer experience is a hallmark of a leading brand. Measurement and tracking of consumer experience plays an important role in ensuring long-term business sustainability. It is not only important to measure customer loyalty, identify unhappy customers, reduce churn and increase revenue; but brand differentiation also helps a Company to attract new customers in a competitive business environment.

Some of the key achievements of our ongoing consumer experience management programme are:

1. The Net Promoter Score (NPS) increased from 52 in March 2019 to 55.7 in March 2020
2. Under the Hero Happiness Score Programme (HHS), there were 169 dealerships scoring above 9 (on a scale of 1 to 10), in March 2019 and there are 374 dealerships scoring above 9 in March 2020.
3. Complaints per hundred vehicles (CPHV): CPHV has improved from 0.40% in March 2019 to 0.20% in March 2020. This signifies reduction in consumer complaints.

STRENGTHENING SERVICE SCALE

Mega Service Carnival: Our 3-day Mega Service Carnival organised in March 2020 at 2,225 service points across India witnessed over 3,67,000 customers benefiting with special discounts and other value-added offers. We also set up 19 external touch points to widen our reach across more customers in major towns. New customers purchasing Hero two-wheelers during this carnival received special offers.

Road-Side Assistance: Our 90,000+ customers enrolled for this programme, providing peace of mind and making sure customers get required support anywhere, anytime.

Hero JoyRide Programme: This programme entitles the members to enjoy vast savings, while maintaining their Hero two-wheelers at authorised service centres. Over 36,00,000 customers have benefitted from this programme. 18,68,000+ customers are actively availing the benefits of this programme.

Authorised Express Service Centre: Authorised Express Service Centre (AESC) is the new wave in network expansion for critical and important markets, especially in terms of providing service reach for our customers. Currently set up at Mumbai and Chennai, we plan to scale this concept across all major towns.

Strengthened our eCommerce channel through hgpmart.com:

Introduced home delivery of two-wheelers in Mumbai, Bengaluru and Noida.

Supply Chain (SC) is the critical bridge between supplier partners and the Original Equipment Manufacturers (OEM). It is important to recognise that a nimble supply chain delivers a best-in-class product to the end customer while retaining the flexibility to accommodate market fluctuations.

Over the years, we have worked diligently to create a robust supply chain to cater to six manufacturing plants, two overseas plants and one global parts centre. We also manage inter-regional procurement worldwide. Robust processes, in-depth planning, open communication and mutual respect and trust strengthen our engagement with internal and external stakeholders.

MORE DIGITALISATION

Cloud-based platform provides real-time information on production and external demand to its supply chain. We implement digital and automated manufacturing processes paired with strong manufacturing excellence. We implemented digital invoices, easing the material inward and invoice verification by finance, thus eliminating redundancy. The implementation of an online central packaging data repository enabled centralised monitoring of packaging on a single screen. The successful execution of GST and E-way bill regime at all our locations within government specified timelines has facilitated hassle-free operations.

We have been able to successfully migrate our entire line-up from BSIV to BSVI regulatory norms within time frames stipulated by the authorities due to our strong engineering capabilities. Our 600+ engineers at the Centre for Innovation & Technology (CIT) at Jaipur have successfully designed and developed over 15 products in a record time. Collaborative approach and early engagement of supply chain partners has resulted in the manufacture of better products and value propositions.

While collaborations with supply chain partners is the backbone of our supplier management strategy, suppliers by themselves also endeavour to enhance their offerings with improvements in quality, cost, delivery, and operational excellence.

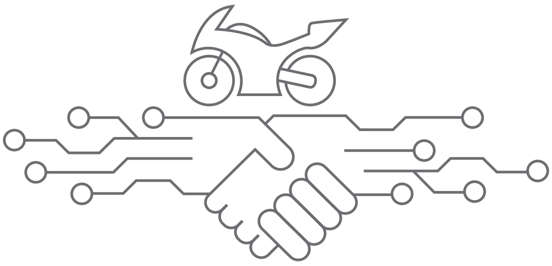
Supply chain strategy during COVID-19

COVID-19 was an unprecedented setback for global economies, and it has exposed the vulnerability of supply chains across geographies. However, it is our ability to reach out to the last mile that has helped us combat the challenge with greater resolve.

While majority of our partners have recovered, it will still take some time before we put the worst behind us. We are all susceptible as these are unprecedented times and the robustness of our networks will be paramount to ensure an undisturbed supply chain.

We enhanced our preparedness by:

- Conducting end-to-end risk assessments and prioritising critical areas
- Multi-sourcing from various geographies is necessary to avoid disruption
- Automation is the key to the future
- Robust completely knocked down (CKD) order planning process is critical
- Enhancing visibility beyond T2 suppliers
- Focus on digitalisation



ENSURING QUALITY

We have always believed in providing top-notch quality products to our customers and have already rolled-out BSVI compliant vehicles in the market. We are confident that with the introduction of low emission standards, we will be able to achieve a significant progress towards a pollution-free India.

Hero Supplier – Total Productive Maintenance (S-TPM)

We are consistently working with our supplier partners to overcome various challenges. Our core team assists the partners in a structured manner. Through the 'Supplier Excellence Programme', we focus on sustainable improvements at the supplier's end. This improves reliability, efficiency, and costs in the value chain.

We always work with our suppliers to create a culture of continuous improvement in a sustainable manner. Improvements are likely in these areas:

- **Customer quality**
- **Engineering excellence**
- **Lean layout**
- **Lead time reduction**
- **Safe workplace**
- **Inventory reduction and many more reaping benefits**

Other initiatives

E-material Flow (EMF)

This year, we have expanded the scope of E-material Flow (EMF) to all our locations. We aspire to start the EMF services at Chittoor with the commencement of mass production to achieve time-window adherence of 100%-benchmark in delivery performance.

Carbon Footprint Reduction

Packaging improvements have led to the reduction in trips, diminishing the carbon footprint by 22.3 MT annually.

Pulp Saving

Implemented reusable packaging i.e. FLC thus saving pulp equalling ~3800 trees annually.

Packaging Size Optimisation

Savings to the tune of ₹ 0.63 crore (₹ 32/vehicle) by increase in part quantity/bin

ASRS (Automatic Storage & Retrieval System) for two wheeler, Hero Neemrana Plant

Information technology: Digitalisation shows the way

FY20 will be remembered for a key positive trend. To bring to the forefront of our economy and society the huge role of technology and digitalisation. We are leveraging technology to drive efficiency, building digital interfaces, facilitating remote working, and enabling the business to operate seamlessly.

Some of the major initiatives that we took during the year comprise:

New technologies implemented

- Implemented Robotic Process Automation (RPA) platform for automating processes like invoice processing, gate entry and others thereby building greater efficiency.
- Rolled out Hero Connect, our customer relationship management (CRM) system for authorised representatives of dealers (ARDs) covering 99% of the business, ensuring consistency. This helps the Company with stronger analytics and greater understating of our sales.
- Implemented Plant Utility Cockpit at Chittoor plant that provides a 'bird's eye view' of all utility operations; the Cockpit enables the management of the entire utility operations efficiently with minimum manpower.
- Creative digital business listings extended to the authorised service centres (ASCs) to increase the digital presence of our channel partners; the listings have helped them reach more people digitally and improved visibility to our customers on search engines.
- Leveraging Additive Manufacturing (3D Printing) beyond the R&D function to optimise requirements of plant operations by manufacturing functional parts (jigs, fixtures, hand tools, gauges, maintenance spares, among others).
- Remote assistance using wearable devices to improve productivity and minimising travel and its associated costs enabling remote warranty support, providing remote support for issue resolution by skilled manpower or technical helpdesk team.
- Multiple analytical and real-time dashboards were released, which helped improve business outcomes and better forecasting.
- Dedicated teamwork on Industry 4.0 to be faster, more efficient and customer-centric, pushing beyond automation and optimisation to discover new business opportunities and models.
- Implemented Manufacturing Execution System (MES) for traceability of safety and emission parts to meet product recall norms and improving overall operational efficiency.
- Digitalisation and traceability provide real-time quality parameter interlocking and capturing of the process parameters for the critical components. They are used for ensuring defect-free components in our engines. Traceability of components is another added advantage of this system.
- Grow the competence of our people through the release of a learning platform for internal staff members, workers, contractual personnel and channel partner's staff.
- Contactless enablers through technology including online attendance, recruitment and on-boarding etc. to name a few.

Technology upgrades

To stay in sync with the changing technology landscape, we upgraded multiple components of the tech ecosystem of the Company. Major upgrades include the move from SAP to **SOH (Suite On HANA)**: for improvement in the response time of business transactions (agility) and reduction of the data footprint. Also strengthened availability of our enterprise application for Disaster Recovery.

Other upgrades include upgrades across the value chain, from R&D to final sales tracking and its analysis. Some of these include, Product life cycle management system, Dealer Management System – on Hero Connect to better capture sales data, an analytics platform, cloud migration to help in remote working during the lockdown, enhanced visibility of unknown threats and traffic flow by AI/ML based network anomaly tool and security by scaling up the existing network access control (NAC) system.

Human assets: Our critical growth enabler

Numerous HR initiatives were implemented in addition to our ongoing activities to drive the potential of our talent pool in FY20:

TALENT MANAGEMENT & DEVELOPMENT (TM/TD)

We use talent management and development as a strategic tool to achieve our long-term objectives. Following are the critical initiatives undertaken during the year:

At Hero MotoCorp, we cherish the contribution of our people who help us achieve our organisational goals; they are our true brand ambassadors. We invest in attracting the right talent and upskilling them, so that they can contribute more effectively towards our holistic value creation.

INTERVENTIONS IN FY20

PACE:
Goal setting
* Mid-Year Review
* Annual Appraisal

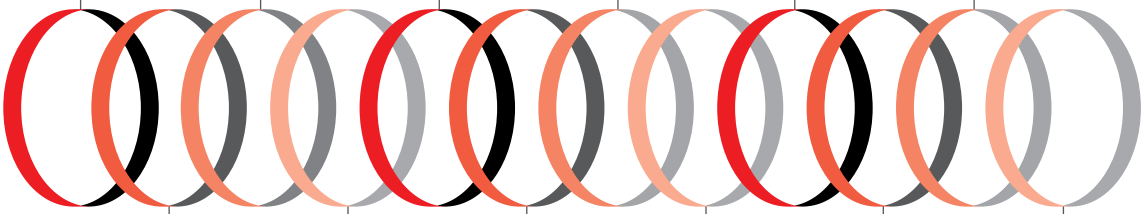
Sales Competency Framework
* Sales Capability Building

HR competency framework
* Career roadmap in HR

Individual development plan (IDP) creation
* Process for identified levels and individuals

Vendor identification and contracts
* Uniform learning offerings in organisation
* Central E&T pillar

Excellerator club
* Customised offering for EX rate employees



Managerial capability building programmes
*Conduct Developmental Dialogues

Success factors and e-learning
* Digitalisation of learning interventions and MIS

System streamlining and digitalisation
* Implement standard practices in organisation and save human efforts and errors

Talent review
* Succession planning

Job Evaluation & TPM
* Lean and agile organisation
* Central E&T pillar

Hero Universe
* Quarterly company magazine

Virtual and Automotive Skill Development Centre (ASDC) was initiated at the Gurukul, Haridwar and Gurgaon plants to train unemployed youth, skill them, make them employable and encourage them to pursue self-employment. Employees are trained on vocational skills, technical knowhow, productivity management as well as soft skills.

To capitalise on business opportunities and broaden the understanding of our people, further trainings were conducted, which included training on the emerging trends in mobility and electric vehicles to prepare our people for future economic, policy matters and technical scenarios.

We intend to increase competence of our people through a learning platform set up for internal staff members, workers, contractual personnel and channel partner's staff.

DIVERSITY AND INCLUSION (D&I)

We adopted recruitment initiatives, education and training, career development, and mentoring programmes to increase and retain workforce heterogeneity within the organisation. In all our initiatives the emphasis was on 'inclusion'.

Following are the overarching guidelines for various initiatives:

Leadership and advisory support

- Women in Leadership Programme (WIL)
- POSH Policy
- Maternity Benefits
- Night Shift Approval for Deployment of Women (B&C Shift)
- Restricted Holidays

Culture and Mindset

- Gender Sensitisation Workshop
- D&I Talks
- Gamification/Online Quizzes
- Sign Language Training

Recruitment and selection

- Acquiring diversity talent
- Supportive infrastructure
- Sensitisation workshops for interviewers
- Campus outreach


Hero Assembly line, Gurgaon Plant

Our inclusive policy has started to bear fruit with the overall representation of women in the workforce crossing an important milestone of 1,000 employees this year. As a manufacturing organisation, we are committed to improving the ratios sustainably over the long run.

1,000+

Women employees

TALENT RECRUITMENT

We made rapid progress on achieving several organisational goals, including diversity and digitalisation by striking the right chords with correct recruitment. Contactless enablers through technology, including online attendance, recruitment and on-boarding etc. were some of the measures undertaken this year. **Some of the key highlights of our talent recruitment process included winning the female talent**, enhancing people experience with our revised policies and processes, and digital recruitment and induction processes together with a hassle-free on-boarding.

EMPLOYER BRANDING

Digital engagement is considered the key to brand success in the developing world order. We initiated technological armamentarium to achieve success with our employer branding. In line with our talent acquisition strategy, we organised Hero Campus Challenge Season-5. Bigger than its earlier versions, it received record registrations from 32,152 students (10,717 teams) from both B-Schools and Engineering colleges when it was launched in October 2019. The programme was also showcased on national news channels that telecast some of the key highlights and ideas presented by the contestants as well.

HR BENEFITS AND POLICIES

We ensure that our employees receive the best-in-class monetary and non-monetary benefits through our employee-friendly policies, put in place after thorough benchmarking of global best practices. The employee-centric HR policies, practices and procedures **focused on inclusivity, work-life balance, career development, flexi-benefits and hence, we introduced and revised related policies like working hours, part-time employment and company car scheme to name a few**. Our superior work-force analytics, employee communication/engagement tools, and other digital platforms are enabling the management in faster decision-making and gauging the impact instantly.

Hero Campus Challenge Season-5

- **Total Registrations 32,152 students (10,717 teams)**
- **Qualification for Grand Finale – 10 teams**
- **Selection of 1,092 teams**
- **Telecast on National News Channels**

EMPLOYEE RELATION AND ENGAGEMENT

People-connect is at the core of our HR function.

We witnessed huge participation of employees and their families in various engagement initiatives organised at all units. Sports bonds people through shared goals in competitive environments such as in Badminton, Foosball, Table Tennis, Football, and Kabaddi which were hosted round the year and witnessed great energy and zeal among the employees. Hero MotoCorp Football League Season 4, Hero Premier League Season 5, Contractual Sports Meet, and Industrial Sports Meet brought competitiveness, togetherness, and teamwork through amazing performances by employees, the leadership team and women colleagues.

Caring for our little Heroes

All our plant locations are enabled with quality day care facilities, providing personal growth and development programmes on a regular basis. A 100% compliance through regular audits and parents' satisfaction is ensured. Summer/Winter camps were organised with a structured series of development workshops, especially for children, keeping in mind their day-to-day challenges and the need to become future-ready..

Our specially-abled employees in external forums
Our specially abled employees have made us proud in many ways. Technicians represented us at the national and international level in events like the Cricket match series organised by the Deaf Cricket Society (affiliated to Deaf International Cricket Council), Deaf International Cricket series in South Africa and Deaf International Cricket Series in Sri Lanka.

HEALTH AND WELLNESS

Our occupational health and safety (OHS) policy ensures that health and wellness are incorporated into our business strategy. The cross-functional Total Productive Maintenance Committee safeguards the pillars of safe work, a healthy workforce and increased productivity. We provided our employees on demand access to knowledge about their health condition though a wellness portal (web, mobile app) which includes multiple tools for health risk assessment, personalised health tips based on risk assessment or current health issues, medication reminders, lab tests etc. designed for different age groups and risk profiles.

The Company also initiated psychological health support for our employees through an Employee Assistance Programme (EAP) for improving mental wellness, as a confidential individual assistance/counselling and support service to help employees cope with personal issues.

Saksham Sathi Award 2019

Gurgaon Plant won the Saksham Sathi Award 2019, conferred by the Government of Haryana for engaging highest number of apprentices in Gurgaon.

Risk management: Resilience in strategy

Our risk management continues to be a robust exercise, which is governed by a well-defined risk management framework. Given the volatile ecosystem, we have to continue to scan multiple risks while we pursue our business objectives. A practice of thorough risk assessment is therefore deep-rooted in the decision-making approach.

This year, we dived deeper into each function's possible risk areas. One of the objectives for doing so was to have a larger cross-functional participation in the process of annual risk refresher and new risks identification exercise. Multiple members from across the leadership team analysed the current risks for relevance, severity and impact and also identified new risks. As an outcome of this exercise, new risks were added to the organisation's Risk register and certain things were decided:

1. **Business Continuity Planning (BCP)**
2. **Social media interactions and control**
3. **Corporate affairs and the opportunity for a closer policy maker positioning**
4. **New age businesses and their impact on established business models.**

Conscious of the significance that business continuity holds in the current times, while earlier the BCP exercise was conducted at the function level, it has now been elevated to leadership cross-functional level. As part of this decision, we are in the process of developing an extensive and Central Business Continuity Plan (BCP) together with an external agency. This programme was initiated much before the situation in relation to the pandemic worsened.

For all the other existing and new risks, the risk management committee (RMC) periodically reviewed and shared its valuable inputs. With these inputs, we made an even more comprehensive risk mitigation plan for topics such as multi-sourcing policy, BSVI transition, premium range of products, people policy, industrial harmony and cyber security.

A multi-layered risk governance structure headed by the RMC monitors the major risks. The management team of the RMC, which is directly involved in reviewing and monitoring of the risks, provided direction and inputs throughout the year. In addition, the risk management officers for each function, continued to track each risk mitigating initiative, action steps against it and timelines to comply with.

Our overall posture of risk management continues to emphasise our resolve of greater value creation for each stakeholder with least possible risk impact.

Internal Control

We have a robust and well embedded system of internal controls. The internal audit function provides assurance to the Board regarding the adequacy and efficacy of internal controls, advises management on the shifting risk and controls landscape and helps anticipate and mitigate emerging risks. The internal audit plan focuses on critical risks that matter and is aligned to the business objectives. Progress to plan and key internal audit findings are reviewed by the Audit Committee each quarter. Further, the Audit Committee also monitors the status of management actions emanating from internal audit reviews. Our focus continues to be on embedding technology like data analytics, process mining, and BOT development in all internal audit work procedures.

Outlook: The future of mobility

We have laid out our new vision —to be the future of mobility. This entails exploring emerging opportunities in the mobility space while continuing to excel in the core mobility segments the Company operates in. There are three key elements of our strategy to realise this vision:

Growth in the two-wheeler market

Launch differentiated and winning products in segments and markets that provide significant headroom for growth, especially in segments where the Company is underpenetrated. We have introduced several industry-leading models in scooter and Premium motorcycle segments to cover our position in these segments in the near future. Many other exciting product launches are planned for the future. At the same time, we will continue to strengthen our position in segments such as Entry and Deluxe motorcycle markets in India by ensuring that our product portfolio is trend-setting and continues to excite our customers.

New opportunities in a dynamic scenario

Trends including increased societal concerns about environment and technology changes are shaping the mobility world. As a result, new opportunities viz. electric mobility, on-demand mobility services, and leisure products are emerging. We plan to participate in the targeted value chains through a combination of new business verticals, internal incubation and collaboration with start-ups. We are actively engaging stakeholders in this ecosystem to track and monetise new opportunities.

Interestingly, in a post-pandemic scenario the emphasis on personal mobility/own vehicles for social distancing will drive the demand for two-wheelers of all categories and price points across India and other parts of the developing world. Owing to favourable monetary policies of the RBI and the stimulus measures announced by the Government of India, the credit scenario has become favourable as well. It is expected that rural demand for two-wheelers may rebound faster than the urban demand, because of satisfactory agri-income in the medium term and low base volumes.

New products, business models etc.

At our annual stakeholder day at our CIT facility in Jaipur, we presented multiple new products, and opportunities that Hero could address in the future. At the show, we showcased connected technology, the prototype of our internally developed electric scooter, products specifically developed for export markets and new world mobility solutions. Hero is also working on evolving other interesting related business models, such as one in the two-wheeler rental space as an additional opportunity.

Margin enhancement

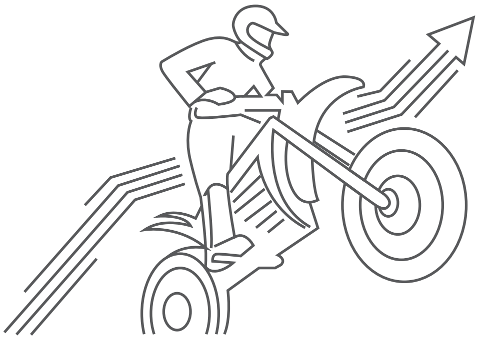
Margin enhancement is planned through businesses such as after sales/parts, accessories, and merchandise to strengthen overall profitability. An on-going, continuous programme to manage material and fixed costs, including under non-operational activities, is also helping us achieve our objective of supporting margins.

Way Forward

The spread of COVID-19 has affected the business operations of the Group post the lockdown in various geographies. The Group has taken various measures in consonance with the Government advisories to contain the pandemic, which included closing of manufacturing facilities across the Group.

Given the uncertainty of a quick turnaround post lifting of the lockdown, the Group has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on information available and application of reasonable estimates. The Group does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations in the foreseeable future.

Pursuant to the relaxed guidelines, the Group has now resumed its operations, however, some of the staff continues to operate from home. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as on the date of approval of these financial results. Management will continue to monitor any material changes arising out of the impact of this pandemic on financial and operational performance of the Group and take necessary measures to address the situation.



Board's Report

Dear Members,

Your Directors are pleased to present the thirty seventh annual report, together with the Company's audited financial statements for the financial year ended March 31, 2020.

FINANCIAL RESULTS – STANDALONE & CONSOLIDATED

The standalone and consolidated financial highlights of your Company are as follows:

(₹ in crore)

Particulars	Standalone		Consolidated	
	Year ended		Year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Total Income	**29,614.43**	**34,341.79**	**29,985.88**	**34,658.96**
Profit before Finance cost and Depreciation	4,736.30	5,621.34	4,791.48	5,705.16
Expenses				
Finance cost	22.02	8.60	46.64	37.18
Depreciation and amortisation expenses	817.96	602.01	845.76	624.44
Profit from ordinary activities before share of Profit/(Loss) of associates	**3896.32**	**5,010.73**	**3,899.08**	**5,043.54**
Profit/(Loss) of associates				
Share in net profit/(loss) of associates	-	-	34.63	60.76
Exceptional items – NCCD income	737.48	-	737.48	-
Exceptional items – VRS expenses	60.11	-	60.11	-
Profit from ordinary activities before tax	**4,573.69**	**5,010.73**	**4,611.08**	**5,104.30**
Tax expense				
Current tax	1,084.11	1,601.02	1,096.79	1,608.81
Deferred tax	(143.68)	24.84	(145.12)	29.14
Total tax expense	**940.43**	**1,625.86**	**951.67**	**1,637.95**
Net Profit from ordinary activities after tax	**3,633.26**	**3,384.87**	**3,659.41**	**3,466.35**
Other comprehensive income/(expense) (net of tax)	(31.78)	(17.81)	(18.29)	(14.98)
Total comprehensive income for the year	3,601.48	3,367.06	3,641.12	3,451.37
Net Profit/(loss) attributable to				
a) Owners of the Company	3,633.26	3,384.87	3,638.11	3,444.09
b) Non-controlling interest	-	-	21.30	22.26
Other comprehensive income attributable to				
a) Owners of the Company	(31.78)	(17.81)	(23.61)	(16.32)
b) Non-controlling interest	-	-	5.32	1.34
Total comprehensive income attributable to				
a) Owners of the Company	3,601.48	3,367.06	3,614.50	3,427.77
b) Non-controlling interest	-	-	26.62	23.60
Balance of profit brought forward	10,147.81	9,068.11	10,385.31	9,247.01
Dividend				
- Interim	1,298.31	1,098.50	1,298.31	1,098.50
- Final	639.13	798.85	639.13	798.85
Corporate Dividend Tax	395.03	390.01	401.46	390.01
Other comprehensive income arising from re-measurement of defined benefit obligation (net of income tax)	-	-	(32.46)	(18.43)
Balance carried to Balance Sheet	**11,416.82**	**10,147.81**	**11,652.06**	**10,385.31**
Earnings per equity share on Net Profit from ordinary activities after tax (face value ₹ 2/- each) (In ₹)				
- Basic	181.91	169.48	182.15	172.45
- Diluted	181.91	169.47	182.15	172.44

FINANCIAL HIGHLIGHTS

During FY 2019-20, your Company clocked sales of 63.98 lakh units over 78.21 lakh units in the previous financial year. Revenue from operations was ₹ 28,836.09 crore as compared to ₹ 33,650.54 crore in FY 2018-19, registering a decrease of 14.31%.

Profit before tax (PBT) in FY 2019-20 was ₹ 4,573.69 crore as compared to ₹ 5,010.73 crore in FY 2018-19, reflecting a decrease of 8.72%. Profit after tax (PAT) was ₹ 3,633.26 crore as against ₹ 3,384.87 crore in FY 2018-19, an increase of 7.34% from the previous year.

Earnings before Interest, Depreciation and Taxes (EBIDTA) stood at 13.73% in FY 2019-20, as compared to 14.65% in FY 2018-19.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with provisions of the Companies Act, 2013 ('the Act') and Indian Accounting Standard (Ind AS)-110 on Consolidated Financial Statements, read with Ind AS-28 on Investments in Associates and Joint Ventures, the Audited Consolidated Financial Statements for the year ended March 31, 2020 are provided in this annual report.

UPDATE ON COVID-19 PANDEMIC

Towards the end of financial year 2019-20, the auto industry and the entire global economy has been faced with an unprecedented disruption, owing to the COVID-19 pandemic. The COVID-19 has resulted in interrupted supply chains, halted production and lock-down, leading to no retails. With COVID-19 situation escalating, the Company had set-up a Business Continuity Task Force and proactively rolled-out a slew of measures to ensure health and safety of its employees and business partners, including suspending production at all its manufacturing facilities on March 22, 2020. The Company along with other Hero Group companies has been engaged in a host of social welfare work, setting aside a corpus of ₹ 100 crore for the relief efforts towards COVID-19, including a contribution of ₹ 50 crore to the PM-Cares fund.

Ensuring stringent safety protocols for employee and customer wellbeing, the Company reopened, in a gradual manner, all its manufacturing facilities during the month of May 2020. While the COVID-19 pandemic has pushed several timelines, the Company has successfully navigated through the unprecedented times. The Company is largely dependent on the retail sales and is confident about gradual resumption of the pre-lockdown sales figure. The Company is proactively adapting to the changing business needs and will stay prepared dynamically to do course correction if and when required.

CHANGES IN CAPITAL STRUCTURE

During the year under review, 12,484 equity shares of ₹ 2 each were allotted on exercise of employee stock options and Restricted Stock Units (RSUs) by the employees of the Company. Consequently, the issued and paid-up share capital of the Company as on March 31, 2020 was ₹ 399,478,736 divided into 199,739,368 equity shares of ₹ 2 each.

Further, on June 8, 2020, 1,674 equity shares of ₹ 2 each were allotted on exercise of RSUs by an employee of the Company. Thus, the issued and paid-up share capital of the Company was increased to ₹ 399,482,084 divided into 199,741,042 equity shares of ₹ 2 each.

The Company has not issued any equity shares with differential rights, sweat equity shares or bonus shares. The Company has only one class of equity shares with face value of ₹ 2 each, ranking *pari passu*.

DIVIDEND

Your Directors are pleased to recommend for your approval a final dividend of ₹ 25 per equity share (1250%) of face value of ₹ 2 each, in addition to an interim dividend of ₹ 65 per equity share (3250%) declared in the month of February 2020, aggregating a total dividend payout of ₹ 90 per equity share (4500%) for FY 2019-20. In the previous year, total dividend payout of ₹ 87 per equity share (4350%) of the face value of ₹ 2 each was made. Final dividend, if approved at the ensuing annual general meeting, shall be paid to the eligible members within the stipulated time period. Dividend Distribution Policy of the Company as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') is available at the following link:https://www.heromotocorp.com/en-in/uploads/code_policy/20191126105519-code-policy-149.pdf and is also provided as **Annexure - I**.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's business in India and abroad, risk management systems and other material developments during the year under review.

CHANGE IN NATURE OF BUSINESS

During FY 2019-20, there was no change in the nature of Company's business.

CAPACITY EXPANSION, NEW PROJECTS & STRATEGIC ALLIANCES

During FY 2019-20, your Company's sixth manufacturing facility in Chittoor District in the state of Andhra Pradesh was commissioned with Phase I installed capacity of 0.4 million units. The total Phase I investment is approximately ₹ 700 crore out of total projected investment of ₹ 1,600 crore in setting up the manufacturing facility.

Further, the overseas plants of your Company in Bangladesh and Colombia have consolidated their respective capacities during FY 2019-20 and attained a decent market share.

Transition from BSIV to BSVI emission norms has been successfully accomplished well in time across all platforms in FY 2019-20. Splendor iSmart was the first two-wheeler in India to get BSVI certification from International Centre for Automotive Technology (ICAT) in Q1 of FY 2019-20. Comprehensive efforts were demonstrated across your Company to optimise capacities, investments and obsolescence across the value chain.

Your Company is constantly expanding the boundaries on innovation – both internal and external. It has been running internal idea generation contests successfully involving employees for many years now. As a responsible corporate, in accordance with its sustainability journey, your Company has released its second annual Sustainability Report encompassing ESG (Environment, Social and Governance) aspects. Your Company has also formulated a long-term strategy to address the material issues with the objective of making it one of the most sustainable organisations.

GLOBAL FORAYS

Your Company continues to strengthen its presence in global markets. During FY 2019-20, with footprints in 40 markets outside India, the focus was to scale-up the innovation efforts especially in the retail financing front. Your Company has been successful in scaling up retail finance in Bangladesh, Nepal and Colombia wherein a substantial percentage of our monthly volumes on financing has now been gained. Despite the tough turf, your Company managed to gain market share in focus markets.

Working closely with strong allied business partners has been the key for your Company to grow in the global markets. Your Company also showed strength in various auto shows held across the globe including EICMA in Italy, Colombia, Turkey, Nepal, Sri Lanka, Bolivia, UAE, Ethiopia, Kenya and Ecuador.

INNOVATION

Your Company saw early signs of success with the two projects that were launched under the newly created incubation center – HeroHatch. These were showcased during Hero World 2020 and garnered great interest from the stakeholders. Hero World 2020, a first-of-its-kind three-day event was organised at the state-of-the-art R&D hub of the Company, the Centre of Innovation & Technology (CIT) in Jaipur. This event was attended by global media, investors, dealers from India, supply chain partners and global distributors from around the world. The Company showcased three new products, world-class product accessories and displayed its entire global product portfolio followed by several product concepts and business initiatives and provided a glimpse into the universe of Hero MotoCorp including the R&D labs, test-tracks and technology.

One of the projects introduced is a concept vehicle, which is the world's first class changing vehicle and can be used as a two-wheeler (2W) and three-wheeler (3W). The second project is around digitising the used 2W, with data-driven technology. A third project under HeroHatch was launched in FY 2019-20. The new format of Idea Contest introduced last year led to more effective implementation of ideas. The Company-wide Idea Contest was undertaken for the 7th year on a new platform in FY 2019-20, driving more collaboration among employees and increasing transparency.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company has 6 subsidiaries including step down subsidiaries and 2 associate companies and regularly monitors the performance of these companies. During the year under review, the Company's wholly-owned subsidiary, HMCL (NA) Inc. which had invested in Erik Buell Racing, Inc. was dissolved and thus, Erik Buell Racing, Inc. also ceased to be the associate of your Company.

The annual accounts of subsidiary companies are available on the website of the Company viz. www.heromotocorp.com and shall also be kept open for inspection at the registered office of the Company and respective subsidiary companies. The Company shall also make available the annual accounts of these companies to any member of the Company who may be interested in obtaining the same. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies

Subsidiaries

Hero Tech Center Germany GmbH ('HTCG')

HTCG, a wholly-owned subsidiary of your Company was incorporated in Germany to undertake research and development and such other ancillary activities for the manufacture, testing, validating etc. of two-wheelers and components/parts thereof. It also undertakes, coordinates and facilitates two-wheeler rally participation and development activities. During FY 2019-20, HTCG has reported unadjusted revenue of ₹ 70.52 crore and a net profit of ₹ 4.39 crore.

HMCL Netherlands B.V. ('HNBV')

HNBV, a wholly-owned subsidiary of your Company was incorporated in Amsterdam as a private company with limited liability under the laws of The Netherlands with the primary objective of promoting overseas investments. HNBV has invested in operating companies in Colombia and Bangladesh and during FY 2019-20, it has reported unadjusted revenue of ₹ 20.19 crore and a net profit of ₹ 19.03 crore.

HMCL Colombia S.A.S. ('HMCLC')

HMCLC was incorporated in Colombia as a joint venture between HNBV and Woven Holdings LLC as a simplified stock corporation company. HNBV currently holds 68% equity in HMCLC and 32% equity is held by Woven Holdings LLC. The main business of HMCLC is to manufacture and sell two-wheelers in Colombia. It has a manufacturing facility with a production capacity of 60,000 per annum. During the year ended March 31, 2020, the Company has reported unadjusted revenue of ₹ 198.36 crore and a net loss of ₹ 41.30 crore.

HMCL Niloy Bangladesh Limited ('HNBL')

HNBL was incorporated in Bangladesh as a joint venture between HNBV and Niloy Motors Limited, Bangladesh as a limited liability company. HNBV currently holds 55% equity in HNBL and 45% equity is held by Nitol Niloy Group, Bangladesh. The main business of HNBL is to manufacture and sell two-wheelers. During FY 2019-20, HNBL reported unadjusted revenue of ₹ 798.57 crore and a net profit of ₹ 87.28 crore.

HMCL Americas Inc. ('HMCLA')

HMCLA, a wholly-owned subsidiary of your Company, was incorporated as a Corporation pursuant to the General Corporation Law of the State of Delaware, United States of America with the primary objective to pursue various global businesses. During the year ended March 31, 2020, HMCLA has reported unadjusted revenue of ₹ 0.43 crore and a net profit of ₹ 0.30 crore.

HMC MM Auto Limited ('HMCMMA')

Your Company has a joint venture with Marelli Europe S.p.A., Italy, namely HMC MM Auto Limited in India, which is set up for the purpose of carrying out manufacturing, assembly, sale and distribution of two-wheeler fuel injection systems and parts. Your Company holds 60% of the equity share capital in HMCMMA. During FY 2019-20, HMCMMA has reported unadjusted revenue of ₹ 67.40 crore and a net loss of ₹ 11.91 crore.

HMCL (NA) Inc.

HMCL (NA) Inc., a wholly-owned subsidiary of your Company was incorporated as a Corporation pursuant to the General Corporation Law of the State of Delaware, United States of America. The Company was dissolved effective November 6, 2019 pursuant to order of the State of Delaware. HMCL (NA) Inc., had invested in Erik Buell Racing, Inc. ('EBR'), a Delaware Corporation by subscribing to 49.20% of its equity share capital. Since HMCL (NA) Inc. has been dissolved, Erik Buell Racing, Inc. is no longer an associate of your Company.

Associate Companies

Hero FinCorp Limited ('HFCL')

HFCL, an associate of your Company, was incorporated in the year 1991. Your Company holds 41.19% in the equity share capital of HFCL. HFCL is a non-banking finance company engaged in providing financial services, including two-wheeler financing and providing credit to Company's vendors and suppliers. Over the years, it has added several new products and customers in its portfolio, like SME and commercial loans, loan against property etc.

During FY 2019-20, HFCL's profit attributable to the Company is ₹ 111.74 crore.

Ather Energy Private Limited ('AEL')

AEL is a private limited company, focussed on developing, designing and selling premium electric two-wheelers. The shareholding of your Company in AEL is 35.10% which is equivalent to 31.27% on a fully diluted basis. During FY 2019-20, AEL's loss attributable to the Company is ₹ 77.41 crore.

A statement containing salient features of financial statements of subsidiaries and associate companies forms part of the financials.

Material Subsidiaries

The Board of Directors of your Company ('the Board') has approved a policy for determining material subsidiaries. At present, your Company does not have a material subsidiary. The Policy on material subsidiaries can be viewed on the Company's website, www.heromotocorp.com at the following link: https://www.heromotocorp.com/en-in/uploads/code_policy/20191126105356-code-policy-400.pdf.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of applicable provisions of the Act and the Articles of Association of the Company, Mr. Suman Kant Munjal, Director of the Company retires by rotation at the ensuing annual general meeting and being eligible, has offered himself for re-appointment. Brief resume and other details of Mr. Suman Kant Munjal, who is proposed to be re-appointed as a Director of your Company, have been furnished in the explanatory statement to the notice of the ensuing annual general meeting.

During the year under review, your Company has appointed Ms. Tina Trikha as an Additional Director of the Company in the category of Non-Executive and Independent Directors effective October 23, 2019. The Board recommends her appointment as an Independent Director of the Company. The Company has received a notice, in writing, under Section 160 of the Act from a member proposing the candidature of Ms. Trikha.

The appointment of new directors is recommended by the Nomination and Remuneration Committee ('NRC') on the basis of requisite skills, proficiency, experience and competencies as identified and finalized by the Board considering the industry and sector in which the Company operates. The Board, on the recommendation of the NRC, independently evaluates and if found suitable, confirms an appointment to the Board. The appointments are based on the merits of the candidate and due regard is given to diversity including factors like gender, age, cultural, educational & geographical background, ethnicity, etc.

In the opinion of the Board, the Independent Directors appointed/re-appointed during the year under review are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields.

The Company has a robust succession planning process which is overseen by the Nomination and Remuneration Committee.

During the year, Ms. Shobana Kamineni ceased to be a Director of the Company effective March 26, 2020, due to completion of her term of 5 years as an Independent Director. The Board places on record its appreciation for the guidance and support provided by Ms. Kamineni during her tenure with the Company.

Key Managerial Personnel

Dr. Pawan Munjal, Chairman, Managing Director & CEO, Mr. Niranjan Gupta, Chief Financial Officer and Ms. Neerja Sharma, Company Secretary and Chief Compliance Officer are the Key Managerial Personnel of your Company in accordance with the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Declarations from Independent Directors

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed in the Act and the Listing Regulations.

In the opinion of the Board, Independent Directors fulfil the conditions specified in the Act, Rules made thereunder and Listing Regulations and are independent of the management.

BOARD MEETINGS

During FY 2019-20, five meetings of the Board of Directors were held. For details of these Board meetings, please refer to the section on Corporate Governance of this annual report.

ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

A formal evaluation of the performance of the Board, it's Committees, the Chairman and the individual Directors was carried out for FY 2019-20. Led by the Nomination & Remuneration Committee, the evaluation was carried out using individual questionnaires covering, amongst others, composition of Board, conduct as per company values & beliefs, contribution towards development of the strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

Further, the Committees were evaluated in terms of receipt of appropriate material for agenda topics in advance with right information and insights to enable them to perform their duties effectively, review of committee charter, updation to the Board on key developments, major recommendations & action plans, stakeholder engagement, devoting sufficient time & attention on its key focus areas with open, impartial & meaningful participation and adequate deliberations before approving important transactions & decisions.

As part of the evaluation process, the performance of Non-Independent Directors, the Chairman and the Board was conducted by the Independent Directors. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the Director being evaluated.

The actions emerging from the Board evaluation process were collated and presented before the Nomination were Remuneration Committee as well as the Board. Suggestions/feedback concerning strategic, governance and operational matters are actioned upon by the team.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 134 of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

1. that in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards were followed, along with proper explanation relating to material departures;

2. that appropriate accounting policies were selected and applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs as at March 31, 2020 and of the profit and loss of your Company for the financial year ended March 31, 2020;

3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

4. that the annual accounts for the financial year ended March 31, 2020 have been prepared on a going concern basis;

5. that the Directors have laid down Internal Financial Controls which were followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and

6. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

REMUNERATION POLICY

Pursuant to provisions of the Act, the Nomination and Remuneration Committee ('NRC') of your Board has formulated a Remuneration Policy for the appointment and determination of remuneration of the Directors, Key Managerial Personnel, senior management and other employees of your Company. The NRC has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to Executive and Non-Executive Directors of the Company.

The NRC takes into consideration the best remuneration practices in the industry while fixing appropriate remuneration packages and for administering the long-term incentive plans, such as ESOPs, RSUs etc. Further, the compensation package of the Directors, Key Managerial Personnel, senior management and other employees is designed based on the set of principles enumerated in the said policy.

Your Directors affirm that the remuneration paid to the Directors, Key Managerial Personnel, senior management and other employees is as per the Remuneration Policy of your Company.

The remuneration details of the Directors, Chief Financial Officer and Company Secretary, along with details of ratio of remuneration of each Director to the median remuneration of employees of the Company for the year under review are provided as **Annexure - II.**

The Remuneration Policy of the Company was changed during the year to include the Policy on Board Diversity and to define the performance framework for senior management personnel. Further, the commission of the Executive Directors was modified to such limits as prescribed under Sections 197 and 198 of the Act. The Remuneration and Board Diversity Policy of your Company can be viewed at the following link: https://www.heromotocorp.com/en-in/uploads/code_policy/20191126105210-code-policy-421.pdf.

The salient features of the updated Remuneration and Board Diversity Policy are as under:

1. To determine remuneration of Directors, KMP, other senior management personnel and other employees, keeping in view all relevant factors including industry trends and practices.

2. At the Board meeting, only the Non-Executive and Independent Directors shall participate in approving the remuneration paid to the Executive Directors.

3. The remuneration structure for the Executive Directors would include basic salary, commission, perquisites & allowances, contribution to Provident Fund and other funds. If the Company has no profits or its profits are inadequate, they shall be entitled to minimum remuneration as prescribed under the Act.

4. The Non-Executive and/or Independent Directors will also be entitled to remuneration by way of commission aggregating upto 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Act, in addition to sitting fees.

5. The compensation for Key Managerial Personnel, senior management and other employees is based on the external competitiveness and internal parity through periodic benchmarking surveys. It includes basic salary, allowances, perquisites, loans and/or advances as per relevant HR policies, retirement benefits, performance linked pay out, benefits under welfare schemes, etc. besides long-term incentives/ESOPs/RSUs/Performance shares or such other means as may be decided by the NRC.
6. Performance goals of senior management personnel shall be quantifiable and assessment of individual performance to be done accordingly. A significant part of senior management compensation will be variable and based upon Company performance.
7. To ensure adequate diversity at Board level, all appointments to be made on the basis of merit and due regard shall be given to other diversity attributes also. The NRC shall recommend the appointment or continuation of members to achieve optimum combination at the Board and periodically assess the specific requirements in relation to Board diversity.

EMPLOYEES' INCENTIVE SCHEME

In terms of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time ('SEBI Regulations'), the NRC of your Board, *inter alia*, administers and monitors the Employees' Incentive Scheme, 2014 of your Company and the Employees' Stock Option plans framed thereunder.

Further, the NRC has, at its meeting held on October 22, 2019 approved grant of 98,750 Stock Options at an exercise price of ₹ 1,745/- per option under ESOP Plan, 2019 and 5,210 Restricted Stock Units (RSUs) at face value of ₹ 2/- per unit under RSU Plan, 2019 to certain eligible employees of the Company.

Applicable disclosures as stipulated under the SEBI Regulations with regard to the Employees' Stock Option Scheme are provided as **Annexure - III** to this report and are available on the Company's website, www.heromotocorp.com and can be viewed at the following link: https://www.heromotocorp.com/en-in/investors/annual-reports.html.

Your Company has received a certificate from M/s. BSR & Co. LLP, Statutory Auditors (Firm Registration No. 101248W/W-100022) that the Employees' Incentive Scheme, 2014 for grant of stock options has been implemented in accordance with the SEBI Regulations and the resolution passed by the members in their general meeting. The certificate would be placed/available at the ensuing annual general meeting for inspection by the members.

CORPORATE GOVERNANCE

Your Company is committed to benchmarking itself with global standards of Corporate Governance. It has put in place an effective Corporate Governance system which ensures that provisions of the Act and Listing Regulations are duly complied with, not only in form but also in substance.

The Board has also evolved and adopted a Code of Conduct based on the principles of good Corporate Governance and best management practices that are followed globally. The Code is available on your Company's website, www.heromotocorp.com and can be viewed at the following link: https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html.

In terms of Listing Regulations, a report on Corporate Governance along with the certificate from M/s. Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900) confirming compliance of the conditions of Corporate Governance is annexed hereto and forms part of this annual report as **Annexure - IV and Annexure - V** respectively.

TRANSFER TO GENERAL RESERVE

During the year under review, no amount has been transferred to General Reserve of the Company.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, your Company has transferred unpaid/unclaimed dividend, amounting to ₹ 5.27 crore for FY 2011-12 and 25,264 shares to the Investor Education and Protection Fund (IEPF) Authority of the Central Government of India. Further, dividend pertaining to the shares transferred to demat account of the IEPF Authority amounting to ₹ 9.72 crore was also transferred to the IEPF Authority.

MATERIAL CHANGES AND COMMITMENTS

No material change and/or commitment affecting the financial position of your Company has occurred between April 1, 2020 and the date of signing of this report. However, in view of the ongoing Covid-19 pandemic, your Company carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. Your Company did not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During FY 2019-20, your Company has not given any loan or guarantee pursuant to provisions of Section 186 of the Act. Details of investments made in terms of Section 186 of the Act are as under:

(₹ in crore)

	Principal Amount (Shares)	**Principal Amount (Bonds/ Debentures)**	**Total**
Opening	1,573.41	350.75	1,924.16
Addition*	409.88	74.36	484.24
Reduction**	(0.34)	(150.12)	(150.46)
Closing Balance	1,982.95	274.99	2,257.94

* HMC MM Auto Limited – ₹ 12.00 crore, HMCL Netherlands BV – ₹ 19.51 crore, Hero FinCorp Limited – ₹ 248.37 crore, Ather Energy Private Limited – ₹ 130 crore (consequent to conversion of compulsorily convertible debentures into compulsorily convertible preference shares)

** Maturity of bonds and amortisation

DEPOSITS

Your Company has neither accepted nor renewed any deposits during FY 2019-20 in terms of Chapter V of the Act.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During FY 2019-20, all contracts/arrangements/ transactions entered into by your Company with related parties under Section 188(1) of the Act were in the ordinary course of business and on an arm's length basis. During FY 2019-20, your Company has not entered into any contract/arrangement/transaction with related parties which could be considered 'material' in accordance with its Policy on Materiality of Related Party Transactions. Thus, there are no transactions required to be reported in Form AOC-2.

Further, during FY 2019-20, there were no materially significant related party transactions entered into by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which might have potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee for its approval. There was no related party transaction requiring approval of the Board. During the year under review, the Audit Committee approved transactions through the omnibus mode in accordance with the provisions of the Act and Listing Regulations. Related party transactions were disclosed to the Board on regular basis as per Ind AS-24. Details of related party transactions as per Ind AS-24 may be referred to in Note 36 of the Standalone Financial Statements.

The policy on related party transactions is available on the Company's website, www.heromotocorp.com and can be viewed at the following link: https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104550-code-policy-434.pdf.

RISK MANAGEMENT POLICY / FRAMEWORK

The Company has in place a risk management policy. The primary objectives of the policy indude identification and categorization of potential risks, their assessment and mitigation. The Board has entrusted the Risk Management Committee (RMC) with overseeing the processes of identification, evaluation and mitigation of risks. The RMC periodically reviews the organisational risks that are spread across operational, financial, technological and environmental spheres and provides guidance to the management team.

The management team, besides continuous monitoring of existing risks, ensures that each high impact risk is moved up from a functional level to the organisation level risk register and each risk that is elevated to the organisational level risk register is monitored and reviewed centrally.

Through an extensive process in place, your Company in FY 2019-20 identified multiple new risks. These became the basis for specific risk descriptions that were added to the organisational risk register. Your Company developed a detailed mitigation plan for each existing and new risk and through a well-defined and institutionalised process, ensured that the plan is executed in an efficient and result oriented manner. Transitioning to BSVI technology was one of the bigger challenges for the automotive industry in FY 2019-20. In addition to the multiple other efforts, the processes of continuous monitoring and reviewing worked very well in managing this overall transition. Your Company displayed its commitment to environmental leadership by not just successfully transitioning to the BSVI technology and mitigating the risk associated with it but by actually coming up with the technology much ahead of the deadline.

Going forward, your Company is committed to protect the interests of its customers, stakeholders, investors, shareholders, employees and each person or entity with whom it is associated. Towards this goal, your Company will further strengthen the internal processes and evaluate even more innovative ways to blunt the risk impact.

The details of the RMC along with its charter are set out in the Corporate Governance Report, forming part of this report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated Vigil Mechanism/Whistle Blower Policy which provides a robust framework for dealing with genuine concerns and grievances. Your Company has an ethics hotline managed by a third party which can be used by employees, Directors, vendors, suppliers, dealers etc. to report any violations to the Code of Conduct. Specifically, employees can raise concerns regarding any discrimination, harassment, victimisation, any other unfair practice being adopted against them or any instances of fraud by or against your Company.

During the year, an Ethics Campaign was rolled out across the organization under the guidance of the Ethics Committee. The objectives of the Campaign were to reinforce the principles of the Code of Conduct amongst the employees, motivate them to follow Hero core values and instill pride in being an 'Ethical Hero'. The Ethics campaign was augmented with Ethics workshops. The objectives of the workshops were to provide details of the vigil mechanism policy and reporting channels, to understand key sections of the Code of Conduct and how to respond in ethical dilemma situations. An open house was conducted at the end of each session where Ethics Committee members interacted with the participants and answered their queries. To engage employees, quizzes were conducted based on the principles of the Code of Conduct. The initiatives received an overwhelming response and the campaign recorded encouraging feedback.

During the year under review, 19 complaints were received through various reporting channels and 3 complaints were carried forward from previous year. Out of these, 14 complaints have been investigated and acted upon, 4 complaints were reviewed and handed over to HR for closure and remaining 4 are under investigation.

During FY 2019-20, no individual was denied access to the Audit Committee for reporting concerns, if any.

The Vigil Mechanism/Whistle Blower Policy of the Company is available on the Company's website, www.heromotocorp.com and can be viewed at the following link: https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104803-code-policy-359.pdf.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which functions under direct supervision of Dr. Pawan Munjal, Chairman, Managing Director & CEO of your Company, who is also the Chairman of the CSR Committee. Other members of the Committee are Mr. Pradeep Dinodia and Prof. Jagmohan Singh Raju, who are the Non-Executive Director and Independent Director of your Company, respectively.

Your Company has implemented the CSR Policy, duly formulated and recommended by the CSR Committee to the Board. The CSR Policy lays down CSR activities to be undertaken by your Company. The CSR activities undertaken by your Company are based on the approved CSR policy, which is available on the Company's website, www.heromotocorp.com and can be viewed on the following link: https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf. There has been no change in the CSR Policy of the Company.

The CSR Policy of your Company, as adopted by the Board, broadly covers the following focus areas:

a) To direct the Company's CSR Programmes, *inter alia*, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports;

b) To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are pre-requisites for social and economic development;

c) To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;

d) To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations, to enable close supervision and ensure maximum development impact;

e) To carry out CSR Programmes in relevant local areas to fulfil commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;

f) To carry out activities at the time of natural calamity or engage in Disaster Management System;

g) To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, Other Backward Classes, minorities and women;

h) To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government;

i) To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister's Relief Fund, which may be recognised as CSR activity;

j) To promote sustainability in partnership with industry associations, like CII, PHD, FICCI, etc. in order to have a multiplier impact.

During the year under review, your Company spent ₹ 130.61 crore on its CSR activities, which is more than 2% of the average net profits of previous three financial years. The CSR initiatives undertaken by your Company, along with other details form part of the annual report on CSR activities for FY 2019-20, which is annexed as **Annexure - VIII**. The overview of CSR activities carried out in FY 2019-20 is provided in a separate section in this annual report.

AUDIT COMMITTEE

The Audit Committee of your Company comprises of the following Non-Executive and Independent Directors:

1.	Mr. M. Damodaran	– Chairman
2.	Mr. Pradeep Dinodia	– Member
3.	Mr. Paul B. Edgerley	– Member
4.	Ms. Tina Trikha	– Member

Ms. Tina Trikha has been inducted in the Audit Committee in the Board meeting held on October 23, 2019. Further details on the Audit Committee and its terms of reference etc. have been furnished in Corporate Governance Report which forms part of this report as **Annexure - IV**.

During the year under review, all recommendations of the Audit Committee were accepted by the Board of Directors of the Company.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) were appointed in 2017 as the Statutory Auditors of the Company until the conclusion of the 39th annual general meeting of the Company.

M/s. BSR & Co. LLP is one of the leading & recognised audit firms, affiliated to a renowned global brand. Its experience as an audit firm is commensurate with the requirements as regards the size and competencies necessary for rendering auditing services to the Company. The firm performs its obligations in adherence to recognised auditing standards and periodically certifies its independence from the management.

They have audited the financial statements of the Company for the year under review. The observations of Statutory Auditors in their Report read with relevant Notes to Accounts are self-explanatory and therefore, do not require further explanation. The Auditors' Report does not contain any qualification, reservation or adverse remark. Further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Act.

Cost Auditors

The Board, on the recommendation of Audit Committee, has approved the appointment of M/s. Ramanath Iyer & Co., Cost Accountants, as Cost Auditors for the financial year ending

March 31, 2021. The Cost Auditors will submit their report for the FY 2019-20 on or before the due date.

In accordance with the provisions of Section 148 of the Act read with Companies (Audit & Auditors) Rules, 2014, your Company is required to maintain cost records and accordingly, such accounts and records are maintained by the Company. Further, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by members at the ensuing annual general meeting.

Secretarial Auditors

M/s. Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900) were appointed to conduct Secretarial Audit of your Company during FY 2019-20.

The Secretarial Audit Report for the said year is annexed herewith and forms part of this report as **Annexure - IX.** The Report does not contain any qualification, reservation or adverse remark.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Company has a robust and well embedded system of internal controls. Comprehensive policies, guidelines and procedures are laid down for all business processes. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

An extensive risk based programme of internal audits and management reviews provides assurance to the Board regarding the adequacy and efficacy of internal controls. The internal audit plan is dynamic and aligned to the business objectives of the Company and is reviewed by the Audit Committee each quarter. Further, the Audit Committee also monitors the status of management actions emanating from internal audit reviews.

During the year, such controls were assessed and no reportable material weaknesses in the design or operation were observed.

PREVENTION OF INSIDER TRADING CODE

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('the PIT Regulations') on prevention of insider trading, your Company has revised its Code of Conduct for regulating, monitoring and reporting of trading by Designated Persons in line with the recent amendments brought by SEBI in the PIT Regulations. The said Code lays down guidelines, which advise Designated Persons on the procedures to be followed and disclosures to be made in dealing with the shares of the Company and cautions them on consequences of non-compliances.

Your Company also has a Code of practices and procedures of fair disclosures of unpublished price sensitive information including a policy for determination of legitimate purposes along with the Institutional Mechanism for prevention of insider trading and Policy and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information. Further, your Company has put in place adequate and effective system of internal controls and standard processes have been set to ensure compliance with the requirements given in these regulations to prevent insider trading.

To increase awareness on the prevention of insider trading in the organization and to help the Designated Persons to identify and fulfill their obligations, a comprehensive campaign was run at all locations of Hero MotoCorp Ltd. This included display of relevant and useful content by way of posters on the notice boards and other strategic locations, placement of standees at common areas, key messaging through desktop wallpapers and screensavers, orientation sessions as part of regular employee induction, conducting Company-wide workshops for all Designated Persons by a subject matter expert, sending text messages for closure of trading window and submission of periodic disclosures, etc.

BUSINESS RESPONSIBILITY REPORT

As stipulated under the Listing Regulations, the Business Responsibility Report ('BRR') has been prepared and forms part of the annual report as **Annexure - X**. The Report provides a detailed overview of initiatives taken by your Company from environmental, social and governance perspectives.

LISTING

The equity shares of your Company are presently listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

PERSONNEL

As on March 31, 2020, total number of employees on the records of your Company were 8,599 as against 8,551 in the previous year.

During March 2020, an employee survey was conducted to ascertain the organization's ability to align around a common vision, execute against that vision effectively and renew itself through innovation and creative thinking by an independent agency. Relevant employees participated in the survey to identify the priority areas that are being worked upon.

Your Directors place on record their appreciation for the significant contribution made by all employees, who through their competence, dedication, hard work, co-operation and support have enabled the Company to cross new milestones on a continual basis.

PARTICULARS OF EMPLOYEES

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules'), is appended as **Annexure - II** to the report. The information as per Rule 5(2) of the Rules forms part of this report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the report and Financial Statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the registered office of the Company.

EXTRACT OF ANNUAL RETURN

In terms of Sections 92(3) and 134(3)(a) of the Act and rules made thereunder, extract of the Annual Return in Form No. MGT-9 is annexed to this report as **Annexure - XI** and is also available under the 'Investors' section of the Company's website, www.heromotocorp.com.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is fully compliant with the applicable Secretarial Standards (SS) viz. SS-1 & SS-2 on Meetings of the Board of Directors and General Meetings respectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required under Section 134(3)(m) of the Act read with Rules made thereunder is annexed to this report as **Annexure - XII**.

STATUTORY DISCLOSURES

Your Directors state that there being no transactions with respect to following items during the year under review, no disclosure or reporting is required in respect of the same:

1. Deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of your Company under any scheme, save and except ESOS referred to in this report.
4. Neither the Managing Director nor the Whole-time Director of your Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. Buy-back of shares or under section 67(3).

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company has in place a policy on Prevention of Sexual Harassment at workplace. This policy is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees, whether permanent, contractual, temporary and trainees are covered under this Policy. The Company aims at providing a workplace that enables employees to work without gender bias and sexual harassment. To achieve this objective, the Company regularly organises awareness sessions at all locations to sensitise the employees and conduct themselves in a professional manner. During FY 2019-20, over 200 POSH sessions were organised at 6 locations which were attended by more than 5,000 employees including workmen. Also, POSH training was imparted through an online learning module which was completed by more than 1,000 employees.

In addition to the above, over 200 gender sensitization sessions were conducted at 7 locations which were attended by more than 5,500 employees including workmen.

As per the said Policy, an Internal Committee is also in place to redress complaints received regarding sexual harassment. Following is the summary of complaints received and disposed off during the year under review:

No. of complaints received: 4

No. of complaints disposed off: 4*

No. of complaints withdrawn: 0

No. of complaints pending: 1

* One of the complaints pending as on April 26, 2019 was disposed off on June 7, 2019 and the other complaint was disposed off on April 1, 2020.

DISCLOSURE UNDER THE HUMAN IMMUNODEFICIENCY VIRUS AND ACQUIRED IMMUNE DEFICIENCY SYNDROME (PREVENTION AND CONTROL) ACT, 2017

The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017 has been notified by the Central Government on September 10, 2018. During the year under review, no complaints were received by the Complaints Officer.

AWARDS AND RECOGNITION

During the year under review, the Company received multiple awards and recognition. Some of them are listed below:

1. XPulse 200 awarded Indian Motorcycle of the Year 2020 by media houses and also awarded Tourer Bike (upto 250cc) of the Year 2020 by Flywheel Auto Awards.
2. XPulse 200 was also awarded Bike of the Year (upto 200cc) and two-wheeler of the year by Car and Bike India.
3. Maestro Edge 125 FI was chosen as Scooter of the Year 2020 by Autocar and by Car and Bike India.
4. National Award for Excellent Energy Efficient Unit by CII to Gurgaon Plant.
5. Platinum ranking for environment friendly building and work environment by CII to CIT Jaipur.

ACKNOWLEDGEMENTS

The Board of Directors would like to express their sincere thanks to the shareholders and investors of the Company for the trust reposed in the Company over the past several years. Your Directors would also like to thank the central government, state governments, financial institutions, banks, customers, employees, dealers, vendors and ancillary undertakings for their co-operation and assistance. The Board would like to reiterate its commitment to continue to build the organization into a truly world-class enterprise in all aspects.

For and on behalf of the Board

Pawan Munjal
Chairman
DIN: 00004223

Date: June 9, 2020
Place: New Delhi

ANNEXURE – I

DIVIDEND DISTRIBUTION POLICY

Section: I – An Introduction to the Policy

Rationale for the Policy

Hero MotoCorp Limited ("The Company") is in the business of development, manufacturing, marketing, sale and distribution of two-wheelers and its parts since 1984. The Company's strategy is to build a robust product portfolio of mobility solutions across categories, explore growth opportunities in both domestic market and globally, aggressively expand reach to customers and ensure customer satisfaction. The Company strives to make positive contribution to society it operates in, through its sustainable and green manufacturing initiatives and its active social responsibility programmes.

With respect to apportioning a share of profit to its shareholders, the Company endeavours to be fair and consistent with its strategy, approach and decision. The management draws the conclusion of distributing dividends after taking into account a multitude of legal and financial parameters including long-term earning capabilities, growth prospects, opportunity costs, applicable laws and statutory covenants.

Key considerations for dividend decision are the Company's historical financial performance, future financial outlook, strategic business needs including expansion plans, acquisitions plans, medium-term investments, capital expenditure needs and dividend payout practice.

Objective of the Policy

The objective of the Dividend Distribution Policy ("The Policy") of the Company is to define the various factors affecting the dividend decision, i.e.:

a) Defining internal and external factors impacting the dividend decision;

b) Financial parameters affecting dividend decision;

c) Circumstances leading to declaration of dividend or the lack of it;

d) Defining dividend distribution payment form and method.

Section: II – Principles Guiding Dividend Decision

Internal Factors to be considered (if and when applicable)

Earnings' stability: The financial performance of the Company has an important bearing on the dividend policy. A stability of earnings builds our confidence in the Company and inclines the Company to formulate a more consistent dividend policy than in circumstances or years of an uneven flow of income.

Liquidity position: Availability of cash and sound financial position is also an important factor in dividend decisions. As dividend means huge cash outflow, the greater the funds and the liquidity of the firm, the better is its ability to pay dividend.

Future Funding Requirements: The Company believes in retaining a part of its profits for investing into business expansion and strengthening the Company's financial position in the future. A part of income is/may be reserved for investing in capital expenditure, research and development, expanding into new geographical markets or for increased requirements of working capital.

Fluctuations in Business Cycle: Business cycles exercise influence upon dividend policy. Dividend policy is adjusted according to the business oscillations. In peak seasons of performance (operationally and financially), management creates reserves for contingencies and pays out higher dividends. Adequate reserves help the Company through tough times/lean season/aggressive competition and expansion phases, guiding the Company's decision accordingly.

Regularity and stability in Dividend Payment: The Company believes that dividend payout practice should be stable and consistent over long periods of time, thus creating predictability and visibility of cash flows for the shareholders. In past several years, the Company has been consistently paying high dividend to its shareholders and shall endeavour to follow the same pattern, unless any exceptional circumstances occur.

Contractual Obligations/Debt Repayments, if any: The Company shall take into consideration any contractual obligations/debt, principal or interest payments, if and when they occur before distributing dividend to its shareholders.

External Factors to be considered

Legal Requirements: The Policy has been formed in keeping with the current framework/provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. While taking the dividend decision, any amendments in the same shall be taken into account as and when they occur, with respect to payment and distribution of dividend.

Government Policies: The earning capacity of an enterprise is hugely impacted by the changes in monetary, fiscal, industrial, labour and other government policies. The dividend policy has to be modified or formulated accordingly, if such events occur.

Taxation Policy: Various taxes, including dividend distribution tax, tax on dividend income or any other policy or amendments in prevailing rates and conditions can lead to reduction in the earnings of the Company or may affect its investors and accordingly shall be taken into account while taking the dividend decision.

Financial Parameters to be considered

The Company has been amongst the most consistent wealth creators rewarding its shareholders with high dividend payout over the last several years. The Company is debt-free and has a healthy level of reserves, a part of which is retained by the Company to provide for future projects and expansion.

The Company in all its future dividend decisions shall consider the below mentioned financial parameters:

a) Net Income attributable to shareholders;

b) Earnings growth;

c) Liquidity ratios;

d) Financial leverage ratios (if and when debt occurs on the Company's financials);

e) Free cash flows;

f) Redeemable investments;

g) Free Reserves;

h) Cash flow projections;

i) Investment plans.

Section: III – Covenants of the Dividend Decision

a) The Company shall be consistent and stable in its dividend pay-out practice, smoothening out the stream of dividends paid to its shareholders.

b) The Company shall keep sufficient financial flexibility to fund future growth prospects and maximise corporate value in the long run.

c) The Company may declare/distribute dividend out of surplus in the profit and loss account and free reserves of the Company to its shareholders.

d) The Company may reward shareholders in a number of ways. Cash dividends may be distributed to shareholders through regular or through extra (also referred to as special or irregular) dividends. The Company may issue bonus shares or stock splits, if it considers prudent to do so.

e) The Company prefers to declare/distribute dividends at an annual frequency, along with extra dividend, if and when financials/internal/external factors so permit.

f) If the financial position, internal and external factors and laws so permit, the Company may declare/distribute Interim Dividend. This may also be done after the Board has considered the Interim financial statements and at any time before the closure of the financial year.

g) The Company, may in future issue equity shares with differential rights or preference shares or any other class of shares, in which case, the Dividend or Interim Dividend so declared on all or anyone or more of the classes of such shares shall be consistent with covenants of the Dividend Policy and rights and privileges associated with such new issuances.

h) The Company shall use any of the electronic modes of payment approved by the Reserve Bank of India for the payment of dividends. Also, where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued.

i) The Management/Board of Directors can modify/ amend the policy depending on business needs and external environment.

ANNEXURE – II

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:

1. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year:

Name of Directors/KMP and Designation	Remuneration of Director/KMP for Financial Year 2019-20 (₹ crore)	% increase in Remuneration in Financial year 2019-20	Ratio of the remuneration to the median employee's Remuneration
Executive Directors			
Dr. Pawan Munjal–Chairman, Managing Director & CEO (Chairman effective June 1, 2015)	84.59	5.20	752
Mr. Vikram S. Kasbekar	6.70	8.28	60
Non-Executive Directors*			
Mr. Pradeep Dinodia	1.18	24.21	10
Mr. Suman Kant Munjal	0.18	0.00	2
Non-Executive and Independent Directors*			
Dr. Anand C. Burman**	0.08	-11.11	1
Mr. Jagmohan Singh Raju	0.60	700.00	5
Mr. M. Damodaran	1.04	31.65	9
Mr. Paul B. Edgerley	0.53	292.59	5
Ms. Shobana Kamineni	0.35	112.12	3
Ms. Tina Trikha***	0.18	NA	2
Employees & KMP			
Mr. Niranjan Kumar Gupta - Chief Financial Officer	4.77	5.34	42
Ms. Neerja Sharma - Company Secretary & Chief Compliance Officer	3.51****	96.07	31

* includes sitting fees and commission

**ceased to be Director effective July 29, 2019

***appointed as Director effective October 23, 2019

****excludes arrears of previous two years

2. The median remuneration of employees of the Company during the financial year was ₹ 11.25 lakhs

3. Median salary of employees in current year has increased by 13.18% in comparison to the previous year.

4. The number of permanent employees on the rolls of Company as on March 31, 2020 was 8,599 (previous year 8,551) including workers defined under the Factories Act, 1948.

5. (a) Variations in market capitalisation of the Company: The market capitalisation as on March 31, 2020 was ₹ 31,887 crore (March 31, 2019 -₹ 50,993 crore).

   (b) Price Earnings Ratio of the Company was 8.78 times as at March 31, 2020 and 15.06 times as at March 31, 2019.

6. Average percentage increase made in the salary of employees other than the managerial personnel in last financial year i.e. 2019-20 was 8.93%.

7. The compensation for the Key Managerial Personnel, Senior Management and Employees (Staff) of the Company is guided by the external competitiveness and internal parity through annual benchmarking surveys.

   Internally, performance ratings of all employees (Staff) are always spread across a normal distribution curve. The rating obtained by an employee is used as an input to determine his variable and merit pay increases. Variable and merit pay increases are calculated using a combination of individual performance and Company performance.

   There are no exceptional circumstances for increase in managerial remuneration. Compensation is determined based on identified skill sets critical to success of the Company. It is determined as per management's review of market demand and supply.

   Workmen were paid wages in accordance to the settlement with the union of the workers. Where there is no union, workmen wages were paid in line with the best industry practices and applicable law.

8. It is hereby affirmed that remuneration to Key Managerial Personnel and Employees of the Company are in line with the Remuneration Policy of the Company.

ANNEXURE – III

DISCLOSURES PURSUANT TO REGULATION 14 OF THE SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 READ WITH SEBI CIRCULAR DATED JUNE 16, 2015 ON ESOP DISCLOSURES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020.

Sl. No.	Particulars	Employee Incentive Scheme, 2014
1.	Date of shareholders' approval	September 22, 2014 through postal ballot
2.	Total number of options/RSUs approved under Employee Incentive Scheme 2014	49,90,000
3.	Vesting requirements	The options/RSUs granted under Employee Incentive Scheme 2014 (and various plans formulated thereunder) would vest not earlier than one year from the grant date in accordance with the SEBI Guidelines and not later than such vesting period as may be determined by the Nomination and Remuneration Committee from time to time on the grant date. Vesting of RSUs shall be subject to the condition that the grantee is in continuous employment with the Company and is not serving any notice of resignation on the date of such vesting (except in the case of (i) death (ii) Permanent Disability suffered by the grantee; (iii) retirement; or (iv) transfer to an entity within the Group and shall not be subject to any pending disciplinary proceeding and thus the options and/or RSUs would Vest on passage of time. In addition to the above, the Nomination and Remuneration Committee may also specify certain performance parameters subject to which the options and/or RSUs would vest. The specific vesting schedule and conditions, if any, subject to which Vesting would take place would be outlined in the Letter of Grant given to the grantee at the time of the grant of options and/or RSUs.
4.	Exercise price or pricing formula	The options and/or RSUs exercise price would be determined by the Nomination and Remuneration Committee, provided that the exercise price shall not be less than the face value of the equity shares of the Company on the date of grant of options/RSUs.
5.	Maximum term of options granted	The options and/or RSUs granted to a grantee shall be capable of being exercised within a period of not exceeding seven years from the date of grant of the respective options and/or RSUs or such other period as may be determined by the Nomination and Remuneration Committee from time to time.
6.	Source of shares (primary, secondary or combination)	Primary
7.	Variation in terms of options	Subject to applicable law, the Nomination and Remuneration Committee will at its absolute discretion have the right to modify/amend the Employee Incentive Scheme 2014 in such manner and at such time or times as it may deem fit, subject however that any such modification/amendment shall not be detrimental to the interest of the Grantees/ Employees and approval wherever required for such modification/amendment is obtained from the shareholders of the Company in terms of the SEBI Guidelines. During the year, no amendment/modification/variation has been introduced in terms of options granted by the Company.
8.	Method used to account for ESOS – Intrinsic or fair value	The employee compensation cost has been calculated using the fair value method for options using the Black-Schole options pricing model. The employee compensation cost as per the fair valuation method for the financial year 2019 -20 is ₹ 10.15 crore
9.	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Not applicable as the Company has calculated employee compensation cost using fair value method.

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th>Employee Incentive Scheme, 2014</th></tr>
<tr><td>10.</td><td>Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td>Weighted average exercise price under Employee Stock Option Plan 2014 (ESOP-2014) – ₹ 2,159
Weighted average exercise price under Employee Stock Option Plan 2016 (ESOP-2016) – ₹ 2,469
Weighted average exercise price under Employee Stock Option Plan 2017 (ESOP-2017) – ₹ 2,818
Weighted average exercise price under Employee Stock Option Plan 2018 (ESOP-2018) – ₹ 2,033
Weighted average exercise price under Employee Stock Option Plan 2019 (ESOP-2019) – ₹ 1,745
Weighted average exercise price under Restricted Stock Units Plan 2016 (RSU 2016) – ₹ 2 (Face value of share)
Weighted average exercise price under Restricted Stock Units Plan 2017 (RSU 2017) – ₹ 2 (Face value of share)
Weighted average exercise price under Restricted Stock Units Plan 2018 (RSU 2018) – ₹ 2 (Face value of share)
Weighted average exercise price under Restricted Stock Units Plan 2019 (RSU 2019) – ₹ 2 (Face value of share)
Weighted average option fair value under ESOP Plan 2014 – ₹ 1,228
Weighted average option fair value under ESOP Plan 2016 – ₹ 1,324
Weighted average option fair value under ESOP Plan 2017 – ₹ 1,615
Weighted average option fair value under ESOP Plan 2018 – ₹ 1,138
Weighted average option fair value under ESOP Plan 2019 – ₹ 1,067
Weighted average option fair value under RSU Plan 2016 – ₹ 3,290
Weighted average option fair value under RSU Plan 2017 – ₹ 3,663
Weighted average option fair value under RSU Plan 2018 – ₹ 2,672
Weighted average option fair value under RSU Plan 2019 – ₹ 2,308</td></tr>
<tr><td>11.</td><td>A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:
(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;
(b) the method used and the assumptions made to incorporate the effects of expected early exercise;
(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</td><td>The fair value of options/RSUs granted under various plans is estimated using the Black Scholes option pricing model after applying the following key assumption.
<table>
<tr><th></th><th>ESOP 2014</th><th>ESOP 2016</th><th>ESOP 2017</th><th>ESOP 2018</th><th>ESOP 2019</th><th>RSU 2016</th><th>RSU 2017</th><th>RSU 2018</th><th>RSU 2019</th></tr>
<tr><td>Share Price</td><td>2,996</td><td>3,292</td><td>3,757</td><td>2,711</td><td>2,637</td><td>3,292</td><td>3,757</td><td>2,865</td><td>2,637</td></tr>
<tr><td>Exercise Price</td><td>2,159</td><td>2,469</td><td>2,818</td><td>2,033</td><td>1,745</td><td>2</td><td>2</td><td>2</td><td>2</td></tr>
<tr><td>Risk Free Interest Rate</td><td>8.45%</td><td>7.08%</td><td>6.42%</td><td>7.00%</td><td>6.57%</td><td>7.06%</td><td>6.42%</td><td>7.23%</td><td>6.57%</td></tr>
<tr><td>Expected Life (in years)</td><td>4.85</td><td>4.85</td><td>4.85</td><td>4.85</td><td>4.85</td><td>4.55</td><td>4.55</td><td>4.55</td><td>4.55</td></tr>
<tr><td>Expected annual volatility of shares</td><td>26.87%</td><td>27.39%</td><td>23.98%</td><td>22.96%</td><td>22.54%</td><td>113.57%</td><td>107.92%</td><td>23.17%</td><td>22.49%</td></tr>
<tr><td>Expected dividend yield</td><td>3.17%</td><td>2.87%</td><td>2.56%</td><td>2.78%</td><td>2.92%</td><td>2.87%</td><td>2.56%</td><td>2.78%</td><td>2.92%</td></tr>
</table>
The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options of each vest.
The expected life of the share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.</td></tr>
</table>

Sl. No.	Particulars	Employee Incentive Scheme, 2014
12.	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Indian Accounting Standard 33 or any other relevant Indian accounting standards as prescribed from time to time.	₹ 181.91 per share
13.	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant Indian accounting standards as prescribed from time to time.	All relevant disclosures have been made in the financial statements.

Details of option movement during the Year

Sl. No.	Particulars	ESOP – 2014	ESOP – 2016	ESOP – 2017	ESOP – 2018	ESOP – 2019	RSU – 2016	RSU – 2017	RSU –2018	RSU – 2019
1.	Number of options/RSUs outstanding at the beginning of the year	2,184	28,016	27,016	125,000	-	4,047	10,031	17,760	-
2.	Number of options/RSUs granted during the year	NIL	NIL	NIL	NIL	98,750	NIL	NIL	NIL	5,210
3.	Number of options/RSUs forfeited/lapsed during the year	786	7,100	5,190	16,970	5,325	-	-	12,180	-
4.	Number of options/RSUs vested during the year	-	9,402	4,622	21,606	-	4,047	7,903	1,674	-
5.	Number of options/RSUs exercised during the year	534	-	-	-	-	4,047	7,903	-	-
6.	Number of shares arising as a result of exercise of options/ RSUs	534	-	-	-	-	4,047	7,903	-	-
7.	Money realised by exercise of options/RSUs (INR), if scheme is implemented directly by the Company	1,152,906	-	-	-	-	8,094	15,806	-	-
8.	Loan repaid by the Trust during the year from exercise price received	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
9.	Number of options/RSUs outstanding at the end of the year	864	20,916	21,826	1,08,030	93,425	-	2,128	5,580	5,210
10.	Number of options/RSUs exercisable at the end of the year	864	11,514	7,960	21,606	-	-	-	1,674	-
11.	Employee wise details (name of employee, designation, number of options/RSUs granted during the year, exercise price) of options granted to –									
	(a) Key Managerial Personnel/ senior managerial personnel;	None	None	None	None	Refer Note 1 below	None	None	None	Refer Note 1 below
	(b) any other employee who receives a grant in any one year of options/RSUs amounting to 5% or more of options/RSUs granted during that year; and	None	None	None	None	Refer Note 1 below	None	None	None	Refer Note 1 below
	(c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None	None	None	None	None	None	None	None	None

	Employee Name	Designation	No. of options to senior managerial personnel
ESOP 2019			
	Vikram S. Kasbekar	Executive Director – Operations (Plants)	10,700*
	Rajat Bhargava	Head – Strategy & Performance Transformation and Global Business	4,950*
	Naveen Chauhan	Head – Sales and After Sales	1,500
	Vijay Sethi	Chief Information Officer, Chief Human Resource Officer & Head CSR	7,200*
	Neeraj Mathur	Head – Strategic Sourcing & Supply Chain	4,875
	Surender Kumar Chhabra	Vice President – Corporate Finance	6,500*
	Neerja Sharma	Company Secretary & Chief Compliance Officer	6,100*
	Rakesh Vasisht	Associate Vice President	3,500
	Malo Le Masson	Head Global Product Planning	7,800*
	Ravi Kumar Pisipaty	Plant Head – Dharuhera Plant	3,400
	Mukesh Goyal	Plant Head – Haridwar Plant	3,600
	Mahesh Kumar Kaikini	Plant Head – Gurgaon Plant	3,000
	Gurinder Sandhu	Head – Marketing	2,000
	Markus Feichtner	Head Engine Design and Development	9,300*
		Total	**76,250**
RSU 2019			
	Niranjan Kumar Gupta	Chief Financial Officer	5,210*
		Total	**5,210**

* 5% or more options/RSUs of total granted during the year

ANNEXURE – IV

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Hero MotoCorp Limited ('Company'/'Hero'), thrust is on ensuring good conduct and governance by following transparency, fairness, integrity, equity and accountability in all dealings with customers, vendors, employees, regulatory bodies, investors and community at large. Our Corporate Governance is a reflection of us – our value system, work culture and thought process.

The key focussed attributes to achieve good conduct and governance are as under:

Transparency: It includes informing the Company's policies and actions to those towards whom it has responsibility. This also includes disclosure without hampering the interests and privacy of the Company and those of its stakeholders.

Fairness: It refers to working towards achieving the goal and enhancing shareholders' value without any conflict of interest or any bias.

Integrity: This is to ensure independent verification and correct presentation of the Company's financial position.

Equity: It includes treating various stakeholders equally and providing effective mechanism for redressal.

Accountability: It refers to the obligation and responsibility to give an explanation or reason for the Company's actions and conduct.

Your Company believes that good corporate governance is essential for achieving long-term corporate goals and enhancing stakeholder value. Hero is committed to conduct its business in compliance with the applicable laws, rules, regulations and statutes. Hero believes in building and retaining the trust of its stakeholders by placing special emphasis on formulation and compliance of principles of corporate governance. The governance principles ingrained in the value system of the entity are based on conscience, openness, fairness and professionalism, which have built strong foundation of trust and confidence in the market. The Company has constructed its vision and business strategy around these principles in such a way that it would help the organisation to continuously improve its position in a fast-changing world. The Company strives at doing the "right things" in the "right manner" in the interest of multiple stakeholders, which would attract sound financial status, brand value, sustainability and reliability.

BOARD OF DIRECTORS

At Hero, we believe that an active and well-informed Board is necessary to ensure highest standards of corporate governance. All statutory and other significant and material information are placed before the Board to enable it to discharge its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's corporate governance philosophy.

Composition of Board

The Board of Directors ('Board') has an optimum combination of Executive and Non-Executive Directors, representing a blend of professionalism, knowledge and experience. The size and composition of the Board meet the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). As on March 31, 2020, the Company's Board comprised of eight Directors, with two Executive Directors, one of them being the Chairman, two Non-Executive Directors, four Non-Executive and Independent Directors, including one woman Director, i.e. 75% of total strength of Board comprises of Non-Executive Directors.

Dr. Anand C. Burman and Mr. Ravi Nath (effective July 29, 2019) and Ms. Shobana Kamineni (effective March 26, 2020) have ceased to be the Directors of the Company, due to completion of their tenure as per the provisions of Companies Act, 2013 & relevant provisions of the Listing Regulations. The Board appreciates the guidance and support provided by them during their tenure. Further, Ms. Tina Trikha was appointed as an Additional and Independent Director effective October 23, 2019, for a tenure of five years.

The details of appointment/re-appointment of Directors are provided in the "Re-appointment of Directors" section of this report.

Composition of the Board as on March 31, 2020 is given in Table 1.

TABLE 1: COMPANY'S BOARD

Names of Directors	Category	Details of Directorships		Committee Memberships*	
		Indian companies		Number of Committee Memberships held	Number of Committee Chairmanships held
		Public companies	Others (including Foreign companies)	(excluding Private, Foreign and Section 8 companies)	
Dr. Pawan Munjal	Chairman, Managing Director & CEO	3	7	-	-
Mr. Vikram S. Kasbekar	Whole-time Director	2	1	-	-
Mr. Pradeep Dinodia	Non-Executive	4	-	8	5
Mr. Suman Kant Munjal	Non-Executive	4	12	1	-
Prof. Jagmohan Singh Raju	Non-Executive & Independent	1	-	1	-
Mr. Meleveetil Damodaran	Non-Executive & Independent	8	2	8	4
Mr. Paul B. Edgerley	Non-Executive & Independent	1	8	1	-
Ms. Tina Trikha#	Additional & Independent	2	1	2	0

Note: Dr. Anand C. Burman & Mr. Ravi Nath ceased to be Directors effective July 29, 2019 & Ms. Shobana Kamineni ceased to be a Director effective March 26, 2020.

*As required by Regulation 26 of Listing Regulations, the disclosure includes memberships/chairmanships of the Audit Committee and Stakeholders' Relationship Committee.

#Appointed as Director effective October 23, 2019

The names of other listed companies where directorship is held by Board members as on March 31, 2020 is given below in Table 2.

TABLE 2: DIRECTORSHIP IN OTHER LISTED COMPANIES

S. No.	Names of Directors	Names of companies & Category of Directorship
1.	Dr. Pawan Munjal	-
2.	Mr. Vikram S. Kasbekar	-
3.	Mr. Pradeep Dinodia	- Shriram Pistons and Rings Limited Chairman & Non-Executive Director - DCM Shriram Limited Non-Executive & Independent Director
4.	Mr. Suman Kant Munjal	-
5.	Prof. Jagmohan Singh Raju	-
6.	Mr. M. Damodaran	- Biocon Limited Non-Executive & Independent Director - Interglobe Aviation Limited Non-Executive & Independent Director - CRISIL Limited Non-Executive & Independent Director - Larsen and Toubro Limited Non-Executive & Independent Director - Tech Mahindra Limited Non-Executive & Independent Director
7.	Mr. Paul B. Edgerley	-
8.	Ms. Tina Trikha#	- Oberoi Realty Limited Non-Executive & Independent

Note: Dr. Anand C. Burman & Mr. Ravi Nath ceased to be Directors effective July 29, 2019 & Ms. Shobana Kamineni ceased to be a Director effective March 26, 2020.

Ms. Tina Trikha appointed as Director effective October 23, 2019

Dr. Pawan Munjal and Mr. Suman Kant Munjal are promoter Directors and are brothers. Apart from this, there is no *inter-se* relationship among other Directors.

Fifty percent of Directors on the Board of the Company are Independent Directors. None of the Directors of the Company is serving as an Independent Director or as a Director in more than 7 listed companies. Further, no Independent Director of the Company is a Whole-time Director in another listed company.

None of the Directors on the Board is a Director in more than 10 public companies or is a member in more than 10 Committees or Chairperson of more than 5 Committees.

All Independent Directors have confirmed in accordance with applicable Listing Regulations and Section 149(6) of the Companies Act, 2013 and the rules framed thereunder that they meet the independence criteria. The Independent Directors have further stated that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective, independent judgement and without any external influence. Based on the disclosure received from all the Independent Directors, the Board is of the opinion that the Independent Directors fulfill the conditions of Independence as specified in the Companies Act, 2013 and Listing Regulations.

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contribution to the Board and its Committees. In the context of Company's business and the industry in which the Company operates, the Board members have the appropriate experience and have the following skills/area of expertise/competencies:

S. No.	Skills/Area of Expertise/ Competencies	Names of Board members
1.	Automotive/Mobility/Technology/ R&D/Product Development	Dr. Pawan Munjal Mr. Suman Kant Munjal Mr. Vikram S. Kasbekar
2.	Strategic planning, Business Development, Business Operations	Dr. Pawan Munjal Mr. Suman Kant Munjal Mr. Pradeep Dinodia Mr. Paul B. Edgerley Mr. Vikram S. Kasbekar
3.	Human resources/people management	Dr. Pawan Munjal Mr. M. Damodaran Prof. Jagmohan Singh Raju Ms. Tina Trikha
4.	Corporate Governance, Regulatory & Public Policy/ESG	Dr. Pawan Munjal Mr. M. Damodaran Mr. Pradeep Dinodia Mr. Paul B. Edgerley
5.	Accounting & financial expertise	Mr. Pradeep Dinodia Mr. M. Damodaran Mr. Paul B. Edgerley Ms. Tina Trikha
6.	Global Perspective	Dr. Pawan Munjal Prof. Jagmohan Singh Raju Mr. Paul B. Edgerley Ms. Tina Trikha
7.	Consumer sales/marketing	Dr. Pawan Munjal Mr. Suman Kant Munjal Prof. Jagmohan Singh Raju

INDEPENDENT DIRECTORS

Eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered for appointment as Independent Directors. The Nomination and Remuneration Committee ('NRC'), *inter alia*, considers various metrics and adheres to defined processes for selection of Independent Directors. The Board considers the NRC's recommendation and takes appropriate decisions in appointment of the Independent Directors. None of the Independent Directors hold more directorships than the permissible limits under the Companies Act, 2013 and Listing Regulations.

During FY 2019-20, none of the Independent Directors resigned from the Company before the expiry of his/her tenure. Dr. Anand C. Burman and Mr. Ravi Nath (effective July 29, 2019) and Ms. Shobana Kamineni (effective March 26, 2020) ceased to be the Directors of the Company, due to completion of their tenure as per the provisions of Companies Act, 2013 & relevant provisions of the Listing Regulations.

ROLE OF THE BOARD OF DIRECTORS

The Board has a fiduciary responsibility to protect and enhance shareholder value through providing strategic direction to the Company. The Board exercises its responsibility with care, skill and diligence. The Directors are committed to the highest standards of corporate governance and ensured that sufficient time was spent on matters involving governance and of strategic importance. The Board critically evaluates Company's strategic direction, management policies and their effectiveness. Agenda for the Board includes strategic review from each of the Board Committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets.

The Board meets periodically to review financial reports from the Chief Financial Officer, compliance reports from the Company Secretary and business reports from other executive management teams, besides possible risks and risk mitigation measures. These detailed meetings and one-to-one interactions set the agenda and provide the strategic roadmap for the Company. The Board has also established various Committees to discharge its responsibilities in an efficient and effective manner. The Chairman, Managing Director & CEO provides overall direction and guidance to the Company and is assisted by the leadership team.

BOARD SUPPORT AND ROLE OF COMPANY SECRETARY IN GOVERNANCE PROCESS

The Company Secretary is responsible for collation, review and distribution of all papers/documents submitted to the Board and Committees thereof for consideration. The Company Secretary plays a pivotal role in ensuring that the Board procedures are followed and regularly reviewed, investors' queries are handled promptly and reports to the Board about compliance with the applicable statutory requirements and laws.

With a view to leverage technology and reducing paper consumption, the Company provides the agenda papers for Board/Committee meetings in electronic form.

The process for the Board and Committee meetings provides an effective post meeting follow-up, review and reporting of decisions taken by the Board and Committee members at their respective meetings. Important decisions taken at Board and Committee meetings are communicated promptly to the concerned departments/HoDs. Action taken reports (ATRs) on decisions taken or recommendations made by the Board/Committee members at the previous meeting(s) are circulated at the next meeting.

Ms. Neerja Sharma is the Company Secretary and the Chief Compliance Officer of the Company.

BOARD MEETINGS

During FY 2019-20, the Board met five times viz. on April 26, 2019, July 30, 2019, October 23, 2019, November 5, 2019 and February 6, 2020. The gap between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days.

Directors' attendance at Board meetings and the annual general meeting (AGM) of the Company held during the year ended March 31, 2020 is given in Table 3.

TABLE 3: DIRECTORS' ATTENDANCE RECORD DURING FY 2019-20 AT BOARD AND PREVIOUS ANNUAL GENERAL MEETING

Names of Directors	Number of Board Meetings		Attendance at Previous AGM
	Held	Attended	
Executive Directors			
Dr. Pawan Munjal	5	5	Yes
Mr. Vikram S. Kasbekar	5	5	No
Non-Executive Directors			
Mr. Pradeep Dinodia	5	5	Yes
Mr. Suman Kant Munjal	5	4	Yes
Non-Executive and Independent Directors			
Mr. M. Damodaran	5	5	Yes
Dr. Anand C. Burman@	1	1	No
Mr. Ravi Nath@	1	0	Yes
Ms. Shobana Kamineni@@	5	5	Yes
Mr. Paul B. Edgerley	5	4	Yes
Prof. Jagmohan Singh Raju	5	5	Yes
Ms. Tina Trikha#	2	2	NA

Appointed as Director effective October 23, 2019

@ Ceased to be Director effective July 29, 2019

@@ Ceased to be Director effective March 26, 2020

Shareholding of Non-Executive Directors as on March 31, 2020

Names of Directors	No. of shares held	Beneficiary
Mr. Pradeep Dinodia	80	Self
Mr. Suman Kant Munjal	71,250	Self
	10,833	As Karta of HUF
	9,309,018	On behalf of Brijmohan Lal Om Parkash (BMOP), partnership firm

Apart from the above, none of the Non-Executive (including Independent) Directors holds any shares (as own or on behalf of any other person on beneficial basis) in the Company as on March 31, 2020.

FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

The Company regularly provides orientation and business overview to its Directors by way of detailed presentations by the various business & functional heads at Board meetings and through other interactions with the senior management. Such meetings include briefings on the culture, values, business model, domestic and global business of the Company, the roles and responsibilities of Directors and senior executives. Besides these, the Directors are regularly updated about Company's new projects, R&D initiatives, changes in regulatory environment and strategic direction. A three day detailed orientation programme was organised for Ms. Tina Trikha who joined the Board during the year, covering all aspects of business operations, meetings with business heads and a visit to one of the Company's plants.

The Board members are also provided relevant documents, reports and internal policies to facilitate familiarisation with the Company's procedures and practices, from time to time.

The details of Company's familiarisation programmes for Directors are posted on the Company's website www.heromotocorp.com and can be viewed at the following link: https://www.heromotocorp.com/en-in/about-us/familiarisation-program-of-independent-directors.html

CODE OF CONDUCT FOR THE BOARD AND SENIOR MANAGEMENT PERSONNEL

The Company has laid down a comprehensive Code of Conduct ('Code') for the Board and senior management personnel of the Company.

The Company has received affirmations from Board members as well as senior management confirming their compliance with the said Code for FY 2019-20. An annual declaration signed by the Chairman, Managing Director & CEO to this effect forms part of this Report as **Annexure – VII**.

The Code is available on the website of the Company at the following link: https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html.

BOARD/COMMITTEE MEETINGS & PROCEDURES

Frequency of meetings and information supplied

A well-defined system of convening at least 4 pre-scheduled Board meetings annually is currently in place in the Company. However, additional Board meetings are convened, from time to time, as per specific requirements by giving appropriate notice. Wherever it is not possible to convene a Board Meeting, resolutions are passed by circulation in order to meet the business exigencies.

The Board is given presentations covering various aspects of business, major subsidiaries, global and domestic business environment, safety and environment related matters, strategy and risk management.

In addition to regular business items, the following information is regularly placed before the Board:

- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Quarterly results of the Company and its operating divisions or business segments;
- Minutes of meetings of Audit Committee and other Committees of the Board of Directors;
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Show cause, demand, prosecution notices and penalty notices, which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front, like signing of wage agreement, implementation of voluntary retirement scheme etc.;
- Sale of investments, subsidiaries, assets, which are material in nature and not in normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as non-payment of dividend, delay in share transfer etc.

Information supplied for Board/Committee meetings

The agenda and corresponding notes to agenda for all Board and Committee meetings are circulated to Directors in advance in a defined format. All material information is incorporated in the agenda for facilitating meaningful and focussed discussions at the meetings. Where it is not practical to attach any document to the agenda, it is tabled before the meeting. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirements stipulated under Companies Act, 2013 ('Act'), Secretarial Standard on meetings of the Board issued by Institute of Company Secretaries of India and the Listing Regulations.

Minutes of Board/Committee meetings

Minutes of proceedings of each Board and Committee meeting are recorded and draft minutes are circulated to Board/Committee members for their confirmation within 15 days from the date of meeting. The inputs, if any, of the Board & Committee members are duly incorporated in the minutes after which these are entered in the minute book within 30 days from the date of meeting.

MEETING OF INDEPENDENT DIRECTORS

Independent Directors of the Company met once during FY 2019-20, i.e. on April 26, 2019.

COMMITTEES OF THE BOARD

Audit Committee

Your Company has a duly constituted Audit Committee and its composition as well as charter are in line with the requirements of the Act and Listing Regulations. As on March 31, 2020, Audit Committee comprised of four Directors viz. Mr. M. Damodaran, Mr. Paul B. Edgerley, Mr. Pradeep Dinodia and Ms. Tina Trikha, all learned and eminent personalities in their respective fields. At present, Mr. M. Damodaran is the Chairman of the Committee. All members of the Audit Committee are financially literate and have accounting or related financial management expertise as mandated by the Listing Regulations.

The Audit Committee has the following terms of reference:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditors' independence and performance and effectiveness of audit process;
- Examination of the financial statements and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Operate the vigil mechanism in the Company.

Apart from above, following are the terms of reference in accordance with the Listing Regulations:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Directors' Responsibility Statement forming part of the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgement by management;
    - Significant adjustments made in the financial statements arising out of audit findings;
    - Compliance with listing and other legal requirements relating to financial statements;
    - Disclosure of any related party transactions;
    - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- Approval of any subsequent modification of transactions of the Company with related parties;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- To review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

The Audit Committee also mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. Appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee.
6. To review statement of deviation(s), if any, in terms of SEBI Listing Regulations.

Upon invitation, the CFO, internal auditors, statutory auditors of the Company attend meetings of the Audit Committee. The Company Secretary acts as the Secretary of the Audit Committee.

During FY 2019-20, six meetings of the Audit Committee were held on April 26, 2019, July 29, 2019, August 28, 2019, October 23, 2019, November 5, 2019 and February 5, 2020 in due compliance with the provisions of the Act and Listing Regulations.

The Composition of the Audit Committee and attendance details of members are given below in Table 4.

TABLE 4: DETAILS OF AUDIT COMMITTEE MEMBERS AND NUMBER OF MEETINGS ATTENDED

Names of Committee Members	Position held	No. of meetings held during FY 2019-20	No. of meetings attended
Mr. M. Damodaran*	Chairman	6	6
Mr. Paul B. Edgerley	Member	6	5
Mr. Pradeep Dinodia	Member	6	6
Ms. Tina Trikha#	Member	2	2

*Appointed as Chairman of the Committee effective April 26, 2019

Appointed as member effective October 23, 2019

Role and reporting of Internal Auditors

Internal Audit operates on behalf of the Board & Audit Committee of the Company. The Head of Internal Audit functionally reports to the Chair of the Audit Committee and attends meetings of the Audit Committee on a regular basis. Internal audit findings are reported directly to the Audit Committee.

The role of Internal Audit is to provide an objective and independent review of the design and operation of risk management, control and governance processes followed across the Company. Internal Audit also adds value by providing areas of improvement.

The Head of Internal Audit is responsible for developing the Internal Audit framework and reporting of Internal Audit results and activities following principles that are aligned with International Internal Auditing Standards.

Internal Audit reviews design of and compliance with laid down policies and procedures, helps mitigate significant risks identified at a functional, business unit or organizational level, provides support on improvement initiatives and conducts ad hoc reviews in relation to risk and controls when required.

NOMINATION AND REMUNERATION COMMITTEE ('NRC')

The Company has a duly constituted Nomination and Remuneration Committee which, *inter alia*, identifies and recommends persons who are qualified to become directors or appointed as part of senior management and reviews and recommends payment of annual salaries to the Executive Directors of the Company besides finalising their service agreements and other employment terms and conditions. The NRC takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages and also administers employee stock option scheme.

The nomenclature, constitution and terms of reference of the Committee are in consonance with the provisions of Section 178 of the Act and Regulation 19(4), read with Schedule II of Listing Regulations.

The Nomination and Remuneration Committee has the following terms of reference in accordance with Listing Regulations:

- to formulate and recommend to the Board of Directors the Company's policies, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, criteria for determining qualifications, positive attributes and independence of a Director;
- to formulate criteria for evaluation of Independent Directors and the Board;
- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- to carry out evaluation of every Director's performance;
- to devise a policy on Board diversity;
- to administer and superintend the ESOP including but not limited to the formulation of detailed terms and conditions of the ESOS;
- to allot shares and issue share certificates against the options exercised in terms of Employees Incentive Scheme of the Company as approved by shareholders from time-to-time;
- to recommend to the Board, all remuneration, in whatever form, payable to senior management.

As on March 31, 2020, the NRC comprised of three Independent Directors viz. Prof. Jagmohan Singh Raju, Mr. Pradeep Dinodia and Mr. M. Damodaran as members. At present, Prof. Jagmohan Singh Raju is the Chairman of the Nomination and Remuneration Committee. The Company Secretary acts as the Secretary of the Nomination & Remuneration Committee.

During FY 2019-20, four meetings of the NRC were held on April 25, 2019, July 29, 2019, October 22, 2019 and February 6, 2020.

The Composition of NRC and attendance details of members are given below in Table 5.

TABLE 5: DETAILS OF NOMINATION AND REMUNERATION COMMITTEE MEMBERS AND NUMBER OF MEETINGS ATTENDED

Names of Committee Members	Position held	No. of meetings held during FY 2019-20	No. of meetings attended
Prof. Jagmohan Singh Raju#	Chairman	4	4
Mr. Pradeep Dinodia	Member	4	4
Mr. M. Damodaran@	Member	3	3
Mr. Ravi Nath*	Member	1	0

\# Appointed as Chairman effective April 26, 2019

@Appointed as member effective April 26, 2019

* Ceased to be the member effective July 29, 2019

Remuneration and Board Diversity Policy

The Company's Remuneration Policy represents the approach of the Company to the remuneration of Directors and senior management. The Board amended the policy during the year, to include the policy on Board Diversity and to define the performance framework for senior management personnel, in order to drive and build high performance culture at the Company.

The compensation of Directors, Key Managerial Personnel, senior management and other employees is based on the following principles:

- Aligning key executive and Board remuneration with the longer term interests of the Company and its shareholders;
- Minimising complexity and ensuring transparency;
- Link to long-term strategy as well as annual business performance of the Company;
- Promoting a culture of meritocracy and linked to key performance and business drivers; and
- Reflective of line expertise and market competitiveness so as to attract the best talent.

The policy is available on Company's website at the following link: https://www.heromotocorp.com/en-in/uploads/code_policy/20191126105210-code-policy-421.pdf

Remuneration paid to Executive Directors

As per the remuneration policy, the remuneration paid to Executive Directors is recommended by the NRC and approved by the Board, subject to approval by shareholders at the general meeting and such other authorities, as the case may be. The terms and conditions of the employment of Executive Directors are governed by the shareholders' approval taken in that regard, wherein all the details are provided in the explanatory statement. The remuneration is arrived at after considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company.

The remuneration paid to Executive Directors is commensurate with their respective roles and responsibilities. Remuneration paid to Executive Directors, subject to limits prescribed under Part II, Section I of Schedule V to the Companies Act, 2013, generally consists of fixed salary, perquisites, allowances and retiral benefits, performance linked bonus by whatever name called, grant of stock options as decided by the NRC and such other benefits in accordance with market practices.

Table 6 gives details of remuneration paid to Executive Directors.

TABLE 6: REMUNERATION TO EXECUTIVE DIRECTORS#

(₹ in crore)

Names of Directors	Basic Salary	Perquisites, Allowances & Retirals	Commission (Fixed)	Total
Dr. Pawan Munjal	13.95	23.89	46.75	84.59
Mr. Vikram S. Kasbekar	2.34	4.36	-	6.70

\# No notice period and severance fee is payable to Executive Directors as on March 31, 2020.

Remuneration paid to Non-Executive Directors

The Non-Executive Directors of the Company are paid sitting fees of ₹ 1 lakh for attending each meeting of the Board, Committees thereof and any other meetings of the Directors. The Non-Executive and Independent Directors are also entitled to remuneration by way of commission aggregating up to 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Act in addition to the sitting fees. While deciding the remuneration, various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, etc. are taken into consideration.

The Company had also entered into a consultancy service agreement with Prof. Jagmohan Singh Raju for providing consultancy and advisory services to the marketing and sales functions of the Company.

Non-Executive Directors do not have any other pecuniary relationship with the Company except as stated above.

Table 7 gives details of remuneration paid to Non-Executive Directors.

TABLE 7: REMUNERATION TO NON-EXECUTIVE DIRECTORS

(₹ in crore)

Names of Directors	Sitting fees	Commission	Total
Dr. Anand C. Burman@	0.02	0.06	0.08
Prof. Jagmohan Singh Raju	0.14	0.46	0.60
Mr. M. Damodaran	0.25	0.79	1.04
Mr. Paul B. Edgerley	0.13	0.40	0.53
Mr. Pradeep Dinodia	0.27	0.91	1.18
Mr. Ravi Nath@	-	-	-
Ms. Shobana Kamineni#	0.09	0.26	0.35
Mr. Suman Kant Munjal	0.04	0.14	0.18
Ms. Tina Trikha*	0.04	0.14	0.18

Note: No stock options have been granted to any Non-Executive or Independent Directors.

@ Ceased to be a Director effective July 29, 2019

Ceased to be a Director effective March 26, 2020

* Appointed as Director effective October 23, 2019

During FY 2019-20, the Company did not advance any loans to any of its Directors. Further, there are no pecuniary relationships or transactions between the Independent Directors and the Company, other than the details provided above and the sitting fees and commission drawn by the Non-Executive and Independent Directors.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

A formal evaluation of performance of the Board, its Committees, the Chairman and individual Directors was carried out in FY 2019-20, details of which are provided in the Board's Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE ('SRC')

This Committee looks into investors' grievances arising out of issues regarding share transfers, dividends, dematerialisation and related matters, evaluating performance and service standards of the Registrar and Share Transfer Agent and takes requisite action(s) to redress the same.

The role and terms of reference of the Committee cover the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and Section 178 of the Act, as applicable. The detailed terms of reference of the SRC are available on the Investors section of the Company's website at https://www.heromotocorp.com/en-in/pdf/SRC.pdf.

During the year, two meetings of the Stakeholders' Relationship Committee were held on July 30, 2019 and February 6, 2020. The Company Secretary acts as the Secretary of the Stakeholders' Relationship Committee. Effective April 26, 2019, Mr. Pradeep Dinodia was appointed as Chairman and Prof. Jagmohan Singh Raju was co-opted as member of the Stakeholders' Relationship Committee.

The details of the Stakeholders' Relationship Committee are given in Table 8.

TABLE 8: DETAILS OF STAKEHOLDERS' RELATIONSHIP COMMITTEE MEMBERS AND NUMBER OF MEETINGS ATTENDED

Names of Committee Members	Position held	No. of meetings held during FY 2019-20	No. of meetings attended
Mr. Pradeep Dinodia*	Chairman	2	2
Prof. Jagmohan Singh Raju#	Member	2	2
Mr. M. Damodaran	Member	2	2
Mr. Ravi Nath@	Member	0	0

*Appointed as Chairman effective April 26, 2019

#Appointed as member effective April 26, 2019

@Ceased to be a Director effective July 29, 2019

Investors' Grievance Redressal

During FY 2019-20, the following complaints were received and resolved to the satisfaction of shareholders. As on March 31, 2020, no complaints were pending.

S. No.	Nature of Complaints	Opening	Received	Resolved	Closing (Pending)
1.	Non-receipt of shares	0	43	43	0
2.	Non-receipt of dividend	0	223	223	0
3.	Complaints lodged with Authorities	3	73	76	0
4.	Non-receipt of securities after transfer/transmission/duplicate/remat/name correction etc.	0	5	5	0

CORPORATE SOCIAL RESPONSIBILITY ('CSR') COMMITTEE

The CSR Committee is responsible for formulation and recommendation of the CSR policy of the Company. It also recommends the amount of expenses to be incurred on CSR activities and closely and effectively monitors the implementation of the policy.

The detailed terms of reference of the CSR Committee are available on the Investors section of the Company's website at https://www.heromotocorp.com/en-in/pdf/CSR.pdf.

During the year, two meetings of the Committee were held on April 25, 2019 and October 22, 2019. The Company Secretary acts as the Secretary of the CSR Committee. The details of the CSR Committee are given in Table 9.

TABLE 9: DETAILS OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEMBERS AND NUMBER OF MEETINGS ATTENDED

Names of Committee Members	Position held	No. of meetings held during FY 2019-20	No. of meetings attended
Dr. Pawan Munjal	Chairman	2	2
Mr. Pradeep Dinodia	Member	2	2
Prof. Jagmohan Singh Raju	Member	2	2

RISK MANAGEMENT COMMITTEE ('RMC')

The Company has a duly constituted Risk Management Committee which assists the Board in its oversight of the Company's management of key risks, as well as the guidelines, policies and procedures monitoring and integrating such risks within overall business risk management framework.

The detailed terms of reference of the RMC are available on the Investors section of the Company's website at https://www.heromotocorp.com/en-in/pdf/RMC.pdf.

During the year under review, four meetings of the Risk Management Committee were held on April 26, 2019, July 30, 2019, October 23, 2019 and February 5, 2020. The Company Secretary acts as the Secretary of the Risk Management Committee. The details of the Risk Management Committee are given in Table 10.

TABLE 10: DETAILS OF RISK MANAGEMENT COMMITTEE MEMBERS AND NUMBER OF MEETINGS ATTENDED

Names of Committee Members	Position held	No. of meetings held during FY 2019-20	No. of meetings attended
Mr. Pradeep Dinodia*	Chairman	4	4
Mr. M. Damodaran	Member	4	4
Mr. Ravi Nath@	Member	1	0
Mr. Paul B. Edgerley	Member	4	3
Ms. Shobana Kamineni#	Member	4	3

*Appointed as Chairman effective April 26, 2019
@Ceased to be a Director effective July 29, 2019
#Ceased to be a Director effective March 26, 2020

COMMITTEE OF DIRECTORS

The Company has a Committee of Directors which presently comprises of Dr. Pawan Munjal as Chairman, Mr. Vikram S. Kasbekar and Mr. Pradeep Dinodia as its members. The Company Secretary acts as the Secretary of the Committee. The meetings of the Committee are convened on a need basis. During the financial year under review, eight meetings of the Committee were held. The details of the Committee of Directors are given in Table 11 (A).

TABLE 11 (A): DETAILS OF COMMITTEE OF DIRECTORS

Names of Committee Members	Position held	No. of meetings held during FY 2019-20	No. of meetings attended
Dr. Pawan Munjal	Chairman	8	8
Mr. Vikram S. Kasbekar	Member	8	6
Mr. Pradeep Dinodia	Member	8	7

The Company also had a Committee of Directors for the BSVI Project which comprised Dr. Pawan Munjal as Chairman, Mr. M. Damodaran and Mr. Pradeep Dinodia as its members. The Company Secretary acted as the Secretary of the Committee. The meetings of the Committee were convened on a need basis. During the financial year under review, four meetings of the Committee were held. The details of the Committee of Directors under the BSVI Project are given in Table 11 (B):

TABLE 11 (B): DETAILS OF COMMITTEE OF DIRECTORS (BSVI PROJECT)

Names of Committee Members	Position held	No. of meetings held during FY 2019-20	No. of meetings attended
Dr. Pawan Munjal	Chairman	4	4
Mr. M. Damodaran	Member	4	4
Mr. Pradeep Dinodia	Member	4	4

After the successful rollout of the BSVI project, the Board at its meeting held on February 6, 2020 had disbanded the Committee.

SHARE TRANSFER COMMITTEE ('STC')

The role of the STC is to attend to the requests pertaining to share transfer, transmission etc. Chief Financial Officer, Vice President (Finance) and Company Secretary & Chief Compliance Officer are ex-officio members along with Mr. Neeraj Mathur, VP–Strategic Sourcing & Supply Chain who is also nominated as member of the Committee. During the year under review, seven meetings of the Committee were held.

CONFIRMATION ON THE RECOMMENDATIONS OF COMMITTEES OF THE BOARD

The Board of Directors had accepted all the recommendations as and when received from its Committees on different matters.

CREDIT RATINGS

The details of the credit ratings assigned by various rating agencies, is provided in Table 12:

TABLE 12: DETAILS OF CREDIT RATINGS FOR FY 2019-20

S. No.	Instrument Description	Rating agencies	Rating Assigned
1.	Bank Loan Facilities – Long-Term	Crisil Limited/ICRA Limited	AAA Stable
2.	Bank Loan Facilities – Short-Term	Crisil Limited/ICRA Limited	A1+
3.	Commercial Papers/Fixed Deposit	Crisil Limited	A1+
4.	Non-Convertible Debentures	Crisil Limited/ICRA Limited	AAA Stable

Note: No change/revision in the aforesaid credit ratings from the rating agencies was received during the financial year. The Company has not issued any Commercial Papers, Non-Convertible Debentures or taken any Fixed Deposit during the year.

DISCLOSURES

Prevention of Insider Trading

In terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), the Company has a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Designated Persons ('the Code'). The said Code lays down guidelines which provide for the procedure to be followed and disclosures whilst dealing with shares of the Company. The Company had amended and adopted its Code as per SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, including the Code for practices and procedures of fair disclosure of unpublished price sensitive information. Further, the Company has complied with the standardised reporting of violations related to code of conduct under SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company has also put in place the institutional mechanism for prevention of insider trading along with policy for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information.

Related Party Transactions

In terms of Section 188(1) of the Act, all related party transactions entered into by the Company during FY 2019-20 were carried out with prior approval of the Audit Committee. No approval of the Board was required as all transactions were on an arm's length basis and in the ordinary course of business. Related party transactions pursuant to Indian Accounting Standard 24 were, however, disclosed to the Board.

There were no material significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or other related parties, which may have a potential conflict with the interest of the Company at large.

The policy on dealing with related party transactions is disclosed on the Company's website, link for which is https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104550-code-policy-434.pdf.

Disclosure of policy on material subsidiaries

The policy for determining material subsidiaries is available on the Company's website, www.heromotocorp.com at the following link: https://www.heromotocorp.com/en-in/uploads/code_policy/20191126105356-code-policy-400.pdf.

Accounting Treatment in preparation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015.

Compliances by the Company

No penalties have been imposed or strictures passed against the Company by the stock exchanges, the Securities and Exchange Board of India or any statutory authority on any matter related to capital markets during the last three years.

Securities of the Company have not been suspended for trading at any point of time during the year and the Company has duly complied with Corporate Governance requirements as specified under Regulation 17 to 27, Regulation 46 (2) clause (b) to (i) and para C, D and E of Schedule V of the Listing Regulations.

Quarterly reports on compliance with Corporate Governance as per Regulation 27 of the Listing Regulations were duly filed with the stock exchanges within the stipulated time and same are also available on website of the Company at https://www.heromotocorp.com/en-in/investors/corporate-governance.html.

The Company has complied with all the requirements of Corporate Governance Report as specified under the Listing Regulations.

Legal Compliance Management Tool

The Company has in place a comprehensive and robust legal compliance management online tool, which is devised to ensure compliance with all applicable laws which impact the Company's business. The tool is intended to provide an assurance to the Board on legal compliances as ensured by the Company.

Vigil Mechanism/Whistle Blower Policy

In compliance with the SEBI Regulations, the Company has a policy/mechanism on dealing with whistle blowers, which is approved by the Audit Committee of the Company. The Audit Committee reviews the same as and when required. The Company had made revisions in its policy/mechanism in order to align with the changing times, practical requirement and to make the policy more robust. During the year, no individual was denied access to the Audit Committee for reporting concerns, if any. The said policy/mechanism is disclosed on the Company's website, link for which is https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104803-code-policy-359.pdf.

The Company has put in place a whistle blower policy to support the Code of Conduct. The details about the vigil mechanism form part of the Board's Report.

Commodity price risk or foreign exchange risk and hedging activities

Your Company has an exposure of commodity price risk and foreign exchange risk denominated in USD for exports and USD, EUR and JPY in respect of its imports. The Company uses various instruments as approved under the central bank regulations to hedge these exposures. Details of the hedged and unhedged positions are available in the Notes to standalone financial statements in the annual report.

Disclosures with respect to demat suspense account/ unclaimed suspense account

As per Schedule V of Listing Regulations, the status of the unclaimed equity shares lying in the demat suspense account is given in Table 13 below. The voting & beneficial rights on these shares are frozen till the rightful owner of such shares claims the shares.

TABLE 13: STATUS OF UNCLAIMED EQUITY SHARES LYING IN THE DEMAT SUSPENSE ACCOUNT

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	3	1,700
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	-	-
Number of shareholders to whom shares were transferred from suspense account during the year.	-	-
Number of shareholders whose shares were transferred to the demat account of Investors Education and Protection Fund (IEPF) Authority	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	3	1,700

Disclosure under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place a policy on Prevention of Sexual Harassment at the workplace. For further details in this regard, please refer to the Board's Report forming part of this annual report.

Fees paid to Statutory Auditors

The details of fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which statutory auditors are part of, are given in Table 14.

TABLE 14: DETAILS OF FEES PAID TO STATUTORY AUDITORS

S. No.	Name of Entity	Relationship with Hero MotoCorp Ltd.	Details of Services	Amount (₹ in crore)
1.	Hero MotoCorp Ltd.	-	Audit Fees	1.42
2.	Hero MotoCorp Ltd.	-	Tax Audit Fees	0.08
3.	Hero MotoCorp Ltd.	-	Out of Pocket Expenses	0.19
4.	Hero MotoCorp Ltd.	-	Certifications	0.11
5.	HMC MM Auto Ltd.	Subsidiary	Audit Fees	0.15
6.	HMC MM Auto Ltd.	Subsidiary	Tax Audit Fees	0.01
7.	HMC MM Auto Ltd.	Subsidiary	Other Certifications	0.01
8.	HMC MM Auto Ltd.	Subsidiary	Out of Pocket Expenses	0.01
9.	HMCL Niloy Bangladesh Ltd.	Subsidiary	Audit Fees	0.08
10.	HMCL Colombia S.A.S.	Subsidiary	Audit Fees	0.17
11.	Hero Tech Center Germany, GmbH	Subsidiary	Audit Fees	0.06
12.	HMCL Netherlands B.V.	Subsidiary	Audit Fees	0.24
TOTAL				**2.53**

The Company at its Board Meeting held on February 6, 2020, had also included the conditions as specified in the SEBI Circular dated October 18, 2019, related to resignation of statutory auditors, in their terms of appointment.

CEO & CFO CERTIFICATION

The Chairman, Managing Director & CEO and the Chief Financial Officer ('CFO') of the Company furnish a certificate on quarterly and annual basis on financial statements of the Company in terms of Regulation 33(2)(a) and Regulation 17(8), respectively of the Listing Regulations. In terms of Regulation 17(8) of Listing Regulations, the certificate duly signed by the Chairman, Managing Director & CEO and the CFO of the Company was placed before the Board at its meeting held on June 9, 2020 and is annexed to this report as **Annexure – VII.**

RE-APPOINTMENT OF DIRECTORS

In terms of the applicable provisions of the Act and the Articles of Association of the Company, Mr. Suman Kant Munjal, Director of the Company retires by rotation at the ensuing annual general meeting and, being eligible, has offered himself for re-appointment. Brief resume and other details of Mr. Suman Kant Munjal, who is proposed to be re-appointed as a Director of your Company, have been furnished in the explanatory statement to the notice of the ensuing annual general meeting.

During the year under review, your Company has appointed Ms. Tina Trikha as an Additional Director of the Company in the category of Non-Executive and Independent Directors effective October 23, 2019. The Board recommends her appointment as an Independent Director of the Company.

During the year, Dr. Anand C. Burman and Mr. Ravi Nath (effective July 29, 2019) and Ms. Shobana Kamineni (effective March 26, 2020) ceased to be the Directors of the Company, due to completion of their respective terms. The Board has placed on record its appreciation for the guidance and support provided by Dr. Anand C. Burman, Mr. Ravi Nath and Ms. Shobana Kamineni during their tenure with the Company.

COMPLIANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Mandatory requirements

The Company is fully compliant with the applicable mandatory requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Discretionary requirements

The Company has adopted discretionary requirements specified in Part E of Schedule II of Listing Regulations.

The Board

The Company has an Executive Chairman.

Shareholders Rights

As a part of good corporate governance practice, the Company sends its quarterly financial results to shareholders whose e-mail ids are registered with the depository participants through e-mail after they are approved by the Board and disseminated to the stock exchanges. The results are also published on the website of the Company viz. www.heromotocorp.com and in widely circulated newspapers.

Audit Qualifications

There are no audit qualifications in the financial statements of FY 2019-20. The Company continues to adopt best practices in order to ensure unqualified financial statements.

Separate post of Chairman and CEO

The office of Chairman and CEO is held by Dr. Pawan Munjal.

Role and reporting of Internal Audit

The Head of Internal Audit functionally reports to the Chair of Audit Committee and attends meetings of the Audit Committee on a regular basis. Internal audit findings are reported directly to the Audit Committee. Further details have been provided in a separate section of this report.

MEANS OF COMMUNICATION

Company website

Pursuant to Regulation 46 of the Listing Regulations, the Company's website www.heromotocorp.com contains a dedicated functional segment, named 'INVESTORS' where all the information meant for the shareholders is available, including information on Directors, shareholding pattern, quarterly reports, financial results, annual reports, press releases, details of unpaid/unclaimed dividends and various policies of the Company.

NSE ELECTRONIC APPLICATION PROCESSING SYSTEM ('NEAPS')

NEAPS is a web-based application designed by the National Stock Exchange of India Limited (NSE) for corporate filings. All periodical compliance related filings, like shareholding pattern, corporate governance report, media releases and corporate actions are filed electronically on NEAPS.

BSE CORPORATE COMPLIANCE & LISTING CENTRE ('LISTING CENTRE')

The Listing Centre of BSE Ltd., is a web-based application designed for corporate filings. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on the Listing Centre.

Financial Results

Pursuant to Regulation 33 of Listing Regulations, the Company has regularly furnished within the prescribed timeline the quarterly unaudited as well as annual audited financial results to both the stock exchanges i.e. BSE & NSE.

The quarterly, half-yearly and annual results of the Company's performance are published in leading newspapers such as Indian Express and Jansatta. The results are also made available on the Investors section of the Company's website at https://www.heromotocorp.com/en-in/newspaper-publications.html. The said results are also sent through an email to the shareholders, whose email addresses are registered with the Company.

NEWS RELEASES AND PRESENTATIONS

Official news and media releases are sent to stock exchanges on which the shares of the Company are listed and are also uploaded on the Company's website at www.heromotocorp.com.

PRESENTATIONS MADE TO INSTITUTIONAL INVESTORS/ANALYSTS

Presentations on the performance of the Company are placed on the Company's website at www.heromotocorp.com for the benefit of the institutional investors, analysts and other shareholders immediately after communicating to the stock exchanges.

ANNUAL REPORT

The annual report containing, *inter alia*, the audited financial statements (standalone & consolidated), Board's Report, Auditors' Report, the Management Discussion and Analysis (MDA) report and other important information is circulated to shareholders and other stakeholders and is also available on the Company's website at www.heromotocorp.com.

REMINDER TO INVESTORS

Periodical reminders for unclaimed shares and unpaid dividends are sent to shareholders as per records of the Company. These details are also uploaded on website of the Company at www.heromotocorp.com.

GREEN INITIATIVE

Functionality has been provided on Company's website for shareholders'/ investors to raise their queries, questions, if any, directly with the shareholders'/ investor relations' teams.

GENERAL BODY MEETINGS

Details of Extra ordinary General Meeting (EGM)/Annual General Meeting (AGM)

Location, date and time of general meetings held during the previous 3 (three) years and ordinary and special resolutions passed there at are given in Table 15 as under:

TABLE 15: DETAILS OF ANNUAL GENERAL MEETINGS HELD

Year	Time, Day, Date and Location	Summary of special resolution(s) passed
2018-19	10:30 a.m., Monday, July 29, 2019, Air Force Auditorium, Subroto Park, New Delhi – 110 010.	- Special resolution pertaining to re-appointment of Mr. Meleveetil Damodaran as an Independent Director of the Company for a period with effect from July 29, 2019 to May 3, 2022 was passed at the meeting.
2017-18	10:30 a.m., Tuesday, July 24, 2018, Air Force Auditorium, Subroto Park, New Delhi – 110 010.	- No special resolution was passed at the meeting
2016-17	10:30 a.m., Friday, July 14, 2017, Air Force Auditorium, Subroto Park, New Delhi – 110 010.	- No special resolution was passed at the meeting

Details of EGM held: No EGM was held during the previous 3 (three) years.

POSTAL BALLOT

During the year ended March 31, 2020, no resolution was passed by postal ballot. Hence, disclosure under this section is not applicable.

Whether any special resolution is proposed to be passed through postal ballot

None of the business proposed to be transacted at the ensuing annual general meeting require passing of special resolution through postal ballot.

GENERAL SHAREHOLDER'S INFORMATION

Annual General Meeting

Date : August 12, 2020
Day : Wednesday
Time : 04:30 p.m. (IST)
Venue : The Company will conduct the meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020, relevant details of which have been provided in the notice of AGM.

Financial Calendar: Financial year: April 1, 2019 to March 31, 2020

For FY 2019–20	Results were announced on
First quarter ended June 30, 2019	Tuesday, July 30, 2019
Second quarter and half year ended September 30, 2019	Wednesday, October 23, 2019
Third quarter and nine months ended December 31, 2019	Thursday, February 6, 2020
Fourth quarter and year ended March 31, 2020	Tuesday, June 9, 2020

For FY 2020–21	Results are likely to be announced by (tentative and subject to change)
First quarter ended June 30, 2020	Second week of August, 2020
Second quarter and half year ended September 30, 2020	Second week of November, 2020
Third quarter and nine months ended December 31, 2020	Second week of February, 2021
Fourth quarter and year ended March 31, 2021	Second week of May, 2021

Book closure

The dates of book closure shall be from Monday, August 3, 2020 to Wednesday, August 12, 2020 (both days inclusive).

Dividend payment

The Board has declared an interim dividend @ 3,250% i.e. ₹ 65 per share. The dividend was paid to those shareholders whose names appeared on the register of members as on February 18, 2020 and payment was made on February 24, 2020.

The Board has recommended a final dividend @ 1,250% i.e. ₹ 25 per equity share for FY 2019-20.

The dividend recommended by the Directors for the year ended March 31, 2020, if declared at the ensuing annual general meeting, will be paid by Friday, September 11, 2020 to those members, whose names appear in the register of members/depository records as on August 2, 2020.

Listing on stock exchange

The securities of the Company are listed on the following exchanges:

1. BSE Limited (BSE)
   Phiroze Jeejeebhoy Towers, Dalal Street,
   Mumbai – 400 001
2. National Stock Exchange of India Limited (NSE)
   Exchange Plaza, Plot No. C-1, Block G, Bandra-Kurla
   Complex, Bandra (East), Mumbai – 400 051

Stock Codes

The Company's stock codes on the above stock exchanges are:

	Scrip Code
BSE	500182
NSE	HEROMOTOCO

The ISIN of the Company is INE158A01026.

Annual Listing Fees

Annual listing fees for FY 2020-21 has been paid to BSE and NSE within the stipulated time.

Stock Market Data

Monthly high and low quotations as well as the volume of shares traded at the National Stock Exchange of India Limited and BSE Limited are given in Table 16.

TABLE 16: SHARE PRICE DATA FOR FY 2019-20

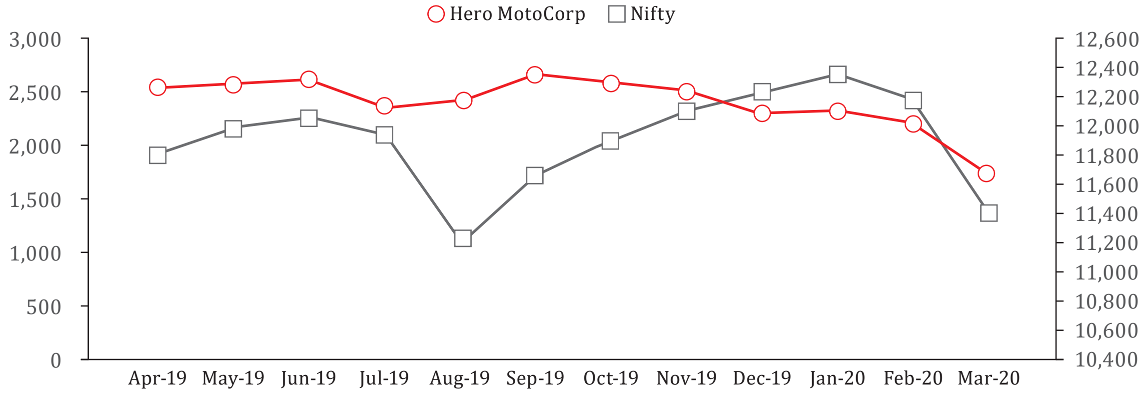
(Equity shares of ₹ 2 each paid-up value)

National Stock Exchange of India Limited, Mumbai (NSE)

Month	Total Volume (No. of Shares)	High Price (₹)	Date	Volume on that day	Low Price (₹)	Date	Volume on that day
Apr-19	16,857,672	2,759.90	18-Apr-19	563,893	2,477.00	30-Apr-19	1,634,120
May-19	12,592,166	2,850.00	27-May-19	422,121	2,475.00	14-May-19	396,304
Jun-19	13,466,702	2,859.15	03-Jun-19	1,911,409	2,540.70	24-Jun-19	725,058
Jul-19	21,520,512	2,639.50	01-Jul-19	728,762	2,225.60	31-Jul-19	2,930,738
Aug-19	27,125,913	2,722.00	21-Aug-19	1,398,096	2,288.55	02-Aug-19	2,090,929
Sep-19	20,693,067	3,022.90	23-Sep-19	1,380,382	2,513.45	19-Sep-19	706,524
Oct-19	17,036,419	2,749.75	24-Oct-19	1,427,292	2,567.90	11-Oct-19	594,047
Nov-19	15,273,660	2,759.00	01-Nov-19	1,427,332	2,424.00	29-Nov-19	757,233
Dec-19	18,230,401	2,485.00	30-Dec-19	699,880	2,263.00	11-Dec-19	1,264,067
Jan-20	13,911,559	2,522.00	30-Jan-20	797,868	2,310.55	08-Jan-20	595,883
Feb-20	22,304,450	2,531.00	01-Feb-20	791,944	2,033.95	29-Feb-20	1,879,071
Mar-20	26,205,126	2,110.00	02-Mar-20	1,207,967	1,475.00	24-Mar-20	1,489,165

(Source: This information is compiled from the data available on the website of NSE)

Hero MotoCorp's share price movement vis-a-vis Nifty



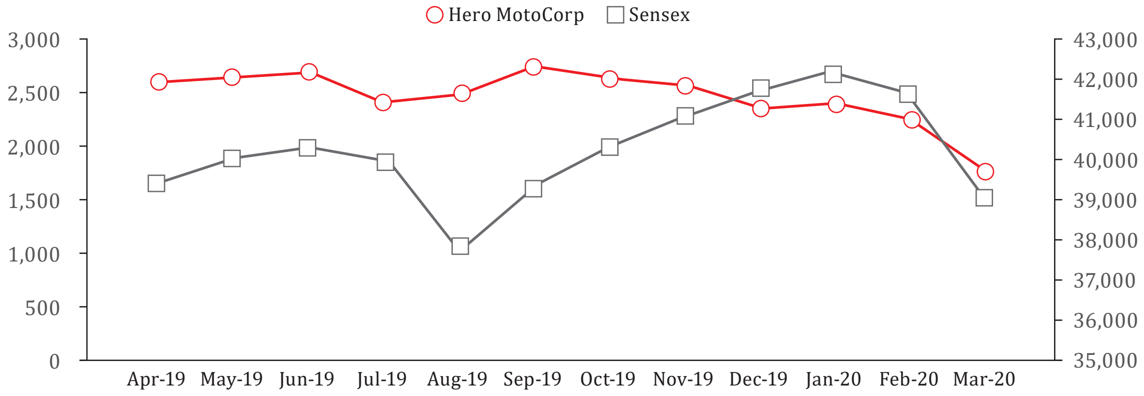
Note: The above chart depicts comparison of monthly high of Nifty and the Company's share price.

BSE Limited, Mumbai (BSE)

Month	Total Volume (No. of Shares)	High Price (₹)	Date	Volume on that day	Low Price (₹)	Date	Volume on that day
Apr-19	797,383	2,759.90	18-Apr-19	20,559	2,478.00	30-Apr-19	72,700
May-19	723,934	2,849.00	27-May-19	30,388	2,476.00	14-May-19	14,099
Jun-19	564,632	2,873.95	03-Jun-19	121,593	2,541.35	24-Jun-19	41,672
Jul-19	729,483	2,639.00	01-Jul-19	19,558	2,228.25	31-Jul-19	110,545
Aug-19	867,776	2,725.00	21-Aug-19	43,788	2,290.55	02-Aug-19	93,133
Sep-19	884,739	3,021.15	23-Sep-19	123,456	2,515.00	19-Sep-19	31,964
Oct-19	639,959	2,751.15	01-Oct-19	39,683	2,568.90	11-Oct-19	19,726
Nov-19	536,373	2,757.80	01-Nov-19	47,598	2,423.70	29-Nov-19	32,008
Dec-19	766,997	2,484.00	30-Dec-19	13,952	2,263.25	11-Dec-19	81,554
Jan-20	437,880	2,522.00	31-Jan-20	12,900	2,311.40	08-Jan-20	17,780
Feb-20	973,492	2,530.00	01-Feb-20	42,567	2,038.00	28-Feb-20	154,516
Mar-20	824,131	2,108.30	02-Mar-20	34,463	1,475.00	24-Mar-20	47,656

(Source: This information is compiled from the data available on the website of BSE)

Hero MotoCorp's share price movement vis-a-vis Sensex



Note: The above chart depicts comparison of monthly high of Sensex and the Company's share price.

Distribution of shareholding by size

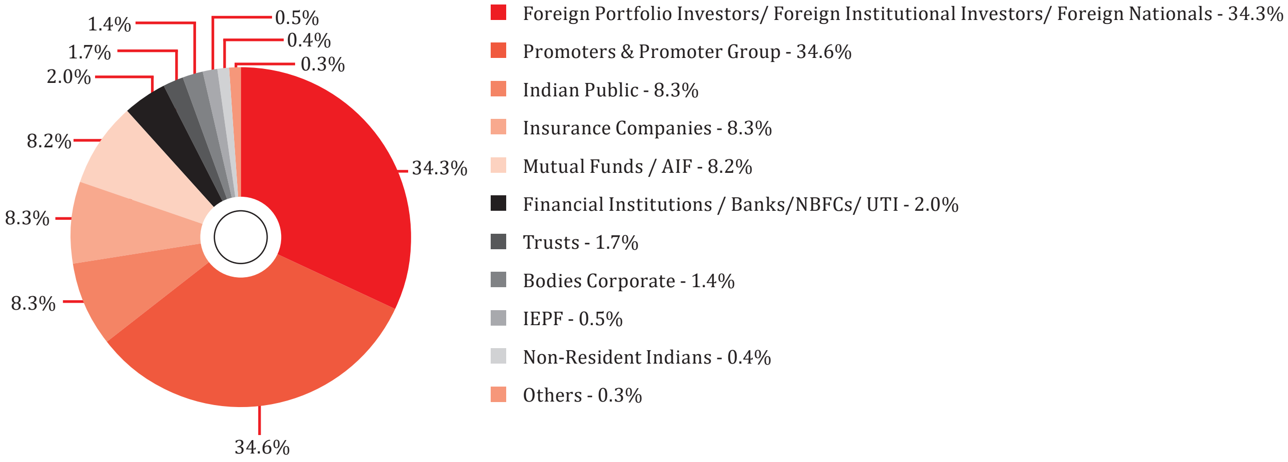
Table 17 lists the distribution of shareholding by number of shares held and shareholding pattern in percentage pursuant to Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2020.

TABLE 17: DISTRIBUTION OF SHAREHOLDING

No. of shares held (₹ 2 paid-up)	Shareholders		Shares of ₹ 2 Paid-up	
	Numbers	%	Numbers	%
Upto 5000	171,628	99.30	12,268,507	6.14
5001 – 10000	404	0.23	1,385,168	0.69
10001 – 20000	225	0.13	1,574,596	0.79
20001 – 30000	117	0.07	1,425,153	0.71
30001 – 40000	56	0.03	960,384	0.48
40001 – 50000	44	0.03	987,450	0.49
50001 – 100000	94	0.05	3,418,268	1.71
100001 & above	277	0.16	177,719,842	88.98
Total	**172,845#**	**100.00**	**199,739,368**	**100.00**

#Shareholders grouped on the basis of PAN

Shareholding Pattern as on March 31, 2020



Category of shareholding as on March 31, 2020

Category	No. of holders	% to total holders	Total shares	% to equity
Physical	2,597	1.46	1,323,393	0.66
NSDL	105,549	59.14	194,903,187	97.58
CDSL	70,327	39.40	3,512,788	1.76
Total	**178,473**	**100.00**	**199,739,368**	**100.00**

Corporate benefits

Dividend declared for the last 7 (seven) years on ₹2 paid-up share

Financial Year	Type	Dividend declared	Dividend per share	Due date for transfer to IEPF
2012-13	Final	₹ 60	3000%	October 12, 2020
2013-14	Final	₹ 65	3250%	September 4, 2021
2014-15	Interim	₹ 30	1500%	September 4, 2021
	Final	₹ 30	1500%	September 30, 2022
2015-16	Interim	₹ 40	2000%	April 11, 2023
	Final	₹ 32	1600%	October 24, 2023
2016-17	Interim	₹ 55	2750%	April 6, 2024
	Final	₹ 30	1500%	August 14, 2024
2017-18	Interim	₹ 55	2750%	March 13, 2025
	Final	₹ 40	2000%	August 30, 2025
2018-19	Interim	₹ 55	2750%	March 5, 2026
	Final	₹ 32	1600%	August 30, 2026
2019-20	Interim	₹ 65	3250%	March 12, 2027
	Final (recommended)	₹ 25	1250%	September 11, 2027 (tentative)

Transfer of unclaimed shares to Investor Education and Protection Fund

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the 'Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, as amended, all shares (eligible FY 2012-13) in respect of which dividend has remained unclaimed by the shareholders for seven consecutive years or more were transferred in the demat account of the Investor Education and Protection Fund (IEPF) Authority.

The Company sends notices to the concerned shareholders whose dividend and shares are liable to be transferred to IEPF Authority/Suspense Account under the said Rules for taking appropriate action and full details of such shareholders and shares due for transfer to IEPF Authority/Suspense Account have also been uploaded on Company's website at the link: https://www.heromotocorp.com/en-in/investors/unclaimed-dividends.html.

An option to claim from IEPF Authority, all unpaid/unclaimed dividends or other amounts and the unclaimed shares transferred to IEPF, is available to members. Members may make their claim by following the due procedure for refund as prescribed under the said Rules. Details of refund process are also available on the website of the Company at https://www.heromotocorp.com/en-in/investors/unclaimed-dividends.html.

Details of dividends remaining unpaid/unclaimed have been duly uploaded on the website of the Company at www.heromotocorp.com and at the website of IEPF Authority at www.iepf.gov.in.

Investor Education and Protection Fund claim Guidelines

With effect from September 7, 2016, investors/depositors whose unpaid dividends and shares have been transferred to IEPF under Companies Act, 2013, can claim the amounts and shares from the IEPF Authority as per the procedures/guidelines stated below:

a) Create a login on the website of MCA (http://www.mca.gov.in/).

b) Login to the MCA website with your login credentials.

c) Select Form IEPF-5 under MCA Services.

d) Fill the online form with required details and submit. Rule 7 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 or FAQs from the website of IEPF Authority may also be referred for further clarification.

e) Take a printout of the duly filled and submitted Form IEPF-5 and the copy of the acknowledgement generated.

f) Following documents to be arranged after submission of online form:

  I. Indemnity Bond (original) with claimant signature to be executed.

  Note: In case of refund of dividend amount of ₹ 10,000 or more and/or market value of shares, non-judicial stamp paper of appropriate value as prescribed under Stamp Act according to state is required. For claim of only amount of ₹ 10,000 or less, indemnity bond can be executed on a plain paper.

  II. Advance Receipt (original) with revenue stamp and signatures of claimant and witnesses, to be executed.

  III. Original share certificate (in case of securities held in physical form) or copy of transaction statement in case of securities held in demat form.

  IV. Self-attested copy of PAN and Aadhaar Card.

  V. Proof of entitlement/original share certificate/dividend warrant (if any).

  VI. Original cancelled cheque leaf.

  VII. Copy of Passport, OCI and PIO card in case of foreigners and NRIs.

  VIII. Client Master List duly attested by the Depository Participant.

  IX. In case any joint holder is deceased, notarised copy of death certificate is to be attached. In case of NRI, self-attested copy of Overseas Indian Card (OIC) issued by MHA or Copy of Passport of PIO card, apostille as per Hague Convention is to be provided.

g) Submit all the above and self-attested copy of e-form along with the other documents as mentioned in the Form IEPF-5, if any, to the Nodal Officer (IEPF) of the Company at its registered office in an envelope marked "Claim for refund from IEPF Authority".

The Company had received applications from various claimants, both in physical as well as in electronic form during the year. The claims of only those claimants are considered to whom the entitlement letters are issued either by the Company or KFin Technologies Private Limited.

The Company has appointed Ms. Neerja Sharma as Nodal Officer and Mr. Dhiraj Kapoor as Dy. Nodal Officer of the Company for the purpose of coordinating with IEPF Authority, ensuring verification of claims.

Dematerialisation of shares and liquidity

The shares of the Company are traded in compulsory demat segment. As on March 31, 2020, 99.34% of the total share capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As to liquidity, equity shares of the Company are part of the BSE Sensex, BSE – 100, BSE – 200, BSE – 500, BSE Sectoral Indices, S&P CNX Nifty, S&P CNX 500 and CNX 100. Further, the equity shares of the Company are frequently traded at NSE and BSE.

Outstanding GDRs/ADRs/warrants or any convertible instruments conversion date and likely impact on equity

Not applicable.

Disclosure of commodity price risk or foreign exchange risk and hedging activities in terms of Regulation 34(3) read with clause 9(n) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. Risk management policy of the Company with respect to commodities including through hedging

   Hero MotoCorp Limited has an approved risk management policy. The key objectives of the policy are –

   - Identification and categorisation of potential risks
   - Assessment and mitigation of risks
   - To monitor and assure continuous growth and to sustain market leadership in the mobility industry, domestically and globally.

   Commodity price risk is the financial risk on an entity's financial performance/profitability upon fluctuations in the prices of commodities. As a resource intensive manufacturing operations, the Company is exposed to a variety of market risks, including the effects of changes in commodity prices and exchange rates.

   The Company procures components from its vendors for most of its business requirements, who in turn buy necessary commodities and process the same. Hence, direct purchase of commodity by Company is marginal, but the changes in prices of commodities impact procurement cost of components and parts.

The key commodities which are used in the manufacture of two-wheelers are base metals (steel, aluminum) and crude oil derived plastics/resins. Sharp fluctuations in commodity prices can create business challenges that can affect production costs, product pricing and earnings.

The risk management policy is designed to manage the impact of commodity price fluctuations across its value chain to effectively manage its financial performance and profitability. Multiple levers are deployed to mitigate these risks and the selection of a lever depends on the cost-benefit analysis and the extent of exposure including its assessment of ability to pass adverse fluctuation to the customer by way of price increases. The Company works on an ongoing basis on cost optimisation, weight reduction and process improvement exercises.

The Company also considers localization of imports/global sourcing to ensure lowest cost option in sourcing of parts/raw material.

2. Exposure of the Company to commodity and commodity risks faced by the Company throughout the year: a) Total exposure of the Company to commodities in INR; and b) Exposure of the Company to various commodities.

   Based on the assessment by the Company and after factoring the ability to optimise costs and pass on prices to customers, no individual commodity is likely to adversely impact the financial performance/profitability beyond its materiality threshold approved by the Board. Hence, commodity level information is not being provided hereunder:

Commodity Name	Exposure in ₹ towards the particular commodity	Exposure in quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
	₹/vehicle	Kg/vehicle	OTC	Exchange	OTC	Exchange	

As of the reporting date i.e. March 31, 2020 the Company did not have any open contracts/derivative and consequential gains or losses arising therefrom.

c) Commodity risks faced by the Company during the year and how they have been managed:

Most of the ferrous and non-ferrous metals have been range bound for a major part of the year, moving lower in the last quarter. Precious metals had seen a sharp increase in the second half of the year which softened towards the end of fiscal. Crude oil moved sharply lower consequent to spread of pandemic in March 2020 and traded in the range USD 30-50 thereafter.

Large part of the commodity gains has been offset by the sharp fall in the INR value thereby increasing the price parity cost of the commodities.

The Company has proactively monitored and managed these exposures as an integral part of its overall risk management programme, which recognises the unpredictability of markets and seeks to reduce potentially adverse effects on its business. Apart from various levers mentioned, it has periodically taken necessary price increases to offset the adverse impact of commodity and currency on its financial performance/profitability.

Consequent to the various measures, price movements and product mix, the material cost as a %age of revenue from operations has come down from 69.3% in FY'19 to 68.3% in FY'20.

Details of public funding obtained in the previous three years

The Company has not obtained any public funding in the previous three years.

Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

The Company has not raised funds through preferential allotment or qualified institutions placement during the year.

Registrar & Share Transfer Agent ('RTA')

All work related to share registry, both in physical form and electronic form, is handled by the Company's RTA, KFin Technologies Private Limited (earlier known as Karvy Fintech Private Limited). The communication address of the RTA is given hereunder:

KFin Technologies Private Limited
(Unit: Hero MotoCorp Ltd.)
Selenium, Tower-B, Plot No. 31 & 32,
Financial District, Nanakramguda, Serilingampally Mandal,
Hyderabad – 500 032
Tel: 040-2342 0818, 6716 2222
Fax: 040-2342 0814, 2300 1153
Toll Free No.: 1-800-3454-001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

Share Transfer System

All share transfers and other communications regarding share certificates, change of address, dividends, etc. should be addressed to Registrar & Share Transfer Agent.

Share Transfer Committee is authorised to approve transfer and transmission of shares in the physical segment. Such transfers generally take place on fortnightly basis. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. However, pursuant to the proviso of Regulation 40(1) of the Listing Regulations, effective March 31, 2019, the requests for effecting transfer of securities in physical mode shall not be processed by the Company unless the securities are held in the dematerialised form with a depository, except in case of transmission or transposition of securities. The Company obtains from a Company Secretary in practice, half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the same with the stock exchanges.

Reconciliation of Share Capital Audit

Audits were also carried out by the practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL. The reports for the same were submitted to BSE and NSE. The audit confirms that the total issued/paid-up and listed capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a statutory body, has issued Secretarial Standards on Meeting of the Board of Directors and General Meetings. The Company has complied with all the applicable provisions of the Secretarial Standards.

COMPANY'S REGISTERED ADDRESS

The Grand Plaza, Plot No. 2, Nelson Mandela Road,
Vasant Kunj – Phase-II, New Delhi – 110 070.
CIN: L35911DL1984PLC017354
Tel: +91-11-4604 4220
Fax: +91-11-4604 4399
Website: www.heromotocorp.com

PLANT LOCATIONS AND R&D CENTRE

Gurgaon Plant
37 km Stone, Delhi-Jaipur Highway,
Sector 33, Gurgaon – 122 001
Haryana, India
Tel: 0124-289 4200, 237 2123
Fax: 0124-237 3141/42

Dharuhera Plant
69 km Stone, Delhi-Jaipur Highway,
Dharuhera, Dist. Rewari – 123 110
Haryana, India
Tel: 01274-264 000
Fax: 01274-267 018

Haridwar Plant
Plot No. 3, Sector 10,
I.I.E., SIDCUL, Roshanabad,
Haridwar – 249 403, Uttarakhand, India
Tel: 01334-238 500, 239 514-16
Fax: 01334-239 512/13

Neemrana Plant
SP 101-103, 108 & 109,
RIICO Industrial Area, Phase – II,
Delhi – Jaipur Highway, Neemrana,
District Alwar, Rajasthan – 301 705, India
Tel: 01494-2673000

Halol Plant
Plot No. 102, Halol (Exp.) Industrial Estate,
Vadodara Godhra Highway
Taluka – Kalol, Tehsil – Halol,
Dist. Panchmahal, Gujarat – 389 350, India
Tel: 02675-229114

Chittoor Plant
Sy. No. 1, Industrial Park,
Madanapalem (Village),
Sathyavedu (Mandal),
Chittoor,
Andhra Pradesh – 517 588, India

Global Parts Centre
SP 104-107,
RIICO Industrial Area, Phase – II,
Delhi – Jaipur Highway, Neemrana,
District Alwar, Rajasthan – 301 705, India

R&D Centre
Centre of Innovation & Technology
SPL-1, RIICO Industrial Area,
Kukas, Phase-II, NH-11C,
Jaipur, Rajasthan – 302 028, India
Tel: 0142-643000

Colombia Plant
HMCL Colombia S.A.S.
KM 24, via Cali – Santender De Quilichao,
Zona Franca Permanente Conjunto,
Industrial Parque Sur, Villa Rica, Cauca,
Lote 6A, Colombia
Tel: +572-3120662

Bangladesh Plant
HMCL Niloy Bangladesh Ltd.
Padmabilla, Shakharigati,
Kotwali, Jessore, Bangladesh
Tel: +8809601505541

Hero Tech Center Germany GmbH
Kronstaudener Weg 1,
D-83071 Stephanskirchen,
Germany

COMPLIANCE CERTIFICATE OF THE SECRETARIAL AUDITORS

Certificates from Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900), was issued confirming:

a) Compliance with conditions of Corporate Governance as stipulated under Listing Regulations which is attached to this report as **Annexure – V**.

b) None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority which is also attached to this report as **Annexure – VI**

Retail Shareholder Correspondence may be addressed to:
KFin Technologies Private Limited
(Unit: Hero MotoCorp Ltd.)
Selenium, Tower-B, Plot No. 31 & 32,
Financial District, Nanakramguda, Serilingampally Mandal,
Hyderabad – 500 032
Tel: 040-2342 0818, 6716 2222
Fax: 040-2342 0814, 2300 1153
Toll Free No.: 1-800-3454-001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

OR

Mr. Dhiraj Kapoor
Deputy General Manager – Secretarial & Dy. Nodal Officer
The Grand Plaza, Plot No. 2, Nelson Mandela Road,
Vasant Kunj - Phase II, New Delhi – 110 070
E-mail: secretarialho@heromotocorp.com

For Institutional Investors' matters:
Mr. Umang Deep Singh Khurana,
Head-Investor Relations
The Grand Plaza, Plot No. 2, Nelson Mandela Road,
Vasant Kunj – Phase II, New Delhi – 110 070
E-mail: umang.khurana@heromotocorp.com
investor.relations@heromotocorp.com

Queries relating to the financial statements of the Company may be addressed to:
Mr. Niranjan Gupta, Chief Financial Officer
The Grand Plaza, Plot No. 2, Nelson Mandela Road,
Vasant Kunj – Phase II, New Delhi – 110 070
E-mail: niranjan.gupta@heromotocorp.com

Queries/complaints relating to products, services or dealers etc. may be addressed to:
Customer Care
Hero MotoCorp Ltd.
The Grand Plaza, Plot No. 2, Nelson Mandela Road,
Vasant Kunj – Phase II, New Delhi – 110 070
E-mail: customercare@heromotocorp.com

ANNEXURE – V

Corporate Governance Certificate

To
The Members
Hero MotoCorp Limited

We have examined the compliance of conditions of Corporate Governance by Hero MotoCorp Limited ("the Company"), for the financial year ended March 31, 2020 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

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

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner
CP No.:13700
UDIN: F008488B000330031

Place: New Delhi
Date: June 9, 2020

ANNEXURE – VI

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Hero MotoCorp Limited
The Grand Plaza, Plot No. 2, Nelson Mandela Road,
Vasant Kunj – Phase II, New Delhi – 110 070

1. That Hero MotoCorp Limited (CIN: L35911DL1984PLC017354) is having its registered office at The Grand Plaza, Plot No. 2, Nelson Mandela Road, Vasant Kunj – Phase II, New Delhi – 110 070 (hereinafter referred as "the Company"). The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.

2. In our opinion and to the best of our information and according to the verifications and examination of the disclosures under Section 184/189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN status at the portal, www.mca.gov.in, as considered necessary and explanations furnished to us by the Company and its officers, we certify that none of the below named Directors on the Board of the Company as on March 31, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

S. No.	Name of Director	Director Identification Number (DIN)
1.	Dr. Pawan Munjal	00004223
2.	Mr. Vikram Sitaram Kasbekar	00985182
3.	Mr. Pradeep Dinodia	00027995
4.	Mr. Suman Kant Munjal	00002803
5.	Prof. Jagmohan Singh Raju	08273039
6.	Mr. Meleveetil Damodaran	02106990
7.	Mr. Paul Bradford Edgerley	02213279
8.	Ms. Tina Trikha	02778940

3. Ensuring the eligibility of the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

4. This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner
CP No.:13700
UDIN: F008488B000330029

Place: New Delhi
Date: June 9, 2020

ANNEXURE – VII

Compliance Certificate

The Board of Directors
Hero MotoCorp Limited
The Grand Plaza, Plot No. 2,
Nelson Mandela Road, Vasant Kunj – Phase-II,
New Delhi – 110 070

Sub: Compliance Certificate in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

A. This is to certify that we have reviewed the financial statements and cash flow statement for the financial year ended March 31, 2020 and that to the best of our knowledge and belief:

    (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:

    (1) significant changes in internal control over financial reporting during the year;

    (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

    (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: June 9, 2020

Niranjan Kumar Gupta
Chief Financial Officer

Pawan Munjal
Chairman, Managing Director & CEO

Declaration by Chairman, Managing Director & CEO

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

I, Pawan Munjal, Chairman, Managing Director & CEO of Hero MotoCorp Limited, hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2019-20.

For **Hero MotoCorp Limited**

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

Date: June 9, 2020
Place: New Delhi

ANNEXURE – VIII

Annual Report on CSR Activities for the FY 2019-20

1. **A brief outline of the Company's CSR policy, including overview of projects or program proposed to be undertaken and a reference to the web-link to the CSR policy and projects or program.**

   The Board of Directors (the "Board") of Hero MotoCorp Limited have adopted the CSR policy which has following key points:

   a) To direct HMCL's CSR Programmes, *inter alia*, towards achieving one or more of the following – enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports;

   b) To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are pre-requisites for social and economic development;

   c) To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;

   d) To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;

   e) To carry out CSR Programmes in relevant local areas to fulfil commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;

   f) To carry out activities at the time of natural calamity or engage in Disaster Management System;

   g) To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, Other Backward Classes, minorities and women;

   h) To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government;

   i) To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister's Relief Fund, which may be recognised as CSR activity;

   j) To promote sustainability in partnership with industry associations, like CII, PHD, FICCI, etc. in order to have a multiplier impact.

The Company would implement the CSR Programmes through Company personnel or through external implementing agencies and ensure proper governance, monitoring and reporting thereof.

The policy is available on the Company's website, www.heromotocorp.com at the following link: https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf.

2. **The Composition of the CSR Committee**

Dr. Pawan Munjal	Chairman
Prof. Jagmohan Singh Raju	Member
Mr. Pradeep Dinodia	Member

   Further, the Company has designated Mr. Vijay Sethi, Chief Information Officer and Chief Human Resources Officer as Head CSR to ensure effective implementation of CSR programmes of the Company.

3. **Average net profit of the Company for last three financial years**

2016-17	₹ 4,485.79 crore
2017-18	₹ 5,172.79 crore
2018-19	₹ 4,823.72 crore

   Average for last 3 years ₹ 4,827.43 crore

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

   2% of Average: ₹ 96.55 crore

5. **Details of CSR spent during the financial year**

   a) Total amount to be spent for the financial year: ₹ 96.55 crore

   b) Amount unspent, if any: NIL

   c) Manner in which the amount spent during the financial year is detailed below.

Overall Spend

1	2	3	4	5	6	7	8
S. No.	**CSR Project or activity identified**	**Sector in which the Project is covered**	**Project or program (1) Local area or other (2) Specify the State and district where projects or program was undertaken**	**Amount outlay (budget) project or programmes-wise (in lakh)**	**Amount spent on the projects or program Sub-heads: (1) Direct expenditure on projects or program (2) Overheads (in lakh)**	**Cumulative expenditure up to the reporting period (in lakh)**	**Amount spent: Direct or through implementing agency**
1	Environment - Tree Plantation, Solar Lights, Water Shed	Schedule VII (iv) Ensuring environmental sustainability	7.16 lakh tree plantation at Delhi NCR, Chennai, Bengaluru, Dehradun and near to our plants in India. 6,335 solar street lights installed and 3.18 crore litre water saved	2,300	2,287.7	7,423.7	Direct and Agency: Sustainable Green Initiative, Greenmax, Leicht LED, SPECS, BCCL
2	Promoting preventive health care and sanitation	Schedule VII (i) Preventive health care and Sanitation facility	Preventive health care camps in rural area and schools. Free Medical facility to 1,18,764 patients. COVID support for more than 50,000 meals and 2,654 ration kits. Toilet facility of 272 nos. to 24 Government schools in Haryana, Rajasthan, Uttarakhand and Gujarat.	400	406.5	1,967.1	Direct and Agency: Wockhardt, AYUS, AIIMS, HFH, BMVSS, NSS, UMANG
3	Education promotion and vocational skill development for children and women and promoting Road Safety Awareness	Schedule VII (ii) Promoting education, skill development and road safety education	Construction and renovation of school infrastructures at Haryana, Rajasthan, Uttarakhand and Gujarat. Education promotion, skill development and Road Safety Education programme across the country	5,180	5,545.5	23,869.2	Direct and Agency: FUEL, Magic Bus, CRY, HPPI, Agastya, Quota International, AIF, SETCO Foundation, RKMF, KMCT, JJJKT, JNMT, NAB, NSDC, SBT, IFCS, STEM, WAB
4	Promoting Sports	Schedule VII (vii) Promoting rural sports	Promoting Rural Sports, Supporting Sports Foundation and Paralympic sports	225	237.4	1,161.1	Direct and Agency: PCI, Mera Gaon Mera Desh, MKRBF, YKP Uttarakhand
5	Women Empowerment	Schedule VII (iii) Women empowerment	Women Empowerment, Community development and promoting socio-economic development awareness through all media	1,025	1,023.1	2,811.7	Direct, State Police and Agency: HPPI, JJJKT, ISB
6	Prime Minister's National Relief Fund or PM CARES Fund	Schedule VII (viii) PM's National Relief Fund or PM CARES Fund	Contribution to PM's Relief Fund and Disaster relief	100	3,138.4	3,789.2	Direct
7	Rural Development	Schedule VII (x) Rural development projects	Supporting various rural development projects i.e. water management, waste management, awareness of government schemes etc.	425	421.9	594.4	Direct and Agency: Samagra Associates, IFRE
	Total			**9,655.0**	**13,060.5**	**41,616.4**	

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

   Not Applicable

7. **This is to confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

Pawan Munjal
Chairman, CSR Committee
Chairman, Managing Director & CEO
DIN: 00004223

Date: June 9, 2020
Place: New Delhi

ANNEXURE – IX

Secretarial Audit Report

For the Financial Year Ended March 31, 2020

[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]

To,
The Members,
Hero MotoCorp Limited
(CIN: L35911DL1984PLC017354)
The Grand Plaza, Plot No. 2, Nelson Mandela Road,
Vasant Kunj – Phase-II, New Delhi – 110 070

We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Hero MotoCorp Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

We report that-

a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) 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.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 ("Audit Period") 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;

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

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

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

  (c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

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

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

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

  (h) *The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

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

*No event took place under these Regulations during the Audit Period.

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc. to the extent applicable, as mentioned above.

(vi) The Company is engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services and accordingly, the Motor Vehicles Act, 1988 and rules made thereunder, primarily in respect of vehicles manufactured by the Company, are applicable specifically to the Company.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We 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.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner
CP No.:13700
UDIN: F008488B000330040

Place: New Delhi
Date: June 9, 2020

ANNEXURE – X

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L35911DL1984PLC017354
Name of the Company	Hero MotoCorp Limited
Registered Address	The Grand Plaza, Plot No. 2 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi – 110 070
Website	www.heromotocorp.com
E-mail ID	secretarialho@heromotocorp.com
Financial Year reported	2019-20
Sector(s) that the Company is engaged in (industrial activity code-wise)	Group*: 309 Class: 3091 Sub-Class: 30911 Description: Manufacture of motorcycles, scooters, and their engine# *As per classification under National Industrial Classification, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, New Delhi. P.S. It may be noted that Company manufactures the parts of motorcycles and scooters as well.
List three key products/services that the Company manufactures/provides (as in balance sheet)	• Motorcycles, • Scooters and • Parts thereof
Total number of locations where business activity is undertaken by the Company Number of International Locations (Details of major 5)	We are present in 40 countries outside India: **Asia** – Bangladesh, Myanmar, Nepal and Sri Lanka. **Africa & Middle East** – Angola, Burkina Faso, DR Congo, Ethiopia, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Madagascar, Mozambique, Nigeria, Tanzania, Uganda, Egypt, Iran, Turkey, Zambia, Djibouti, Mauritius, Iraq & GCC (UAE, Saudi Arabia, Kuwait, Bahrain) **Americas** – Argentina, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Guyana and Trinidad & Tobago.
Number of National Locations	Headquartered in New Delhi, we have manufacturing plants in 6 locations in the country: **State/Union Territory Location** Haryana : Dharuhera & Gurgaon Uttarakhand : Haridwar Rajasthan : Neemrana Gujarat : Halol Andhra Pradesh : Chittoor The Company also has a Global Parts Centre for supplying the parts at local and global market at Neemrana, Rajasthan and Global Centre of Innovation and Technology (CIT) at Jaipur, Rajasthan
Markets served by the Company – Local/ State/ National / International	The Company has a global footprint that serves both "National and International markets". International markets are served through exports, incorporating exclusive distributors, wholly-owned subsidiaries and Joint Ventures. Currently, it caters to 41 countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (INR)	₹ 39.95 crore
2. Total Turnover (INR)	₹ 29,614.43 crore
3. Total profit after taxes (INR)	₹ 3,633.26 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The total spend on CSR for 2019-20 is ₹ 130.61 crore which is more than 2% of average net profits of the last three financial years.

Activities in which expenditure in 4 above has been incurred

1. Environment – Tree Plantation, Solar Lights, LED Lights
2. Promoting preventive health care, sanitation and support in COVID-19
3. Education promotion and vocational skill development for children and women and Promoting Road Safety Awareness
4. Promoting Sports
5. Women Empowerment and Community Development
6. PM Cares Fund for COVID-19
7. Rural development projects

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes, HMCL has 5 subsidiaries (including step down subsidiaries) outside India and 1 subsidiary in India. Details of the same have been provided in another section of the Annual Report.

2. **Do the Subsidiary Company/Companies participate in the Business Responsibility Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**

   Majority of subsidiary companies operate in different geographies and conduct their own BR initiatives except HMC MM Auto Limited, which is incorporated in India, however, as per law it is not required to undertake Corporate Social Responsibility initiative.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%].**

   Under Flagship Program, Green Partner Development Program (GPDP), the Company actively engages with its suppliers through its BR initiatives. During the financial year under review, the Company completed the certification of its 20 supply chain partners and enrolled 20 new supply chain partners for financial year 2020-21 . Total GPDP certified supply chain partners of the Company are 206 which is 54.6% of total supply chain partners.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

1.1 Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN Number : 00985182
Name : Mr. Vikram Sitaram Kasbekar
Designation : Whole-time Director

1.2 Details of the BR head:

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00985182
2.	Name	Mr. Vikram Sitaram Kasbekar
3.	Designation	Whole-time Director
4.	Telephone Number	+91 11 4604 4100
5.	E-mail ID	secretarialho@heromotocorp.com

2. **Principle-wise [(as per National Voluntary Guidelines (NVGs)] BR Policies:**

   The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, has adopted nine areas of Business Responsibility.

   Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

   Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

   Principle 3: Businesses should promote the well-being of all employees.

   Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

   Principle 5: Businesses should respect and promote human rights.

   Principle 6: Businesses should respect, protect and make efforts to restore the environment.

   Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

   Principle 8: Businesses should support inclusive growth and equitable development.

   Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N))

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? *	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online? ***	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?*	Y	Y	Y	Y	Y	Y	Y	Y	Y

* The Whistle-Blower Policy, Code of Conduct, Prevention of Sexual Harassment Policy and Corporate Social Responsibility Policy are framed as per the requirements of the respective legislations of India. Environment policy conforms to ISO – 14001 which is an international standard released by International Standards Organisation (ISO).

** The Whistle-Blower Policy and Code of Conduct are overseen by the Audit Committee of the Board of Directors of the Company and Corporate Social Responsibility Policy is overseen by the Corporate Social Responsibility Committee of the Board of Directors of the Company. Prevention of Sexual Harassment Policy is being overseen by Internal Complaints Committee (ICC) constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The grievance, if any, arising out of Whistle-Blower Policy, Code of Conduct and Prevention of Sexual Harassment Policy is being redressed by the respective committees which oversee them.

*** The policies are mapped to each principle as under:

Principle	Applicable Policies	Web Link for policies
Principle 1: Business conduct and govern themselves with Ethics, Transparency and Accountability.	Vigil Mechanism/Whistle-Blower Policy Code of Conduct	https://www.heromotocorp.com/en-in/about-us/key-policies.html https://www.heromotocorp.com/en- in/about-us/code-of-conduct.html
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Environment Policy / Quality Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 3: Businesses should promote the Well-being of all employees.	Safety Policy Code of conduct Prevention of Sexual Harassment Policy & Leave Policy ****	https://www.heromotocorp.com/en-in/about-us/key-policies.html https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Corporate Social Responsibility Policy	https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html
Principle 5: Businesses should respect and promote human rights.	Code of conduct	https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
Principle 6: Businesses should respect, protect, and make efforts to restore the environment.	Environment Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code of Conduct Vigil Mechanism/Whistle-Blower Policy	https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 8: Businesses should support inclusive growth and equitable development.	Corporate Social Responsibility Policy	https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy / Policy on warranty and service maintenance schedule	https://www.heromotocorp.com/en-in/about-us/key-policies.html https://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html

**** Available on Company's intranet.

(b) If answer to the question as stated above against any principle, is ‘No’, please explain why:

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Management reviews the BR initiatives regularly and a complete assessment is done on an annual basis.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report – This is the Company’s seventh Business Responsibility Report and is published annually as part of the Annual Report. The same can be accessed at https://www.heromotocorp.com/en-in/uploads/sustainability_report/SR-2019.pdf

Sustainability Report – The Company has released its second Sustainability Report, which can be accessed at https://www.heromotocorp.com/en-in/investors/sustainability-report.html

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs Others?

The policies under this principle include (a) Code of Conduct and (b) Vigil Mechanism/Whistle-Blower Policy.

The Code of Conduct is based on eight fundamental principles. Our Code captures global best practices. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP).

The executive employees of HMCL have been imparted mandatory training and acceptance to adherence has been obtained. Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code. The employees are encouraged to report any violation of the Code to the Company through various means. The Code of Conduct is also communicated to all stakeholders via our website and annual reports. Communication campaigns are regularly carried out to further strengthen awareness of Code of Conduct. Additionally, an e-learning module is being used to ensure understanding and acceptance to adherence.

While the above-mentioned policies/codes are currently not applicable on the Group/ Joint Ventures/ Suppliers/Contractors /NGOs/ Others, the Company plans to extend the applicability of the same to other entities going forward.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words.

During financial year under review, 19 complaints were received through various reporting channels and 3 complaints were carried forward from previous financial year. Out of these, 14 complaints have been investigated & acted upon, 4 complaints were reviewed and handed over to HR for closure and remaining 4 are under investigation.

Principle 2: Product Life Cycle Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

The Company has taken the following measures to take care of the social or environmental concerns:

1. **BSVI technology** – The Company became the first two-wheeler manufacturer in the country, to receive the BSVI certification for a two-wheeler from the International Centre for Automotive Technology (ICAT). Thereafter, the Company was also the country’s first Original Equipment Manufacturer (OEM) to launch BSVI (Bharat Stage) compliant motorcycle in India and subsequently successful implementation of BSVI technology across all its models. This technology is fully designed and developed by In-house R&D.
2. **Use of HDPE (High Density Polyethylene)** in place of sheet metal for manufacturing of Pleasure+ fuel tank, which enables lighter weight, elimination of environmental hazardous processes like welding, primer & paint without compromising on strength, safety & reliability.

3. Introduction of Micro Alloy frame instead of steel frame [ERW1 (Electric Resistance welded) material] in HF Deluxe and Splendor iSmart BSVI models.

4. Use of pigmented Polypropylene in place of Antilock Braking System (ABS) that eliminates hazardous painting process and release of Volatile Organic Compounds (VOC) during paint baking process which is a threat to environment.

5. **Xsens Technology** – Implementation of BSVI Compliant Programmed Fuel Injection engine in HF Deluxe model with 'XSens Technology' (10 Sensors) using inertial sensors like accelerometer, magnetometer, & gyroscope to measure specific force, angular rate, orientation and positioning data – delivering 9 percent higher fuel efficiency, with better performance (+6% faster acceleration), consistent start-ability (even in cold conditions) and longer engine life.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).

a) The BSVI technology enables very accurate metering of fuel intake & optimising combustion process eventually leading to higher fuel efficiency, increased power and significant reduction in exhaust pollutants. As per the International Centre for Automotive Technology (ICAT) report, the percentage reduction in Carbon Monoxide (CO), Hydro Carbons (HC) and Nitrogen oxides (NOX) is of the order of 45%, 80% and 88%, respectively thereby ensuring a cleaner emission. 'XSens Technology' (10 Sensors) – delivering 9 percent higher fuel efficiency, with better performance (+6% faster acceleration)

b) Lighter weight materials used in the product leads to lower process emission due to elimination of environmental hazardous processes like welding, primer & paint without compromising on strength, safety & reliability. Lighter weight also adds to fuel efficiency.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Under its Flagship Program, Green Partner Development Program (GPDP), , during the financial year under review, Company completed the certification of its 20 supply chain partners and further enrolled 20 new supply chain partners for financial year 2020-21. Total GPDP certified supply chain partners of the Company are 206, which is 54.6% of total supply chain partners.

Green Partner Development Programme (GPDP) encourages a collaborative effort between Hero MotoCorp and its suppliers, dealers, to achieve Company's overall corporate sustainability goal. Six pillars have been assigned to GPDP model. Partner vendors and dealer are given specific training on all six pillars of GPDP and mapping of processes/equipment is carried out based on logical analysis so as to identify the gaps or Significant environmental and safety aspects and accordingly improvements projects are undertaken for implementation. The objective of GPDP is as under:

- Provide employees a safer & healthy place to work
- De-risking of business in view of legal compliance
- Reduce environment impact – reduced energy, water and landfill waste
- Reduce Carbon dioxide (CO_2) gas emission & encourage use of renewable energy
- Differentiate the business from others in the community by sustainable practices
- Benchmark suppliers and dealers on sustainability.

Safety Audit and training:

As a part of Company's de-risking drive of supply chain partners, a structure Fire & Safety audit was conducted by the Company though external certified auditor for 20 supply chain partners in Phase I, selected on the basis of criticality of process, dependability & critical hazardous chemical/ waste handling. Audit of 20 more critical supply chain partners is under progress. Safety training workshop were organized across all the zonal offices in India with an objective to sensitize the dealer partners on fire and safety aspects. The workshop focused on establishing a structures safety management system within the dealerships.

Hero Supplier Total Productive Maintenance (TPM)

In order to improve reliability, efficiency & cost; enhance operational efficiency of Value Chain; and continuous upgradation of our Supply Chain Partners for sustainable growth through TPM, HMCL has initiated a programme Hero S-TPM (Hero Supplier TPM).

Company's target is to enhance the quality performance of Supply Chain partners through this initiative.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

While the criteria for selection of goods and services is quality, reliability and cost, Company gives preference to local supply chain partners which includes large, mid-size and small scale industries who meets our quality, delivery, cost and technology expectations.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

At Hero MotoCorp we have adopted the Zero Waste to landfill (ZWL) approach. All Hazardous waste is either diverted for Co-processing in cement kiln as an alternate resource or as direct resource for recyclers. All our non-hazardous waste is segregated at source and managed as under:

1. Transfer Waste in segregated way by Authorised Waste collector
2. Create energy and Compost from organic waste.
3. Recycle waste to useful resource.

In FY 2019-20, 3 of Company's plants i.e. Dharuhera plants, Gurgaon Plant and Global Parts Center at Neemrana, achieved Zero Waste to Landfill (ZWL) Certification for diversion rate more than 99%. This certification was received after audit. Company's manufacturing plant at Neemrana has already been certified for ZWL in FY 2018-19.

Zero Waste to Landfill certification provides improved credibility and visibility to Company's efforts to improve its environmental impacts within an organisation as a whole & towards our commitment to Sustainability.

Principle 3: Employee Well-being

At Hero MotoCorp, employee well-being continues to be a top priority & HMCL keeps exploring opportunities to cater to the changing needs of its employees. During the financial year under review, the Company continued to work on the existing initiatives and also introduced new initiatives to further foster the culture of employee well-being.

Key focussed initiatives are as follows:

1. **Healthy Heroes Campaign** – To promote awareness around health measures, preventive approach to diseases and inculcating healthy food habits.
2. **Talent and Sports Policy for Employees and Children** – To encourage, support and reward talented employees to nurture their hobby and passion.
3. **Paternity, Adoption and Day care policy revision** – To celebrate parenting and support our colleagues in having work-life balance.
4. **Group Life Insurance Coverage and Group Personal Accident coverage** – To extend additional monetary support to our employees to cover any unfortunate and unforeseen event.
5. **Spouse and Children employment policy** – To provide fair and transparent opportunities for employees to refer their children/spouse for employment.
6. **Diversity & Inclusion** – To make Hero MotoCorp a truly inclusive organisation with a culture that values respect & encourages diversity.
7. **Project Tejasvini** – Introducing "Women at Shop floor" to bridge the gender parity gap and to become an 'Employer of Choice' and a 'Great Place to Work'.
8. **Woman in leadership (WIL)** – WIL program in association with BML Munjal University with an aim to build the leadership pipeline of women executives in the organisation
9. **Hero Virtual learning classroom (HVLC)** – Coronavirus disease (COVID-19) pandemic has led to massive changes, as a proactive measure 'Hero Virtual learning classroom' full-scale product training session through e-modules on the Company's internal virtual learning platform.

Through these initiatives, Company has been strengthening its efforts in making Hero MotoCorp a global employer of choice.

1. Total number of employees: 8,599
2. Total number of employees hired on temporary/contractual/casual basis: 21,091
3. Number of permanent women employees:364
4. Number of permanent employees with disabilities: 49
5. Number of employees (permanent/ temporary/ contractual/ casual basis) with disabilities: 60
6. Employee association recognised by management:

   – Hero MotoCorp Workers Union, Gurgaon Plant; and

   – Hero MotoCorp Workers Union, Dharuhera Plant.
7. Percentage of permanent employees who are members of this recognised employee association? 100% (confirmed workmen)
8. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of Complaints pending as on end of the financial year
1.	Child labour/ forced labour/involuntary labour	Nil	Nil
2.	Sexual Harassment*	4	1
3.	Discriminatory employment	Nil	Nil

*During the year under review, 4 complaints were received and one complaint was pending from the previous year. Out of these 5 complaints, 4 have been disposed off and 1 complaint is pending as on March 31, 2020 and was disposed off on April 1, 2020

9. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

   (a) Permanent Employees (All Plants & CIT) : 78.74%

   (b) Permanent Women Employees : 81.04%

   (c) Casual/ Temporary/ Contractual Employees (All Plants & CIT) : 64.5 %

   (d) Employees with Disabilities : 100%

Principle 4: Stakeholder Engagement

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   Yes, the Company has mapped and identified external stakeholders, including disadvantaged, vulnerable and marginalised stakeholders. These stakeholders include employees, customers, NGOs and communities, dealers, suppliers, investors, media, government, regulators, peers and industry ecosystem.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   The disadvantaged and vulnerable stakeholders include differently-abled employees, women and rural communities in the vicinity of its plants.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?**

   Differently abled employees: Hero MotoCorp is an equal opportunity employer and provide equal opportunities to differently-abled, marginalised and people from economically weaker backgrounds. All employees have equal opportunity on career growth, coaching and mentoring.

   a) Skill training and placement for specially abled girls.
   b) Aids and surgery support to specially abled people.
   c) Organising of camps for health and other recreational activities.

   Women: During the year, the Company enhanced its efforts on overall development of women with focus on education. Key highlights of the drive are given below:

   a) Organising literacy classes as well as skill development programmes.
   b) Imparting of science education and training.
   c) Career counselling sessions for rural girls.
   d) Organisation of camps for health and other recreational activities.

   Rural Community: These are covered under Principle 8

Principle 5: Human Rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   As a socially responsible organization, the Company is committed to protect and safeguard human rights. The Company has put in place a Code of Conduct and expects its stakeholders to adhere to and uphold the standards contained therein.

2. **How many stakeholder complaints have been received in the past financial year and what % was satisfactorily resolved by the management?**

   During the financial year under review, 19 complaints were received through various reporting channels and 3 complaints were carried forward from previous financial year. Out of these, 14 complaints have been investigated & acted upon, 4 complaints were reviewed and handed over to HR for closure and remaining 4 are under investigation.

Principle 6: Restoration of Environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   The Company believes that its supply chain partners are key stakeholders in the business cycle. Their good Environment, Health & Safety (EHS) performance plays an important role in our business growth. The policy on environment extends to the suppliers and dealers through “Green Dealer Development Program”, “Green Vendor Development Programme” and “Green Charter”. Going forward, the company plans to establish sustainable procurement guidelines where Environment, Health & Safety and other aspects like Human and Child rights also form key feature of the guidelines

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.**

   Hero MotoCorp believes in sound and sustainable environmental practices. Since inception, the Company has cared for the environment and its environment management programmes focus on ensuring that the ecosystem services in areas where it operates are protected and maintained for equitable use by future generations. Some of the initiatives undertaken are briefly explained below:

   1. As part of Company’s sustainability efforts to redefine its manufacturing facilities as green manufacturing facilities and step towards demonstrating its commitment to Garden Factory theme, i.e. “Sustainable Plant - Sustainable Planet” & “Manufacturing Happiness”, during Financial Year 2019-20, 3 of Company’s plants i.e. Dharuhera plant, Gurgaon Plant and Global parts center Neemrana, achieved Zero Waste to Landfill(ZWL) Certification for diversion rates of more than 99%, after certification audit. Company’s manufacturing plant at Neemrana has already been certified for ZWL in financial year 2018-19

   2. The Company has as a responsible brand owner adopted the approach of Extended Producer Responsibility (EPR) for the treatment or disposal of post-consumer plastics that go with Company’s products and parts. The Company is proactively working to take back equivalent quantity of post-consumer plastic waste put in the market of each state through the sales of our products and parts. HMCL has appointed a waste management company which is executing the EPR Action Plan on a PAN India basis. The collection and disposal of plastic waste from the all the states is done in a geographically neutral way. The Company has also registered with Central Pollution Control Board as a brand owner. Under the EPR action plan, the Company had collected 965 MT of post-consumer plastic on PAN India basis as on 31st March 2020.

   3. HMCL’s facility in Neemrana, Rajasthan has successfully gone through water footprint assurance-cum-verification and has achieved a ‘Water Positivity Index of 21.14’ which effectively means that we are giving back water to mother nature equivalent to 21 times more than our actual consumption. The major water conservation measures followed at Hero MotoCorp include large-scale rainwater harvesting projects that ensure water recovery and recycling and recharge of ground water. To prevent water pollution,

Company has also invested in an Effluent Treatment Plant which is capable of treating waste water that contains degreasing chemicals, acidic/ alkaline nature, plating waste, heavy metals and waste oil that is generated out of processes. The waste water is either re-used in general activities or recycled back to processes with the help of reverse osmosis process and multi effect evaporators, thereby reducing the fresh water foot print.

4. The Company has undertaken initiatives in packaging resulting in several improvements i.e. removal of lamination layer of plastics in the duplex boxes, switching from non-recyclable plastic to recyclable plastics used in wrapping of pallets, change of packaging material from plastic to duplex boxes for spark plugs resulting in elimination of huge quantities of plastics.

5. HMCL has also taken up an initiative in the logistics of finished products where goods trips per day were reduced by modifying the design of the Saree guard and rider & Pillion steps of the motorcycle which allowed loading of motorcycles from 4 nos. to 5 nos. per row. This resulted in increased loading capacity from 40 vehicles to 50 vehicles per truck. It also led to reduction in the number of trips on a daily basis leading to huge reduction in diesel consumption and fuel emission.

   The other details can be accessed on the website of the Company at: https://www.heromotocorp.com/en-in/about-us/we-care-green-manufacturing.html

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a periodic systematic mechanism for environmental impact assessment through its Aspect/ Impact assessment (AIA) activity and Hazard Identification and Risk Assessment (HIRA) technique as a part of Environmental Management System Certifications of ISO – 14001. HMCL has upgraded the Environmental management system of all its plants to the latest version of ISO 14001: 2015. All plants are also certified for Occupational Health and Safety Management system certification of OHSAS – 18001 and will gradually be upgraded to ISO:45001. New elements of the environmental aspects like life cycle perspective and risk based issues have been addressed in the updated system.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

Currently, the Company does not have any Clean Development Mechanism (CDM) project.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyper link for web page etc.

1. **Renewable Footprint Expansion:** To meet its energy demand through renewable power sources is Hero MotoCorp's constant endeavour for clean and green environment. With the long term target of becoming 100% carbon neutral by 2030, Hero MotoCorp is consistently enhancing its renewable portfolio through Solar power plants. The cumulative installed Solar capacity across plants & facilities is 7.7 MW with the annual potential of offsetting 8000+ tonnes of CO_2.

2. The Company’s manufacturing plant in Gurgaon implemented the Real Time Energy Management System (EMS). The EMS system helps in monitoring and controlling energy consumption patterns and abnormal consumption, unwanted consumption patterns and areas where opportunities for improvement can be identified. By implementing this initiative, the Gurgaon plant has been able to save more than 3 lakh units’ energy per annum and further able to monitor and improve the power factor to 0.994 which gives immense saving in energy bills and distribution losses.

3. The manufacturing plant at Neemrana implemented the Energy management system as per ISO 50001 in FY 2019-20. The implementation of EMS brought out several opportunities for improvement and managing the energy in a structured manner.

4. At Haridwar plant, an initiative has been undertaken for elimination of Heater and Pneumatic pumps from the engine oil transfer line. Dispensing the oil only by Re-Circulation pumps saved total of 571 kwh/day and total of around 10 Lakh/year.

5. Variable frequency drive (VFD) installation in the equipments having potential of optimized parameters to run without affecting output quality. Total 10 Equipments are installed across plants where with the optimization of speed and frequency, saving of power can be achieved: Weld Shop Submersible Pit Pump – 3 nos. Sheet Metal Paint Shop Exhaust Blowers – 4 Nos. ACED Paint Shop Ultra Filtration Blowers – 3 nos. With VFD installation, the Company has successfully achieved a saving of 13 Lakh/year herewith reducing 190 tons of Co_2.

6. Installation of 500 KWP solar power plant at Global Parts Centre. Expected Saving - 423 MWh per year.

7. Installation of Air Heat Pump to maintain hot water temperature at 75-80^{o}C in the paint shop which requires hot water in range of 75-78^{o}C for different stages. Currently the hot water was being generated by means of gas fired hot water generator. Heat pump utilises low grade waste heat going to the cooling towers which result in utilisation of the waste heat going to the cooling also reduces water evaporation losses in the cooling towers.

   A more detailed list of such initiatives is available on the website of the Company at: https://www.heromotocorp.com/en-in/about-us/we-care-green-manufacturing.html

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**
   Yes.

7. **Number of show cause/legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
   Nil

Principle 7: Policy Advocacy

1. **Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.**
   Hero MotoCorp engages in constant dialogue with the relevant bodies to provide specialized information supporting in shaping policies.

   The Company is a member of major associations, i.e. Confederation of Indian Industry (CII), PHD Chamber of Commerce, Society of Indian Automobile Manufacturers (SIAM) and Gurgaon Chamber of Commerce & Industries.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Hero MotoCorp engaged with CII in one of its flagship initiative – GreenCo Rating System, focused on sustainable practices benefitting the society at large. Hero MotoCorp supported CII in extending this initiative in creating a Green Community wherein different OEM(S) and supply chain partners evaluate themselves on Green practices and got benefitted by strengthening/adopting the green philosophy.

Principle 8: Inclusive Growth

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**
   Yes, the Company has a Corporate Social Responsibility (CSR) Policy which derives its core values and covers all aspects as per requirements of the Companies Act, 2013 (Act), Rules prescribed thereunder and Schedule VII of the Act. All the flagship CSR programmes and activities have been conceptualized in pursuit of the CSR Policy. The CSR Committee comprising the Board members along with the top management and leadership as well as other stakeholders ensure that the outcomes of all the programmes meet the CSR Policy guidelines and are in sync with international best practices. The larger objective of the CSR programmes is to protect and conserve the environment and bring about positive socio-economic change in the society.

   The Company undertakes purposeful activities with the goal to maintain and improve the state of environmental resources affected by human activities. The environment management aims towards ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations.

   During the financial year under review, Company spent ₹ 130.61 crores on the CSR activities. Details on project wise CSR spending is included in Annexure – VIII of Annual Report.

2. **Are the programmes/projects undertaken through in house team/own foundation/external NGO/government structures/any other organisation?**
   The programmes are undertaken either directly or through specialised agencies/NGOs and government departments.

3. **Have you done any impact assessment of your initiative?**
   Yes, a structured impact assessment of the initiatives was conducted. The Company has received a positive feedback of its efforts from the community and environment.

4. **What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**
   The programmes are undertaken either directly or through specialised agencies/NGOs and government departments.

Project	**(₹ in crore) for FY 2019-20**
Environment – Tree Plantation, Solar Lights, LED Lights	22.88
Promoting preventive health care and sanitation	4.06
Education promotion and vocational skill development for children and women and Promoting Road Safety Awareness	55.46
Promoting Sports	2.37
Women Empowerment and Community Development	10.23
PM Cares Fund for COVID-19	31.38
Rural development projects.	4.22

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**
   Yes, communities around Company's areas of operation are the first stakeholders of its social initiatives. Company consistently engage with the community to ensure that it adopt and take ownership of the projects as that is the best way to ensure long-term sustenance of projects. While conceptualising a project, the team ensures that project is viable enough to be adopted and sustained by communities beyond the initial support by the Company. Relevant stakeholders including gram sarpanch, ex panchayat members, opinion makers, school principal, teachers and others become an essential part of the project team and help in execution and monitoring.

   A few examples of community adopted projects:

Environment:

a) All trees planted for community are mainly nurtured by the community members.

b) LED lights are made, maintained and repaired by the community youth, which also has created a source of additional income for some.

c) Solar streetlights, water ponds, check dams, community halls and all such elements are under ownership of their respective panchayats.

Education:

a) The ownership of school infrastructure including the digital/IT equipment lies with the school principal and teachers who also involve students in maintaining them for their longevity.

b) Local trainers and teachers are preferred for skill institutes and remedial classes to keep community involved and engaged.

Healthcare:

The community is involved in essential decision making with regard visit days and common locations for healthcare and eye care vans and also ensures that they continue to operate seamlessly.

Model village development:

The entire planning, management and execution of this project lies with the panchayat and social volunteers from the community. CSR team plays a role of moderators and external supporters.

Principle 9: Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As on 31st March 2020, only 2% of the total customer complaints received during the financial year were pending which were mainly due to closure of dealership & workshops in the March month end as a result of Lockdown due to COVID 19.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A./ Remarks (additional information)

Yes, the details on information label are as per the requirements of the Legal Metrology Act, 2009 and Rules made thereunder. The Company voluntarily and actively informs all its dealers about any changes in product packaging through notices and circulars. It has also been running educative campaigns informing customers to operate vehicles in a more fuel efficient manner and to read the operating manual and the road safety leaflet. The leaflet enumerates good to emulate riding practices, fuel saving tips etc. in a reader - friendly and easy to understand manner. The spare parts come with a customer toll free number, address and e-mail ID, where consumers can reach our executives with feedback, grievances and even queries regarding the products. Besides, consumers can also log on to the website of the Company and give their feedback or register complaints. In order to check the genuineness of spare parts, a Unique Part Identity (UPI) number is printed on the Maximum Retail Price (MRP) label of the spare part. It also runs campaigns informing customers about the same.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertisement and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company continues to undertake studies to measure customer satisfaction with sales process, service process and for the new products launched last year through a third party research agency and benchmark vis-a-vis competition. In addition, brand track study continues on a continuous basis to gauge health of the product brands as well as corporate brand with respect to competition. Acceptor rejecter studies are carried out on a need basis to complement the above studies.

ANNEXURE – XI

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	: L35911DL1984PLC017354
(ii)	Registration Date	: 19-01-1984
(iii)	Name of the Company	: Hero MotoCorp Limited
(iv)	Category/Sub-Category of the Company	: Public Company-Limited by shares/ Non-Government Company
(v)	Address of the Registered Office and Contact Details-	: The Grand Plaza, Plot No. 2, Nelson Mandela Road, Vasant Kunj – Phase-II, New Delhi – 110 070, India Tel no.: 011-46044220 Fax no.: 011-46044399 Website: www.heromotocorp.com
(vi)	Whether Listed Company Yes/No	: Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any-	: KFin Technologies Private Limited Selenium, Tower- B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, India Ph. no.: 040-67162222 Fax no.: 040-23001153 Toll Free No.: 18003454001 E-mail ID: einward.ris@kfintech.com Website: www.kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company: -

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	Motorised two-wheelers upto 350cc engine capacity and parts thereof	3091	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	HMC MM Auto Limited The Grand Plaza, Plot No. 2 Nelson Mandela Road, Vasant Kunj - Phase-II, New Delhi-110070	U35923DL2013PLC260142	Subsidiary	60%	2(87)
2	HMCL Americas Inc. 222 Delaware Avenue, Suite 1200, Wilmington, New Castle County Delaware 19801, USA	N.A.	Subsidiary	100%	2(87)
3	HMCL Netherlands B.V. Hoogoorddreef 15 1101 BA Amsterdam, The Netherlands	N.A.	Subsidiary	100%	2(87)
4	HMCL Columbia SAS* Free Trade Zone (ZF), Conjunto Industrial Parque Sur, Lt 6 Kilometro 24, Villa Rica, Colombia	N.A.	Subsidiary	68%	2(87)
5	HMCL Niloy Bangladesh Limited* Nitol Niloy Tower, Plot 69, Nikunja-02, Khilkhet, Dhaka-1229, Bangladesh	N.A.	Subsidiary	55%	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
6	Hero Tech Center Germany GmbH Westendstraße 28 60325 Frankfurt am Main, Germany	N.A.	Subsidiary	100%	2(87)
7	Hero FinCorp Limited 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110 057	U74899DL1991PLC046774	Associate	41.19%	2(6)
8	Ather Energy Private Limited 3rd Floor, Tower D, IBC Knowledge Park, #4/1, Bannerghatta main road Bangalore-560029	U40100KA2013PTC093769	Associate	35.10%@	2(6)

* Subsidiary of HMCL Netherlands BV.

@ 31.27% on a fully diluted basis

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Shareholding

(Equity Share of ₹ 2/-each)

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoter and Promoter Group**									
(1)	**Indian**									
a)	Individual/HUF	2,83,47,708	0	2,83,47,708	14.19	2,83,47,708	0	2,83,47,708	14.19	0
b)	Central Government/State Government(s)	0	0	0	0	0	0	0	0	0
c)	Bodies Corporate	4,08,18,374	0	4,08,18,374	20.44	4,08,18,374	0	4,08,18,374	20.44	0
d)	Financial Institutions / Banks	0	0	0	0	0	0	0	0	0
e)	Others	0	0	0	0	0	0	0	0	0
	Sub-Total (A) (1):-	**6,91,66,082**	**0**	**6,91,66,082**	**34.63**	**6,91,66,082**	**0**	**6,91,66,082**	**34.63**	**0**
(2)	**Foreign**									
a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0	0	0	0	0	0
b)	Bodies Corp.	0	0	0	0	0	0	0	0	0
c)	Banks/ FI	0	0	0	0	0	0	0	0	0
d)	Others	0	0	0	0	0	0	0	0	0
	Sub-Total (A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total (A)= (A)(1)+(A)(2)	**6,91,66,082**	**0**	**6,91,66,082**	**34.63**	**6,91,66,082**	**0**	**6,91,66,082**	**34.63**	**0**
B.	**Public Share holding**									
1.	**Institutions**									
(a)	Mutual Funds	1,31,67,360	7,580	1,31,74,940	6.60	1,58,99,319	0	1,58,99,319	7.96	1.36
(b)	Financial Institutions /Banks	36,53,292	58,965	37,12,257	1.86	38,56,301	45,245	39,01,546	1.95	0.09
c)	Alternate Investment Funds	519	0	519	0.00	5,61,468	0	5,61,468	0.28	0.28
d)	Central Govt./ State Govt. (s)	0	0	0	0	0	0	0	0	0
e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)	Insurance Companies	1,52,28,681	0	1,52,28,681	7.62	1,66,56,113	0	1,66,56,113	8.34	0.72
g)	Foreign Institutional Investors	7,62,80,431	210	7,62,80,641	38.19	6,84,41,978	200	6,84,42,178	34.27	-3.92
h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
j)	Others	25	0	25	0	27,17,752	0	27,17,752	1.36	1.36
	Sub-Total (B)(1):-	10,83,30,308	66,755	10,83,97,063	54.27	10,81,32,931	45,445	10,81,78,376	54.16	-0.11
2.	**Non-Institutions**									
a)	Bodies Corp.	41,89,140	16,505	42,05,645	2.11	27,87,382	26,635	28,14,017	1.41	-0.70
i)	Indian									
ii)	Overseas									
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto ₹ 1 lakh	1,12,45,590	14,60,603	1,27,06,193	6.36	1,24,83,030	11,80,633	1,36,63,663	6.84	0.48
ii)	Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	2,11,250	70,000	2,81,250	0.14	1,85,250	70,000	2,55,250	0.13	-0.01
c)	Others (specify)									
	Clearing Members	6,35,379	0	6,35,379	0.32	5,56,815	0	5,56,815	0.28	-0.04
	Foreign Nationals	50	0	50	0.00	80	0	80	0.00	0.00
	Investor Education Protection Fund	10,00,068	0	10,00,068	0.50	10,04,187	0	10,04,187	0.50	0.00
	NBFCs	8,158	0	8,158	0.00	400	0	400	0.00	0.00
	Non Resident Indians	2,58,991	680	2,59,671	0.13	3,12,009	680	3,12,689	0.16	0.03
	NRI Non-Repatriation	3,44,426	0	3,44,426	0.17	4,57,309	0	4,57,309	0.23	0.06
	Trusts	27,22,899	0	27,22,899	1.36	33,30,500	0	33,30,500	1.67	0.31
	Sub-Total (B)(2):-	**2,06,15,951**	**15,47,788**	**2,21,63,739**	**11.10**	**2,11,16,962**	**12,77,948**	**2,23,94,910**	**11.21**	**0.11**

(Equity Share of ₹ 2/-each)

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Total Public shareholding (B)= (B)(1)+(B)(2)	12,89,46,259	16,14,543	13,05,60,802	65.37	12,92,49,893	13,23,393	13,05,73,286	65.37	0.00
C.	**Shares held by Custodian for GDRs & ADRs**	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	19,81,12,341	16,14,543	19,97,26,884	100.00	19,84,15,975	13,23,393	19,97,39,368	100.00	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Category	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
			No. of shares	% of total shares of the Company	% of shares pledged/ encumb-ered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Bahadur Chand Investments Pvt. Ltd.	Promoter	399,43,238	20.0	0	3,99,43,238	20.0	0	0
2	Pawan Munjal, Renu Munjal and Suman Munjal (On behalf of Brijmohan Lal Om Parkash, Partnership Firm)	Promoter	2,79,27,058	14.0	0	2,79,27,058	14.0	0	0
3	Hero InvestCorp Private Limited	Promoter	8,73,766	0.4	0	8,73,766	0.4	0	0
4	Renu Munjal	Promoter	1,11,483	0.1	0	1,11,483	0.1	0	0
5	Suman Kant Munjal	Promoter	71,250	0.0	0	71,250	0.0	0	0
6	Pawan Kant Munjal	Promoter	43,354	0.0	0	43,354	0.0	0	0
7	Vasudha Dinodia	Promoter Group	32,500	0.0	0	32,500	0.0	0	0
8	Sunil Kant Munjal	Promoter Group	32,500	0.0	0	32,500	0.0	0	0
9	Aniesha Munjal	Promoter Group	32,500	0.0	0	32,500	0.0	0	0
10	Pawan Munjal (As Karta of HUF)	Promoter	32,500	0.0	0	32,500	0.0	0	0
11	Renuka Munjal	Promoter	32,480	0.0	0	32,480	0.0	0	0
12	Suman Kant Munjal (As Karta of HUF)	Promoter	10,833	0.0	0	10,833	0.0	0	0
13	Abhimanyu Munjal	Promoter Group	10,620	0.0	0	10,620	0.0	0	0
14	Rahul Munjal	Promoter Group	10,620	0.0	0	10,620	0.0	0	0
15	Hero FinCorp Limited	Promoter Group	1,370	0.0	0	1,370	0.0	0	0
16	Santosh Munjal	Promoter	10	0.0	0	10	0.0	0	0
	Total		**6,91,66,082**	**34.6**	**0**	**6,91,66,082**	**34.6**	**0**	**0**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI. No.	Promoter/Promoter Group	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	**BAHADUR CHAND INVESTMENTS PVT. LTD.**				
	At the beginning of the year	3,99,43,238	20.00	3,99,43,238	20.00
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change*			
	At the end of the year			3,99,43,238	20.00
2.	**PAWAN MUNJAL, RENU MUNJAL AND SUMAN MUNJAL (ON BEHALF OF BRIJMOHAN LAL OM PARKASH, PARTNERSHIP FIRM)**				
	At the beginning of the year	2,79,27,058	14.0	2,79,27,058	14.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			2,79,27,058	14.0
3.	**HERO INVESTCORP PRIVATE LIMITED**				
	At the beginning of the year	8,73,766	0.4	8,73,766	0.4
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			8,73,766	0.4

SI. No.	Promoter/Promoter Group	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4.	**RENU MUNJAL**				
	At the beginning of the year	1,11,483	0.1	1,11,483	0.1
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			1,11,483	0.1
5.	**SUMAN KANT MUNJAL**				
	At the beginning of the year	71,250	0.0	71,250	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change**			
	At the end of the year			71,250	0.0
6.	**PAWAN KANT MUNJAL**				
	At the beginning of the year	43,354	0.0	43,354	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			43,354	0.0
7.	**VASUDHA DINODIA**				
	At the beginning of the year	32,500	0.0	32,500	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			32,500	0.0
8.	**SUNIL KANT MUNJAL**				
	At the beginning of the year	32,500	0.0	32,500	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			32,500	0.0
9.	**ANIESHA MUNJAL**				
	At the beginning of the year	32,500	0.0	32,500	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			32,500	0.0
10.	**PAWAN MUNJAL (AS KARTA OF HUF)**				
	At the beginning of the year	32,500	0.0	32,500	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			32,500	0.0
11.	**RENUKA MUNJAL**				
	At the beginning of the year	32,480	0.0	32,480	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			32,480	0.0
12.	**SUMAN KANT MUNJAL (AS KARTA OF HUF)**				
	At the beginning of the year	10,833	0.0	10,833	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			10,833	0.0

SI. No.	Promoter/Promoter Group	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
13.	**ABHIMANYU MUNJAL**				
	At the beginning of the year	10,620	0.0	10,620	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			10,620	0.0
14.	**RAHUL MUNJAL**				
	At the beginning of the year	10,620	0.0	10,620	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			10,620	0.0
15.	**HERO FINCORP LIMITED**				
	At the beginning of the year	1,370	0.00	1,370	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			1,370	0.0
16.	**SANTOSH MUNJAL**				
	At the beginning of the year	10	0.0	10	0.0
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc.)	No change			
	At the end of the year			10	0.0

* Bahadur Chand Investments Private Limited, Promoter, had purchased 90,000 equity shares (0.04%) on March 30 and 31, 2020 increasing its total shareholding to 4,00,33,238 shares (20.04%).

** Mr. Suman Kant Munjal, Promoter, had purchased 20,000 equity shares (0.01%) on March 31, 2020 thereby increasing his shareholding to 91,250 shares (0.05%).

- RK Munjal & Sons Trust, Promoter, had purchased 8,000 equity shares (0.0%) on March 31, 2020.
- Pawan Munjal Family Trust, Promoter, had purchased 1,58,000 equity shares (0.08%) on March 31, 2020.
- Due to aforesaid transactions, the promoter and promoter group shareholding has increased to 6,94,42,082 shares (34.77%).
- Further, the shares acquired were not credited and reflecting in the relevant account(s) of promoters as on March 31, 2020, therefore, not shown in the above table.

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No	Name of the Shareholder*	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**LIFE INSURANCE CORPORATION OF INDIA**				
	Shareholding at the beginning of the year	1,28,83,937	6.45		
	Purchase(s)	11,22,598	0.56	1,40,06,535	7.01
	Sale(s)	(18,020)	0.01	1,39,88,515	7.00
	Shareholding at the end of the year			1,39,88,515	7.00
2	**SBI MAGNUM EQUITY ESG FUND**				
	Shareholding at the beginning of the year	49,44,478	2.48		
	Purchase(s)	27,27,904	1.37	76,72,382	3.84
	Sale(s)	24,99,417	1.25	51,72,965	2.59
	Shareholding at the end of the year			51,72,965	2.59
3	**WGI EMERGING MARKETS FUND, LLC**				
	Shareholding at the beginning of the year	28,30,605	1.42		
	Purchase(s)	23,95,974	1.20	52,26,579	2.62
	Sale(s)	1,40,269	0.07	50,86,310	2.55
	Shareholding at the end of the year			50,86,310	2.55

S. No	Name of the Shareholder*	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	**GOVERNMENT PENSION FUND GLOBAL**				
	Shareholding at the beginning of the year	27,67,586	1.39		
	Purchase(s)	3,37,315	0.17	31,04,901	1.55
	Sale(s)	2,84,229	0.14	28,20,672	1.41
	Shareholding at the end of the year			28,20,672	1.41
5	**RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE INDEX**				
	Shareholding at the beginning of the year	2,78,311	0.14		
	Purchase(s)	62,67,352	3.14	65,45,663	3.28
	Sale(s)	39,80,699	1.99	25,64,964	1.28
	Shareholding at the end of the year			25,64,964	1.28
6	**NPS TRUST - A/C SBI PENSION FUND SCHEME - ATAL PEN**				
	Shareholding at the beginning of the year	18,59,376	0.93		
	Purchase(s)	6,14,746	0.31	24,74,122	1.24
	Sale(s)	2,053	0.00	24,72,069	1.24
	Shareholding at the end of the year			24,72,069	1.24
7	**UTI - CCF -INVESTMENT PLAN**				
	Shareholding at the beginning of the year	18,76,970	0.94		
	Purchase(s)	8,94,958	0.45	27,71,928	1.39
	Sale(s)	6,71,144	0.34	21,00,784	1.05
	Shareholding at the end of the year			21,00,784	1.05
8	**HERMES INVESTMENT FUNDS PLC ON BEHALF OF HERMES GL**				
	Shareholding at the beginning of the year	13,44,689	0.67		
	Purchase(s)	7,56,236	0.38	21,00,925	1.05
	Sale(s)	18,307	0.01	20,82,618	1.04
	Shareholding at the end of the year			20,82,618	1.04
9	**LAZARD EMERGING MARKETS EQUITY PORTFOLIO**				
	Shareholding at the beginning of the year	29,84,032	1.49		
	Purchase(s)	26,60,808	1.33	56,44,840	2.83
	Sale(s)	35,95,691	1.80	20,49,149	1.03
	Shareholding at the end of the year			20,49,149	1.03
10	**KOTAK BLUECHIP FUND**				
	Shareholding at the beginning of the year	17,77,780	0.89		
	Purchase(s)	17,57,375	0.88	35,35,155	1.77
	Sale(s)	16,67,031	0.83	18,68,124	0.94
	Shareholding at the end of the year			18,68,124	0.94

* The shares of the Company are actively traded on the stock exchanges therefore, consolidated changes during the year 2019-20 have been provided.

(v) Shareholding of Directors and Key Managerial Personnel:

SI. No.	Name of Directors and KMP	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for Increase or Decrease	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Dr. Pawan Munjal							
	Shareholding at the beginning of the year	93,84,876*	4.70	There is no change in the shareholding during the financial year 2019-20				
	Shareholding at the end of the year	93,84,876*	4.70					
2.	Mr. Suman Kant Munjal							
	Shareholding at the beginning of the year	93,91,101[$]	4.70	There is no change in the shareholding during the financial year 2019-20				
	Shareholding at the end of the year	93,91,101[$]	4.70					
3.	Mr. Paul B. Edgerley							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	0	0.00					

SI. No.	Name of Directors and KMP	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for Increase or Decrease	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
4.	Mr. Pradeep Dinodia							
	Shareholding at the beginning of the year	160[&]	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	160[&]	0.00					
5	Dr. Anand C. Burman[@]							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	0	0.00					
6.	Mr. M. Damodaran							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	0	0.00					
7.	Mr. Ravi Nath[@]							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	0	0.00					
8.	Ms. Shobana Kamineni[#]							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	0	0.00					
9.	Prof. Jagmohan Singh Raju							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	0	0.00					
10.	Mr. Vikram S. Kasbekar							
	Shareholding at the beginning of the year	3,974	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	3,974	0.00					
11.	Ms. Tina Trikha^							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	0	0.00					
12.	Mr. Niranjan Gupta							
	Shareholding at the beginning of the year	1,596	0.00	06/02/2020	Increase	Allotted under ESOP	1596	0.00
	Shareholding at the end of the year	3,192	0.00				3192	0.00
13.	Ms. Neerja Sharma							
	Shareholding at the beginning of the year	344	0.00	There is no change in the shareholding during the financial year 2019-2020				
	Shareholding at the end of the year	344	0.00					

* Comprise of 43,354 equity shares held in his own name, 32,500 equity shares as Karta of HUF and 93,09,022 equity shares held on behalf of Brijmohan Lal Om Parkash, Partnership Firm.

[$] Comprise of 71,250 equity shares held in his own name, 10,833 equity shares as Karta of HUF and 93,09,018 equity shares held on behalf of Brijmohan Lal Om Parkash, Partnership Firm.

[&] These shares are held either by himself or jointly with relative(s).

[@] Ceased to be Director effective July 29, 2019.

[#] Ceased to be Director effective March 26, 2020.

^ Appointed as Director effective October 23, 2019.

V. INDEBTEDNESS (Indebtedness of the Company including interest outstanding/accrued but not due for payment)

(in ₹ crore)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**
Change in indebtedness during the Financial Year • Addition	0	0	0	0
• Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the Financial Year				
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Directors, Whole-time Directors and/or Manager

(in ₹ crore)

Sl. No	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Dr. Pawan Munjal, Chairman, MD & CEO	Mr. Vikram S. Kasbekar, Whole-time Director	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	82.08	6.02	88.10
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	5.84	0.36	6.20
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	0.04	0.04
2.	Stock option	-	-	
3.	Sweat Equity	-	-	
4.	Commission		-	
	Less: as % of profit – paid included above	(51.75)	-	(51.75)
	Add: as % of profit provided not included above	46.75	-	46.75
	Others	-	-	
5.	Others (PF & Gratuity)	1.67	0.28	1.95
	Total (A)	**84.59**	**6.70**	**91.29**
	Ceiling as per the Act			467.13

B. Remuneration to other Directors

(in ₹ crore)

Sl. No	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. M. Damodaran	Prof. Jagmohan Singh Raju	Dr. Anand C. Burman	Ms. Shobana Kamineni	Mr. Paul Edgerley	Ms. Tina Trikha	
1	**Independent Directors**							
	(a) Fee for attending Board/Committee Meetings	0.25	0.14	0.02	0.09	0.13	0.04	0.67
	(b) Commission	0.79	0.46	0.06	0.26	0.40	0.14	2.09
	(c) Others							
	Total (1)	**1.04**	**0.60**	**0.08**	**0.35**	**0.53**	**0.18**	**2.76**

(in ₹ crore)

Sl. No	Particulars of Remuneration	Name of Directors						
		Mr. M. Damodaran	**Prof. Jagmohan Singh Raju**	**Dr. Anand C. Burman**	**Ms. Shobana Kamineni**	**Mr. Paul Edgerley**	**Ms. Tina Trikha**	**Total Amount**
2.	**Other Non-executive Directors**							
		Mr. Suman Kant Munjal	**Mr. Pradeep Dinodia**					
	(a) Fee for attending Board/Committee Meetings	0.04	0.27					0.31
	(b) Commission	0.14	0.91					1.05
	(c) Others	-	-					
	Total (2)	**0.18**	**1.18**					**1.36**
	Total (B) = (1+2)	**1.22**	**1.77**	**0.08**	**0.35**	**0.53**	**0.18**	**4.12**
	Total Managerial Remuneration							95.41
	Overall Ceiling as per the Act							513.84

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:

(in ₹ crore)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Niranjan Kumar Gupta, Chief Financial Officer	**Ms. Neerja Sharma, Company Secretary & Chief Compliance Officer**	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4.06	3.97	8.02
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.19	0.27	0.46
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	0.01	0.01	0.02
2.	Stock Option	0.38	-	0.38
3.	Sweat Equity	-	-	-
4.	Commission			
	as % of profit	-	-	-
	others, specify	-	-	-
5.	Others(PF & Gratuity)	0.14	0.21	0.36
	Total	**4.77**	**4.46***	**9.23**

* Includes arrears of previous two years

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made, if any
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Not Applicable		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE – XII

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

CONSERVATION OF ENERGY

(i) Steps taken or Impact on Conservation of Energy:

Approx. annual savings on vehicles produced in FY 2019-20: ₹ 32 million

Installation of Energy Efficient (IE4) motors, Real Time Energy Management System (EMS), ISO 50001 in some plants, LEDs, Energy Efficient Building Envelope (as per solar path), enhancing natural day light harvesting, Heat Pumps, Heat Pipe, New Street Lights, elimination of Heater and Pneumatic pumps from the engine oil transfer line.

(ii) Steps taken by the Company for utilising alternate sources of energy:

- Solar Photovoltaic Power Plants (7.7 MW+ across HMCL Manufacturing Plants – Local & Global)
- Methane from Food Waste to Canteen Applications
- Heat Pipe Heat Exchangers
- Natural wind ventilators

(iii) Capital Investment on energy conservation equipment:

- Approx. capital investment on energy conservation equipment in FY 2019-20: ₹ 180 million

TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

- 100 patents filed in 2019-20 towards development of new technologies.
- Hero MotoCorp is the first company in India to get BSVI certification for a two wheeler. We received Type Approval Certificate from International Centre for Automotive Technology (ICAT) for the Splendor iSmart motorcycle in June 2019.
- Successful migration from BS IV to BSVI technology through in-house R&D efforts across entire range of models as a part of mandatory regulatory requirement of new emission standards before March 31, 2020.
- In-house development & implementation of 'Xsens' technology in HF Deluxe BSVI motorcycle that offers delivering 9% higher fuel efficiency, with better performance (+6% faster acceleration), consistent start-ability (even in cold conditions) and longer engine life.

(ii) Benefits derived, like product improvement, cost reduction, product development or import substitution

Product Development - In-house design and development of:

- Country's first BSVI compliant motorcycle Splendor iSmart launched in November 2019, other BSVI motorcycles launched include Splendor+, HF Deluxe, Passion Pro, Glamour, Super Splendor & Xtreme 160R
- New BSVI scooters launched include Pleasure+ 110 cc Destini 125 cc & Maestro Edge 125 cc

(iii) In case of imported technology (imported during last three years reckoned from the beginning of the financial year)

(a) Details of Technology Imported:
Programmed FI technology

(b) Year of Import:
FY 2019-20, completed before March 2020

(c) Whether the technology been fully absorbed:
Yes

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
N.A.

(iv) The expenditure incurred on Research and Development

(₹ in crore)

Particulars	**For the year ended**	
	March 31, 2020	**March 31, 2019**
Capital	234.18	162.69
Recurring	477.58	417.49
Total R&D expenditure as a percentage of total revenue (as per Statement of Profit & Loss)	2.40%	1.69%

FOREIGN EXCHANGE EARNINGS AND OUTGO

Export Activities/Initiatives to increase Exports/Development of New Export Markets/Export Plans

- Export performance for FY 2019-20: The Company achieved 178,261 units in exports for FY 2019-20, a de-growth of 14% over FY 2018-19 on account of economic regression in operating countries with the changed scenarios brought by COVID-19
- Capacities: Bangladesh – 150,000/annum
  Colombia – 80,000/annum

Key initiatives in FY 2019-20

1. **South Asia:**
   - Bangladesh market grew by over 18% in FY 2019-20 riding on the back of surging 2W demand due to robust economic growth. The Company's market share in Bangladesh was 20% during FY 2019-20 on account of increased distribution network, successful retail financing and new product launches such as Splendor plus i3s, Passion Xpro and Hunk 150 variants.
   - Sri Lanka market had a de-growth of 20%. The Company launched new products in premium segment such as Hunk 200R and Xpulse 200T to gain share in premium segment and strengthen corporate brand image.
   - Nepal market de-grew in FY 2019-20 by 9 % on account of increase in road development taxes and excise duty on two-wheelers. The Company closed the year with 13% market share. New products like Destini 125, Pleasure plus, Xpulse 200 and Xpulse 200T were launched and received very well by customers. With more product launches, brand campaigns and retail financing, the Company is expected to be on a growth path again in FY 2020-21.
2. **Africa:**
   - Nigeria industry keeps growing in FY 2019-20 and exhibited a growth rate of 25%.
   - The Company appointed new distributors in Kenya and Angola, which are markets with high volume of 2W industry in Africa. Sales in Angola has already commenced and in Kenya it will commence in FY 2020-21. Sales to other trading markets also commenced in FY 2019-20.
   - Aggressive efforts in Uganda & Tanzania with the new distributors have helped in gaining initial numbers from the market, expected to gain significant share by FY 2020-21 by focussing on finance tie-ups and BTL activities to expand brand awareness.
   - The Company launched a revamped product portfolio for Africa by launching Hunter series of products in FY 2019-20 to provide products more suited for this continent and strengthen the Company's foothold.
3. **Middle East:**
   - Dispatches commenced to Bahrain, Kuwait with further addition of countries planned in FY 2020-21 on account of successful entry with new distributor in GCC.
   - Market in Turkey contracted due to devaluation of currency. Complete product portfolio transited to Euro IV by launching new models in scooter and premium segments such as Xpulse 200 FI, Hunk 200R FI and Dash 125 FI, etc.
4. **Latin America:**
   - Colombia market grew by 10% whereas the Company showed growth of 14% on account of increased investment in marketing campaigns, Xpulse 200 launch and increased distribution network, thus leading to a gain in market share in Colombia in FY 2019-20 over the previous year.
   - While the Argentina market crashed by 45% on account of unstable socio-economic conditions, Central American Cluster recovered and showed growth of 3%.
   - Xpulse family launched in all key markets in Latin America to a very positive reception. In Colombia it gained 5% market share in the off-road segment in 2 months from launch. Similar momentum coming from other countries such as Guatemala, Bolivia and Peru.
5. FY 2019-20 saw the Company participating in Auto shows in global markets like Sri Lanka, Nepal, Turkey, UAE, Colombia, Bolivia, Ecuador, Ethiopia, Kenya, Bangladesh and Italy (EICMA).
6. The year also saw the Company associated with various sporting events around the globe: Hero Indian Open, British Masters, Hero World Challenge, Caribbean Premier League, Several FIH Tournaments, ISL and many bilateral cricket tournaments across the globe.
7. Major campaigns of products, services and corporate:
   - Impactful communication featuring Yerry Mina for Colombia and Diego Simeone for Latin America during the Copa America and Copa Libertadores.
   - Hero Corporate campaign in Bangladesh through User Generated Content on digital platforms.
   - Increased focus on digital campaigns with innovative ways to track traffic to showrooms executed in Bangladesh and Central America.
   - 360 degree campaign on Eid in Bangladesh (both Ramzaan and Qurbaani Eid), making the Company no. 1 player for 2 months in the country.
   - Campaigns on product refresh for Hunk, Passion Xpro, Splendor Plus, Hunk 200R, Destini 125.
   - Campaign for Super Splendor in Nepal establishing the positioning of Nepal's favorite bike. 125cc is the most important segment for Nepal and the campaign helped us regain leadership in this coveted and competitive segment.
   - Campaign for Xpulse across Latam and Asia.

Key initiatives of FY 2020-21 will include:

i. Leverage Retail Financing across markets to increase market share.

ii. Launching new products to fill the gap in premium and scooter segment;

iii. Scale up efforts on strengthening the foothold within established markets and nurture them;

iv. Sustain brand building efforts in Latin America, with support of existing associations and new brand ambassador;

v. Use Psychometric testing/IoT as a lever to create differentiated finance offering;

vi. Ramp up digital sales and inquiry generation in key markets;

vii. More marketing campaigns to achieve step improvement in inquires;

viii. Aggressive use of technology and digital marketing to benefit from the changing times on account of COVID-19.

The foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows.

Foreign exchange earnings during FY2019-20 were ₹ 761.77 crore, as compared to ₹ 832.01 crore in the previous financial year.

On account of royalty, technical guidance fee, travel and other accounts and advertisement and publicity, the foreign exchange outgo during the FY 2019-20 was ₹ 233.32 crore, as compared to ₹ 228.27 crore in previous FY.

Outgo for import of components, spare parts, raw materials and capital goods during the FY 2019-20 was ₹ 1,001.45 crore, as compared to ₹ 1,620.58 crore in the previous financial year.

Standalone Financial Statements

Independent Auditors' Report

To the Members of
Hero MotoCorp Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of **Hero MotoCorp Limited** ("the Company"), which comprise the standalone balance sheet as at March 31, 2020, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (together referred to as "standalone financial statements").

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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

KEY AUDIT MATTERS

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

Sr. No.	The key audit matter	How the matter was addressed in our audit
1.	**Government Grants** (Refer note 3.5 and 4 (f) to the standalone financial statements) The Company obtains various grants from Government authorities in connection with manufacturing and sales of two-wheelers. There are certain specific conditions and approval requirement attached to the grants. Management evaluates, at the end of each reporting period, whether the Company has complied with the relevant conditions attached to each grant and whether there is a reasonable assurance that the grants will be received, in order to determine the timing and amounts of grants to be recognised in the financial statements. We identified the recognition of government grants as a key audit matter because of the significance of the amount of grants and due to significant management judgement involved in assessing whether the conditions attached to grants have been met and whether there is reasonable assurance that grants will be received.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • assessed the appropriateness of the accounting policy for government grants as per the relevant accounting standard. • evaluated the design and implementation of the Company's key internal financial controls over recognition of government grants and tested the operating effectiveness of such controls on selected transactions; • inspected, on a sample basis, documents relating to the grants given by the various government authorities and identifying the specific conditions and approval requirements attached to the respective grants; • evaluated the basis of management's judgement regarding fulfilment of conditions attached to the grants and reasonable assurance that grants will be received. This included examining, on a sample basis, the terms of the underlying documentation, correspondence with the government authorities and whether corresponding sales were made in respect of such grant; • assessed the adequacy and appropriateness of the disclosures made in accordance with the relevant accounting standard.

2. Capitalisation of Property, Plant and Equipment (including Capital work-in-progress) during the year of the Chittoor plant

(Refer note 3.9, 5 and 6 to the standalone financial statements)

The Company had commenced the project of setting up of a new manufacturing plant at Chittoor in the state of Andhra Pradesh. During the year, the Company has capitalised property, plant and equipment amounting to ₹ 621.96 crore. Commercial production from such capitalised property, plant and equipment commenced from March 19, 2020.

With regard to the capitalisation, management evaluates the costs incurred and applies judgement to identify costs that are eligible for capitalisation and consequent allocation to specific class of property, plant and equipment. Judgement is also involved in determining when the plant/portion of the plant is ready for use as intended by the management and qualifies for capitalisation.

We identified the capitalisation of costs incurred for construction of Chittoor plant as key audit matter due to the significance of the capital expenditure, risk of inappropriate timing of capitalisation and risk that the elements of costs are inappropriately capitalised or classified in accordance with the relevant standard.

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

- assessed the appropriateness of the accounting policy for property, plant and equipment as per the relevant accounting standard;
- evaluated the design and implementation of the Company's key internal financial controls over property, plant and equipment (including capital work-in-progress), particularly in respect of timing, amount and classification of the costs capitalised and tested the operating effectiveness of such controls on selected transactions;
- on a sample basis, we;
  - inspected the approvals for the costs incurred;
  - agreed direct and indirect costs capitalised with underlying supporting documents to ascertain the nature of costs;
  - evaluated whether the costs incurred meet the criteria for capitalisation in accordance with the relevant standard;
  - evaluated other costs debited to Statement of Profit and Loss to ascertain whether these should have been capitalised;
  - evaluated whether the costs capitalised are appropriately classified in accordance with the relevant standard;
- evaluated the basis for timing of capitalisation, including inspection of assessment report provided by third party technical experts;
- assessed the adequacy and appropriateness of the disclosures made in accordance with the relevant accounting standard.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty 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.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

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

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

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the 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, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2020 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 B".

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

i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its standalone financial statements – Refer Note 34 to the standalone financial statements;

ii. According to the information and explanations given to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended March 31, 2020.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAAB01453

Place: New Delhi
Date: June 9, 2020

Annexure A referred to in the Independent Auditors' Report

to the Members of Hero MotoCorp Limited on the standalone financial statements for the year ended 31 March 2020

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all the items are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, certain fixed assets were physically verified during the year. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of such fixed assets.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed and transfer deed provided to us, we report that, the title deeds of immovable properties of land and buildings included under the head "Property, plant and equipment", are held in the name of the Company as at the balance sheet date.

(ii) Inventories, except for goods-in-transit and stocks lying with third parties have been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. For stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of certain products manufactured by the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, goods and service tax, income-tax, duty of customs, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise, sales tax, service tax and value added taxes.

According to the information and explanation given to us, there are no undisputed amounts payable in respect of provident fund, employees state insurance, goods and service tax, income-tax, duty of customs, cess and any other material statutory dues that were in arrear as on 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of income-tax, sales-tax, goods and service tax, value added tax, service tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2020, other than those mentioned as follows:

Name of Statute	Nature of Dues	Amount* (` in crores)	Amount paid (` in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	0.45	0.02	2014-15 to 2015-16	Assistant Commissioner
		59.28***	0.70	2004-2005 to 2017-2018	CESTAT (The Customs Excise and Service Tax Appellate Tribunal)
Central Goods and Services Tax Act, 2017	Goods and Services Tax (GST)	0.09***	-	2017-18	Commissioner Appeal
Finance Act, 1994	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
		233.11	24.99	2004-05 to 2011-12	CESTAT
Income-tax Act, 1961	Income-tax	283.99 **	-	2014-15	Income Tax Appellant Tribunal (ITAT)
		2,336.71#	280.00	2010-11	Commissioner of Income Tax (Appeals)

* Amount as per demand orders including interest and penalty wherever indicated in the order.

#Balance demand of 2010-11 has been stayed by assessing officer till the disposal of first appeal.

** For FY 2014-15, stay of demand has been granted by ITAT for a period of 6 months or disposal of first appeal whichever is earlier.

*** Includes cases of Rs 25.05 crore (including interest and penalty) for which appeal is yet to be made.

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels

Name of Statute	Nature of Dues	Amount* (` in crores)	Amount paid as per stay order/ mandatory deposit	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	8.78	-	2002-03 to 2008-09	Supreme Court
		85.66	0.04	2009-10 to 2010-11, 2013-14	CESTAT
Income-tax Act, 1961	Income-tax	4.10	-	2005-06	Supreme Court
		7,353.84	-	1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2002-03, 2006-07, 2009-10, 2010-11, 2011-12 and 2012-13.	High Court
		365.01	-	2004-05, 2007-08 and 2013-14	Income Tax Appellate Tribunal

* Amount as per demand orders including interest and penalty wherever indicated in the order.

(viii) According to the information and explanation given to us, the Company has not taken any loans or borrowings from banks, financial institutions and government and there were no debentures issued during the year or outstanding as at 31 March 2020. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company.

Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of examination of the records of the Company, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAAB01453

Place: New Delhi
Date: June 9, 2020

Annexure B to the Independent Auditors' Report

on the standalone financial statements of Hero MotoCorp Limited for the year ended 31, 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

OPINION

We have audited the internal financial controls with reference to the standalone financial statements of Hero MotoCorp Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to the 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 (the "Guidance Note").

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the 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 the standalone financial statements were established and maintained and whether 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 the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 the standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the standalone financial statements include 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 the standalone 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 standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to the 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 the standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAAB01453

Place: New Delhi
Date: June 9, 2020

Balance Sheet

As at March 31, 2020

(Amount in crore of INR)

Particulars	Note	As at March 31, 2020	As at March. 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	5,562.42	4,477.53
(b) Capital work-in-progress	6	160.25	360.67
(c) Right of use assets	7A	414.57	-
(d) Other intangible assets	7	140.09	141.05
(e) Intangible assets under development	8	181.02	181.19
(f) Financial assets			
(i) Investments	9	3,528.17	2,801.51
(ii) Loans	10	67.27	59.96
(g) Income tax assets (net)	12	310.13	839.26
(h) Other non-current assets	13	96.85	664.38
Total Non-Current Assets		**10,460.77**	**9,525.55**
Current assets			
(a) Inventories	14	1,091.97	1,072.37
(b) Financial assets			
(i) Investments	9	4,694.48	3,167.10
(ii) Trade receivables	15	1,603.14	2,821.57
(iii) Cash and cash equivalents	16	147.91	40.68
(iv) Bank balances other than (iii) above	17	93.95	95.78
(v) Loans	10	22.36	25.03
(vi) Others	11	354.61	653.89
(c) Other current assets	13	280.14	239.22
Total Current Assets		**8,288.56**	**8,115.64**
Total Assets		**18,749.33**	**17,641.19**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	18	39.95	39.95
(b) Other equity	19	14,096.45	12,817.17
Total equity		**14,136.40**	**12,857.12**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	7A	121.67	-
(b) Provisions	20	122.37	117.20
(c) Deferred tax liabilities (net)	21	392.83	536.51
Total Non-Current Liabilities		**636.87**	**653.71**
Current liabilities			
(a) Financial liabilities			
(i) Lease liability	7A	28.29	-
(ii) Trade payables	22		
Total outstanding dues of micro and small enterprises		8.33	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,022.18	3,355.28
(iii) Other financial liabilities	23	252.44	220.87
(b) Other current liabilities	24	518.26	495.18
(c) Provisions	20	146.56	59.03
Total Current Liabilities		**3,976.06**	**4,130.36**
Total Equity and Liabilities		**18,749.33**	**17,641.19**
The notes referred to above form an integral part of the standalone financials statements	1-46		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAAB01453
Place: New Delhi
Date: June 9, 2020

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Place: New Delhi
Date: June 9, 2020

Statement of Profit and Loss

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	25	28,836.09	33,650.54
Other income	26	778.34	691.25
Total Income		**29,614.43**	**34,341.79**
EXPENSES			
Cost of raw materials consumed	27	19,867.19	23,346.10
Change in inventories of finished goods and work-in-progress	28	(169.78)	(28.38)
Employee benefit expenses	29	1,841.70	1,730.24
Finance costs	30	22.02	8.60
Depreciation and amortisation expenses	5,7 and 7A	817.96	602.01
Other expenses	31	3,339.02	3,672.49
Total expenses		**25,718.11**	**29,331.06**
Profit before tax and exceptional items		**3,896.32**	**5,010.73**
Exception item–NCCD income	44	737.48	-
Exception item–VRS expenses	46	(60.11)	-
Profit before tax		**4,573.69**	**5,010.73**
Tax expense	32		
Current tax		1,084.11	1,601.02
Deferred tax		(143.68)	24.84
Total tax expense		**940.43**	**1,625.86**
Profit for the year		**3,633.26**	**3,384.87**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:-			
Re-measurement losses on defined benefit plans		(42.47)	(27.38)
Income tax effect		10.69	9.57
Net other comprehensive income not to be reclassified to profit or loss		**(31.78)**	**(17.81)**
Total Comprehensive income for the year, net of income tax		**3,601.48**	**3,367.06**
Earnings per share (Nominal value of ₹ 2 each) in ₹	33		
(a) Basic		181.91	169.48
(b) Diluted		181.91	169.47
The notes referred to above form an integral part of the standalone financials statements	1-46		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAAB01453
Place: New Delhi
Date: June 9, 2020

Niranjan Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: June 9, 2020

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Standalone Statement of Cash Flows

For the year ended March 31, 2020

(Amount in crore of INR)

PARTICULARS	Year ended March 31, 2020		Year ended March 31, 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after tax		**3,633.26**		**3,384.87**
Adjustments for:				
Add: Depreciation and amortisation expense	817.96		602.01	
Tax expense	940.43		1,625.86	
Loss on property, plant and equipment sold/discarded	8.66		6.49	
Finance cost	22.02		8.60	
Employee Stock Compensation Cost	10.15		6.55	
Loss allowance on trade receivables	51.22		-	
		1,850.44		**2,249.51**
Less: Interest income on financial assets carried at amortised cost	263.91		281.29	
Dividend income	104.20		83.88	
Profit on sale of investments	135.99		144.09	
Gain on investments carried at fair value through profit or loss	227.57		175.11	
Profit on sale of property, plant and equipment	0.37		0.65	
		732.04		**685.02**
Operating profit before working capital changes		**4,751.66**		**4,949.36**
Changes in working capital:				
Adjustment for (increase)/decrease in operating assets:				
Inventories	(19.60)		(248.79)	
Trade receivables	1,167.21		(1,301.39)	
Loans–Current	2.67		2.53	
Loans–Non-Current	(7.31)		(14.28)	
Other financial assets–Current	299.28		(114.52)	
Other current assets	(44.16)		(34.19)	
Other non–current assets	50.81		46.51	
		1,448.90		**(1,664.13)**
Adjustment for increase/(decrease) in operating liabilities:				
Trade payables	(324.77)		36.47	
Other financial liabilities–Current	5.30		2.08	
Other current liabilities	23.08		(267.40)	
Current provisions	87.53		(0.76)	
Non-current provisions	(37.30)		(25.12)	
		(246.16)		**(254.73)**
Cash generated from operations		5,954.40		3,030.50
Less: Direct tax paid (net of refund)		544.30		2,051.45
Net cash generated from operating activities		**5,410.10**		**979.05**

Standalone Statement of Cash Flows

For the year ended March 31, 2020

(Amount in crore of INR)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant & equipment, capital work-in-progress and intangible assets including capital advances	(1,360.07)	(922.01)
Proceeds from sale of property, plant & equipment	1.49	4.08
Deposits made	(2.15)	-
Sale of investments	47,214.25	38,476.69
Purchase of investments	(48,824.85)	(35,919.01)
Investment in associates	(248.37)	(628.30)
Investment in subsidiaries	(31.51)	(53.57)
Interest income on financial assets carried at amortised cost	263.91	279.47
Dividend income	104.20	83.88
Net cash generated/(used) in investing activities	**(2,883.10)**	**1,321.23**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(22.02)	(8.60)
Payment of lease liabilities	(65.41)	-
Dividends paid	(1,937.43)	(1,897.35)
Tax on dividend	(395.03)	(390.01)
Proceeds from issue of equity share capital (including share premium)	0.12	1.98
Net cash (used) in financing activities	**(2,419.77)**	**(2,293.98)**
D. INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**107.23**	**6.30**
Cash and cash equivalents at the beginning of the year	**40.68**	**34.38**
Cash and cash equivalents at the end of the year	**147.91**	**40.68**

Notes:

1. The Standalone Statement of Cash Flow has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 - 'Statement of Cash Flows'.
2. Refer note 31 and 42 for the disclosure related to corporate social responsibility expense

The notes referred to above form an integral part of the standalone financials statements 1 - 46

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAAB01453
Place: New Delhi
Date: June 9, 2020

Niranjan Kumar Gupta
Chief Financial Officer
Place: New Delhi
Date: June 9, 2020

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Statement of Changes in Equity

For the year ended March 31, 2020

(Amount in crore of INR)

A. EQUITY SHARE CAPITAL

	Number of shares	Amount
Balance as at March 31, 2018	**199,711,455**	**39.94**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹ 30,858) (Note 40)	15,429	#
Balance as at March 31, 2019	**199,726,884**	**39.95**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹ 24,968) (Note 40)	12,484	#
Balance as at March 31, 2020	**199,739,368**	**39.95**

B. OTHER EQUITY*

Particulars	Reserves and surplus					
	Capital reserve	**Securities premium**	**General reserve**	**Share options outstanding account**	**Retained earnings**	**Total**
Balance as at March 31, 2018	#	8.30	2,645.79	6.74	9,068.11	11,728.94
Profit for the year	-	-	-	-	3,384.87	3,384.87
Other comprehensive income for the year, net of income tax	-	-	-	-	(17.81)	(17.81)
Total Comprehensive Income for the year	-	-	-	-	3,367.06	3,367.06
Charge against share-based payments	-	-	-	6.55	-	6.55
Transferred to share premium on issue of shares	-	3.70	-	(3.70)	-	-
Payment of dividends	-	-	-	-	(1,897.35)	(1,897.35)
Tax on dividend	-	-	-	-	(390.01)	(390.01)
Issue of equity shares under employee share option plan	-	1.98	-	-	-	1.98
Balance as at March 31, 2019	#	**13.98**	**2,645.79**	**9.59**	**10,147.81**	**12,817.17**
Profit for the year	-	-	-	-	3,633.26	3,633.26
Other comprehensive income for the year, net of income tax	-	-	-	-	(31.78)	(31.78)
Total Comprehensive Income for the year	-	-	-	-	3,601.48	3,601.48
Charge against share-based payments	-	-	-	10.15	-	10.15
Transferred to share premium on issue of shares	-	4.30	-	(4.30)	-	-
Payment of dividends	-	-	-	-	(1,937.44)	(1,937.44)
Tax on dividend	-	-	-	-	(395.03)	(395.03)
Issue of equity shares under employee share option plan	-	0.12	-	-	-	0.12
Balance as at March 31, 2020	#	**18.40**	**2,645.79**	**15.44**	**11,416.82**	**14,096.45**

*Purpose of each reserve within Other Equity has been disclosed under Note 19.

on shares forfeited (₹ 4,250 in absolute ₹) and share premium account on forfeited share reissued (₹ 25,500 in absolute ₹).

The notes referred to above form an integral part of the standalone financials statements 1-46.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Manish Gupta
Partner
Membership No: 095037
UDIN: 20095037AAAAB01453
Place: New Delhi
Date: June 9, 2020

Niranjan Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: June 9, 2020

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

1. GENERAL INFORMATION

Hero MotoCorp Limited (the Company) is a public company domiciled and incorporate ed under the provisions of the Companies Act, 1956 on January 19, 1984. The Company's registered office and principal place of business is The Grand Plaza, Plot No. 2, Nelson Mandela Road, Vasant Kunj, Phase II - New Delhi - 110070, India. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services. The Company is a leading two wheeler manufacturer and has a dominant presence in domestic market.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on June 09, 2020.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Statement of Compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, net defined benefit asset/liability and liabilities for equity settled share based payment arrangements that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. These financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crore, up to two decimals unless otherwise stated.

2.3 Operating Cycle

Based on the nature of products/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.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue Recognition

Revenue is recognised upon transfer of control of promised products or services to customers for an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes or duties collected on behalf of the government.

- Revenue from sale of goods is recognised when control of goods are transferred to the buyer which is generally on dispatch for domestic sales and on dispatch/delivery on local port in India for export sales

- Revenue from providing services is recognised in the accounting period in which services are rendered. Revenue from service is based on number of services provided to the end of reporting period as a proportion of the total number services to be provided.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

A liability is recognised where payments are received from customers before transferring control of the goods being sold or providing services to the customer.

The Company disaggregates revenue from contracts with customers by nature of goods and service.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

Royalty income is recognised on accrual basis in accordance with the substance of their relevant agreements.

3.2 Leasing

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

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 recognises 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 recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes 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 amortised 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 in the country of domicile of these leases. 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 flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective approach.

Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability. The Company has used discounted rate as the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. There is no impact on retained earnings as on 1 April 2019.

The effect of this adoption is insignificant on the profit before tax, profit for the year and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

contracts that were previously identified as leases under Ind AS 17.

The incremental borrowing rate has been applied to lease liabilities.

Refer note 7A for other disclosures.

3.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise.

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

3.5 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 the Statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs, if any, for which the grants are intended to compensate.

3.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Statement of profit and loss. 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:

- service cost (including current service cost, past service cost, as well as gains and losses or curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item Employee benefit expense.

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 plan or reductions in future contributions to the plans.

Short-term employee benefits

Liabilities recognised in respect of wages and salaries and other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are expensed as the related services are provided.

Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits such as long-term service awards and compensated absences are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date based on the actuarial valuation using the projected unit credit method carried out at the year-end. Re measurement gain or losses are recognised in the statement of profit and loss in the period in which they arise.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

3.7 Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 40.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Share option's outstanding account.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

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.

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.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they are related to income taxes levied by the same tax authority.

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised Provision for Income tax for the year ended March 31, 2020 and re-measured its deferred tax assets/liabilities basis the rate prescribed in the said Section. The impact of this change has been recognised during the year ended March 31, 2020.

3.9 Property, plant and equipment

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment and capitalised borrowing cost. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

profit and loss during the reporting period in which they are incurred.

Depreciation of these assets, on the same basis as-other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised on the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013, other than moulds and dies which are depreciated over a period of 3-8 years grouped under property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and loss.

3.10 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of profit and loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on model fee, etc. incurred are amortised on a straight-line method over a period of 5 years.

3.11 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For impairment testing, assets that don't generate independent cash flows are grouped together into cash generating units (CGU's). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGU's.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash- generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit and loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of profit and loss.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.13 Provisions

Provisions are recognised 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.

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).

Warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise-being typically two to five years.

3.14 Financial instruments

Financial assets and financial liabilities are recognised when the 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 the Statement of profit and 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 the Statement of profit and loss are recognised immediately in the Statement of profit and loss.

3.15 Financial assets

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

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through the Statement of profit and loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through the Statement of profit and loss on initial recognition):

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

Interest income is recognised in the Statement of profit and loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

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 the Statement of profit and loss and is included in the "Other income" line item.

Financial assets at fair value through the Statement of profit and loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Statement of profit and loss. The net gain or loss recognised in the Statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Compamy's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investments in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in the financial statements.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, 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.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intents either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

Derecognition 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.

3.16 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by 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 an entity after deducting all of its liabilities.

Financial liabilities

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 under 'Finance costs'.

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.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3.17 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, option contracts, etc.

Foreign currency derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.19 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

Diluted earnings per share is computed by dividing the profit after tax 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 equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.20 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs

3.21 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

(a) Recoverability of intangible asset

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the Company's management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

(b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Contingent loss that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Contingent gain are not recognised until the contingency has been resolved and amounts are received or receivable.

(d) Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. Date as at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

(e) Impairment of investment in equity instruments of subsidiary and associate companies

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. Some of these companies are start-ups or are at early stage of their operations and are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

(f) Government grant

During the year, management has assessed the conditions attached to grants which have been met and has assessed whether the grants will be received or not. Basis assessment, the Company has recognised the government grants in the Statement of profit and loss.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

5. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total
Cost								
At April 1, 2018	86.30	2,141.29	4,840.99	41.16	49.10	56.83	189.47	7,405.14
Additions	-	123.15	362.67	4.19	8.47	9.55	22.76	530.79
Disposals	-	0.98	72.00	0.15	5.21	0.65	3.16	82.15
At March 31, 2019	**86.30**	**2,263.46**	**5,131.66**	**45.20**	**52.36**	**65.73**	**209.07**	**7,853.78**
Additions	78.42	544.76	1,051.11	8.34	11.32	12.46	26.93	1,733.34
Disposals	-	0.09	74.91	0.87	6.65	1.94	4.62	89.08
At March 31, 2020	**164.72**	**2,808.13**	**6,107.86**	**52.67**	**57.03**	**76.25**	**231.38**	**9,498.04**
Accumulated depreciation								
At April 1, 2018	**-**	**301.36**	**2,429.39**	**17.62**	**17.62**	**29.26**	**124.00**	**2,919.25**
Depreciation expense	-	67.38	421.58	3.52	5.12	8.38	23.25	529.23
Adjustments	-	0.34	65.00	0.13	3.18	0.57	3.01	72.23
At March 31, 2019	**-**	**368.40**	**2,785.97**	**21.01**	**19.56**	**37.07**	**144.24**	**3,376.25**
Depreciation expense	-	68.17	510.00	3.78	23.41	9.04	24.27	638.67
Adjustments	-	0.09	67.89	0.76	4.42	1.84	4.30	79.30
At March 31, 2020	**-**	**436.48**	**3,228.08**	**24.03**	**38.55**	**44.27**	**164.21**	**3,935.62**
Net block								
At March 31, 2019	**86.30**	**1,895.06**	**2,345.69**	**24.19**	**32.80**	**28.66**	**64.83**	**4,477.53**
At March 31, 2020	**164.72**	**2,371.65**	**2,879.78**	**28.64**	**18.48**	**31.98**	**67.17**	**5,562.42**

6. CAPITAL WORK-IN-PROGRESS

	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	160.25	360.67
	160.25	**360.67**

7. INTANGIBLE ASSETS

	Model fee/ Product designs and development	Computer softwares	Technical know-how/ export licences	Total
Cost				
At April 1, 2018	711.26	122.34	2,895.67	3,729.27
Additions	30.47	14.71	-	45.18
At March 31, 2019	**741.73**	**137.05**	**2,895.67**	**3,774.45**
Additions	108.03	21.04	-	129.07
At March 31, 2020	**849.76**	**158.09**	**2,895.67**	**3,903.52**
Accumulated amortisation				
At April 1, 2018	584.37	80.58	2,895.67	3,560.62
Amortisation expense	58.33	14.45	-	72.78
At March 31, 2019	**642.70**	**95.03**	**2,895.67**	**3,633.40**
Amortisation expense	115.25	14.78	-	130.03
At March 31, 2020	**757.95**	**109.81**	**2,895.67**	**3,763.43**
Net block				
At March 31, 2019	**99.03**	**42.02**	**-**	**141.05**
At March 31, 2020	**91.81**	**48.28**	**-**	**140.09**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

7A. Right of use assets

	Leasehold land right	Right of Use assets	Total
Cost			
Right of use assets as on 1 April 2019	**248.46**	**172.29**	**420.75**
Additions	28.79	14.29	43.08
At March 31, 2020	**277.25**	**186.58**	**463.83**
Accumulated amortisation			
Amortisation expense during the year	3.44	45.82	49.26
At March 31, 2020	**3.44**	**45.82**	**49.26**
Net block			
At March 31, 2020	**273.81**	**140.76**	**414.57**

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

	As at March 31, 2020
Current lease liabilities	28.29
Non-current lease liabilities	121.67
Total	**149.96**

The following is the movement in lease liabilities during the year ended March 31, 2020

	As at March 31, 2020
Balance as at 1 April 2019	172.29
Additions	43.08
Payment of lease liabilities and finance cost accrued during the period	(65.41)
Total	**149.96**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount
Less than one year	39.22
One to five years	89.33
More than five years	97.60
Total	**226.15**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expenses recorded for short-term leases is ₹ 23.30 crore during year ended March 31, 2020.

8. INTANGIBLE ASSETS UNDER DEVELOPMENT

	As at March 31, 2020	As at March 31, 2019
Intangible assets under development	181.02	181.19
Total	**181.02**	**181.19**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

9. INVESTMENTS

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-Current	Current	Non-Current
Category-wise investments						
Investment in equity instruments			-	1,979.09	-	1,571.75
Investment in debentures/bonds			134.56	205.72	150.68	253.98
Investment in mutual funds			4,559.92	1,343.36	3,016.42	975.78
			4,694.48	**3,528.17**	**3,167.10**	**2,801.51**
Investment in equity instruments carried at cost						
Unquoted Investments						
Investment in subsidiaries						
Hero Tech Centre Germany GMBH (Face Value of EUR 1 each)	2,525,000	2,525,000	-	19.57	-	19.57
HMCL Netherlands B.V (Face Value of USD 1 each)	43,243,527	40,601,241	-	281.97	-	262.46
HMCL Americas INC (Face Value of USD 1,000 each)	3,500	3,500	-	22.22	-	22.22
HMC MM Auto Limited (Face Value of ₹ 10 each)	47,999,993	35,999,993	-	48.00	-	36.00
HMCL (N.A.),Inc (No par Value) *	-	2,466	-	-	-	155.38
			-	**371.76**	**-**	**495.63**
Less: Provision for diminution/impairment *			-	-	-	(155.04)
			-	**371.76**	**-**	**340.59**
Investment in Associates						
Ather Energy Private Limited						
Equity shares face value of ₹ 1 each	100	100	-	0.20	-	0.20
Preference shares of face value of ₹ 10 each (Compulsorily convertible into equity instruments)	128,533	99,186	-	330.38	-	200.38
Hero FinCorp Limited						
Equity shares of face value of ₹ 10 each, fully paid up	47,032,574	47,032,574	-	1,026.29	-	1,026.29
Equity shares of face value of ₹ 10 each, partly paid up	5,399,319	-	-	248.37	-	-
			-	**1,605.24**	**-**	**1,226.87**
Investments carried at fair value through profit or loss (FVTPL)						
Quoted Investments						
Investment in equity instruments of Other Entities						
Bombay Stock Exchange Limited						
Face Value of ₹ 2 each	70,200	70,200	-	2.09	-	4.29
			-	**2.09**	**-**	**4.29**
Investment in equity instruments			**-**	**1,979.09**	**-**	**1,571.75**
Investment in debentures						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in Associates						
Ather Energy Private Limited						
Face Value of ₹ 100 each						
Compulsorily convertible debentures	-	66,320	-	-	130.00	-
			-	**-**	**130.00**	**-**
Quoted Investments						
Investments carried at amortised cost						
Face Value of ₹ 1000 each						
7.34% HUDCO – Maturity –16.02.2023	250,000	250,000	-	25.23	-	25.22
7.18% IRFC – Maturity – 19.02.2023	250,000	250,000	-	25.83	-	25.83

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-Current	Current	Non-Current
8.18% NHPC Tax Free Bonds — Maturity — 02.11.2023	161,050	161,050	-	17.43	-	17.43
8.51% HUDCO Tax Free Bonds — Maturity — 13.01.2024	250,000	250,000	-	25.46	-	25.44
8.18% PFC Tax Free Bonds — Maturity-16.11.2023	323,890	323,890	-	33.38	-	33.38
9.10% Shriram Transport Finance Company Limited TR-I SR-III 9.1 NCD — Maturity — 12.07.2021	250,000	-	-	25.77	-	-
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds – Maturity – 08.03.2020	-	1,500	-	-	15.49	-
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited – Maturity – 28.04.2020	138	138	7.59	-	-	7.61
10.70% Tata Motors Finance Limited – Maturity – 10.04.2020	400	400	22.08	-	-	22.16
Face Value of ₹ 10,00,000 each						
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	-	50	-	-	5.19	-
8.11% HDB Financial Servies-Maturity – 04.06.2021	250	-	-	26.63	-	-
8.50% SBI Series II 8.50 BD Perpetual – Maturity-22.11.2024	250	-	-	25.99	-	-
Zero Coupon Bonds						
8.24% Rural Electrification Corporation Ltd. NCD @ ₹ 13,578 maturity ₹ 30,000 per bond – Maturity – 15.12.2020	37,000	37,000	104.89	-	-	96.91
Investment in debentures/bonds			**134.56**	**205.72**	**20.68**	**253.98**
Investment in mutual funds						
{include funds which are listed but not quoted}						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Debt fund						
Units of the face value of ₹ 10 each						
ICICI Prudential Mutual Fund						
FMP – Series 82 – 1199 Days Plan L Direct Plan Cumulative	70,000,000	70,000,000	-	83.17	-	76.31
FMP -Series 82-1135 Days Plan U Direct Plan Cumulative	50,000,000	50,000,000	-	58.93	-	54.02
FMP Series 83 – 1105 Days Plan F Direct Plan Cumulative	50,000,000	50,000,000	-	59.12	-	54.20
Blended Plan B – Direct Plan – Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	32,595,446	24,817,467	77.07	-	70.29	-
Banking and PSU Debt Fund-Direct Plan-Growth	21,659,649	-	51.21	-	-	-
Short-Term Fund – Direct Plan – Growth Option	77,651,149	-	344.51	-	-	-
Corporate Bond Fund – Direct Plan – Growth	23,824,272	-	51.25	-	-	-
Aditya Birla Sunlife Mutual Fund						
Fixed Term Plan – Series PB (1190 days) – Direct Growth	90,000,000	90,000,000	-	106.95	-	98.13
Fixed Term Plan – Series PZ (1120 days) – Direct Growth	35,000,000	35,000,000	-	41.13	-	37.84
Fixed Term Plan – Series QB (1113 days) – Direct Growth	50,000,000	50,000,000	-	59.21	-	54.32
Fixed Term Plan-Series RC (1295 days)-Direct Growth	50,000,000	50,000,000	-	58.32	-	53.27
Corporate Bond Fund – Growth – Direct Plan	6,502,619	-	51.30	-	-	-
Nippon India Mutual fund (formerly Reliance Mutual fund)						
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	-	30,000,000	-	-	38.48	-
Fixed Horizon Fund -XXXI-Series 5-Direct Growth Plan	-	5,000,000	-	-	6.13	-

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-Current	Current	Non-Current
Fixed Horizon Fund -XXXVII-Series 10-Direct Growth Plan	25,000,000	25,000,000	-	29.18	-	27.09
Fixed Horizon Fund -XXXVII-Series 12-Direct Growth Plan	40,000,000	40,000,000	-	47.34	-	43.34
Strategic Debt Fund- Direct Growth Plan	-	53,163,841	-	-	81.63	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
FMP-Sr. 29-Plan B (1150 Days)-Direct Growth	6,000,000	6,000,000	7.45	-	-	6.92
FMP-Sr. 33-Plan D (1273 Days)-Direct Sub Plan Growth	20,000,000	20,000,000	-	22.91	-	20.85
L&T Mutual Fund						
Credit Risk Fund Direct Plan-Growth	-	43,776,843	-	-	95.10	-
SBI Mutual Fund						
Dual Advantage Fund -Series XII- Direct-Growth	-	15,000,000	-	-	19.37	-
SBI Corporate Bond Fund- Direct Plan-Growth	68,197,318	-	76.97	-	-	-
IDFC Mutual Fund						
Fixed Term Plan Series 140 Direct Plan -Growth (1145 Days)	50,000,000	50,000,000	-	59.10	-	54.18
Fixed Term Plan Series 144 Direct Plan -Growth (1141Days)	50,000,000	50,000,000	-	58.77	-	53.87
Banking & PSU Debt Fund -Direct Plan- Growth	72,144,804	-	129.60	-	-	-
Credit Risk Fund- Direct Plan- Growth	40,448,820	-	51.49	-	-	-
Kotak Mutual Fund						
FMP Series 219 Direct-Growth	75,000,000	75,000,000	-	88.84	-	81.47
FMP Series 221 Direct-Growth	48,000,000	48,000,000	-	56.53	-	51.83
FMP Series 228 Direct-Growth	50,000,000	50,000,000	-	59.33	-	54.29
Credit Risk Fund -Direct Plan- Growth	21,678,713	-	50.86	-	-	-
HDFC Mutual Fund						
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	-	15,000,000	-	-	19.24	-
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	75,000,000	75,000,000	-	88.58	-	81.15
FMP 1147 D March 2018(1) -Direct-Growth-Series-39	50,000,000	50,000,000	-	58.89	-	53.93
Low Duration Fund- Direct Plan- Growth Option	11,713,250	-	51.78	-	-	-
Banking & PSU Debt Fund -Direct Growth Option	76,391,860	-	128.53	-	-	-
Short-Term Debt Fund -Direct Plan- Growth Option	44,931,502	-	102.84	-	-	-
Credit Risk Debt Fund -Direct -Growth	14,751,525	-	25.73	-	-	-
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Savings Fund-Direct Plan-Growth Option	7,429,165	-	290.01	-	-	-
Aditya Birla Sunlife Mutual Fund						
Savings Fund-Growth-Direct Plan	2,654,976	-	106.42	-	-	-
Low Duration Fund -Growth-Direct Plan	5,645,928	-	289.96	-	-	-
Units of the face value of ₹ 1000 each						
Nippon India Mutual fund (formerly Reliance Mutual fund)						
Low Duration Fund -Direct Growth Plan Growth Option (Formerly Reliance Money Manager Fund-Direct Growth Plan Growth Option)	-	1,890,316	-	-	499.12	-

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-Current	Current	Non-Current
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Short-Term Fund-Direct Plan Growth	626,087	1,299,935	175.94	-	332.54	-
Ultra Short-Term Fund- Direct Plan Growth (Formerly Medium Term Bond Fund-Direct Plan Growth)	1,065,859	1,398,253	225.22	-	275.28	-
Treasury Advantage Fund-Direct Plan Growth	180,694	-	51.72	-	-	-
Kotak Mutual Fund						
Corporate Bond Fund Direct Growth	185,317	-	51.15	-	-	-
PGIM India Mutual Fund (Formerly DHFL Pramerica Mutual Fund)						
Fixed Duration Fund -Series AE-Direct Plan-Growth	62,500	62,500	7.79	-	-	7.24
Fixed Duration Fund -Series AG-Direct Plan-Growth	100,000	100,000	12.40	-	-	11.53
Axis Mutual Fund						
Banking & PSU Debt Fund- Direct Growth	798,515	-	154.99	-	-	-
DSP Mutual Fund						
Low Duration Fund- Direct Plan- Growth	51,976,493	-	77.47	-	-	-
Edelweiss Mutual Fund						
Edelweiss Mutual Bharat Bond ETF	3,000,000	-	-	307.06	-	-
Equity fund						
Units of the face value of ₹ 10 each						
Nippon India Mutual fund (formerly Reliance Mutual fund)						
Arbitrage Fund-Direct Monthly Dividend Plan	-	182,893,206	-	-	201.12	-
Arbitrage Fund - Direct Growth Plan Growth Option	242,983,312	-	508.57	-	-	-
IDFC Mutual Fund						
Arbitrage Fund -Monthly Dividend- Direct Plan	-	102,862,654	-	-	135.27	-
Arbitrage Fund -Growth-(Direct Plan)	53,240,261	-	136.99	-	-	-
ICICI Prudential Mutual Fund						
Equity Arbitrage Fund- Direct Plan- Dividend	-	115,635,024	-	-	167.57	-
Aditya Birla Sunlife Mutual Fund						
Aditya Birla Sun Life Arbitrage Fund -Growth -Direct Plan (Formerly known as Aditya Birla Sun Life Enhanced Arbitrage Fund)	74,630,850	95,931,942	156.18	-	105.77	-
Axis Mutual Fund						
Arbitrage Fund Direct Dividend	-	138,620,823	-	-	153.11	-
Liquid fund						
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	5,769,464	-	169.49	-	-	-
Aditya Birla Sunlife Mutual Fund						
Liquid Fund- Growth- Direct Plan (Formerly Cash Plus-Growth-Direct Plan)	7,889,513	3,258,811	252.12	-	97.91	-
Units of the face value of ₹ 1000 each						
Nippon India Mutual fund (formerly Reliance Mutual fund)						
Liquidity Fund- Direct Growth Plan Growth Option	807,476	-	391.68	-	-	-
HDFC Mutual Fund						
Liquid Fund Direct Plan Growth	771,080	-	301.23	-	-	-

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-Current	Current	Non-Current
Axis Mutual Fund						
Liquid Fund-Direct Growth	-	1,495,644	-	-	310.13	-
Kotak Mutual Fund						
Liquid Direct Plan Growth	-	1,079,091	-	-	408.36	-
Investment in mutual funds			**4,559.92**	**1,343.36**	**3,016.42**	**975.78**
Total Investments			**4,694.48**	**3,528.17**	**3,167.10**	**2,801.51**

* During the year ended March 31, 2020, HMCL (N.A) Inc. ceased to be a subsidiary of the Company w.e.f. November 06, 2019 pursuant to its dissolution vide order dated December 03, 2019 of the State of Delaware.

	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Aggregate book value of quoted investments	134.56	207.81	20.68	258.27
Aggregate market value of quoted investments	135.71	214.87	20.70	257.60
Aggregate carrying value of unquoted investments	4,559.92	3,320.36	3,146.42	2,698.28
Aggregate amount of impairment in value of investments	-	-	-	(155.04)

Category-wise investment as per Ind AS 109 classification

	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in Mutual Funds	4,559.92	1,343.36	3,016.42	975.78
Investment in debentures	-	-	130.00	-
Quoted				
Investment in equity instruments	-	2.09	-	4.29
Financial assets carried at amortised cost				
Quoted				
Investment in bonds	134.56	205.72	20.68	253.98
	4,694.48	1,551.17	3,167.10	1,234.05

Note: The above does not include investments in subsidiaries and associates amounting to ₹ 1,977.00 crore (as at March 31,2020) and ₹ 1567.46 crore (as at March 31, 2019) carried at cost.

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 41.

10. LOANS (FINANCIAL ASSETS)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Loans to employees	22.15	21.92
Security deposits	45.12	38.04
Total	**67.27**	**59.96**
Current		
Unsecured, considered good		
Loans to employees	20.67	23.22
Security deposits	1.69	1.81
Total	**22.36**	**25.03**

Notes: These financial assets are carried at amortised cost unless otherwise stated.

Notes: The Company's exposure to credit and currency risks, and impairment allowances related to Loans (Financial assets) is disclosed in Note 41

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

11. OTHER FINANCIAL ASSETS

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Current		
Unsecured, considered good		
Interest accrued on deposits	0.23	0.28
Accrual of incentive from State Government	331.89	618.50
Other recoverables	22.49	35.11
Total	**354.61**	**653.89**

Notes: These financial assets are carried at amortised cost unless otherwise stated.

Notes: The Company's exposure to credit and currency risks, and impairment allowances related to Other financial assets is disclosed in Note 41

12. INCOME TAX ASSETS (NET)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Tax assets		
Advance income tax	1,383.55	2,430.71
Less: Provision for taxation	1,073.42	1,591.45
Total	**310.13**	**839.26**

13. OTHER ASSETS

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Non-current		
Unsecured, considered good		
Capital advances	73.31	344.81
Prepayment land leases*	-	245.22
Prepaid expenses	5.05	3.13
Balance with government authorities		
- Excise duty and others	8.18	28.87
- VAT/ sales tax	10.31	42.35
Total	**96.85**	**664.38**
Current		
Unsecured, considered good		
Prepayment land leases*	-	3.24
Prepaid expenses	65.01	48.79
Advance to suppliers	78.31	121.97
Other advances	5.55	4.79
Balance with Government authorities		
- VAT/ sales tax/Employee state insurance	66.36	35.20
- Goods and service tax (GST)	43.70	5.62
- Export incentive receivable	21.21	19.61
Total	**280.14**	**239.22**

*Disclosed as part of right of use of assets under note 7A

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

14. INVENTORIES

(lower of cost and net realisable value)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials and components	567.65	615.99
Goods in transit of raw materials and components	48.82	150.70
Work-in-progress (Two-wheelers)	50.13	31.37
Finished goods		
Two-wheelers	263.33	113.21
Spare parts	38.50	37.60
Stores and spares	97.98	98.91
Loose tools	25.56	24.59
Total	**1,091.97**	**1,072.37**

The mode of valuation of inventories has been stated in note no. 3.12.

15. TRADE RECEIVABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Trade Receivables considered good (Secured) **	52.02	35.22
Trade Receivables considered good (Unsecured) **	1,551.12	2,786.35
Trade Receivables considered doubtful	71.25	20.28
	1,674.39	**2,841.85**
Less: Loss allowance	71.25	20.28
Total	**1,603.14**	**2,821.57**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The carrying amount of trade receivables approximates their fair value. The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 41

Particulars	As at March 31, 2020	As at March 31, 2019
Age of receivables		
Within the credit period	623.81	1,378.23
upto 6 months past due	968.72	1,422.32
More than 6 months but less than one year	25.81	11.02
More than one year	56.05	30.28
	1,674.39	**2,841.85**

** Include receivables from related parties (refer note 36)

16. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.03	0.08
Balances with banks		
In current accounts	146.58	39.37
In deposit accounts	1.30	1.23
Cash and cash equivalents	**147.91**	**40.68**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

17. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In dividend current accounts (earmarked accounts)	56.88	60.86
In deposit accounts*	37.07	34.92
Total	**93.95**	**95.78**

* The Company had placed fixed deposits aggregating ₹ 25.00 crore with Dena Bank on February 18, 2014. Subsequent thereto, it was brought to the notice of the Company that money had been fraudulently withdrawn by pledging fictitious copies of such fixed deposit receipts with concerned bank by some individuals. The Company has filed a recovery suit which is pending in the honourable Delhi High Court against the bank. In the interim, the Bank has renewed the deposits (along with interest earned thereon).

18. (A) EQUITY SHARE CAPITAL

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
250,000,000 (as at March 31, 2019 - 250,000,000) Equity shares of ₹ 2 each	50.00	50.00
Total	**50.00**	**50.00**
Issued, subscribed and fully paid up		
199,739,368 (as at March 31, 2019 - 199,726,884) Equity shares of ₹ 2 each	39.95	39.95
Total	**39.95**	**39.95**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	₹ in crore	Nos.	₹ in crore
Opening Balance	199,726,884	39.95	199,711,455	39.94
Issued during the year ₹ #Current year ₹ 24,968* (previous year ₹ 30,858*)- Employee Stock Option Plan (refer note 40)	12,484	#	15,429	#
Closing Balance	**199,739,368**	**39.95**	**199,726,884**	**39.95**

* in absolute INR

(ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	% holding in the class	Nos.	% holding in the class
Ms Renu Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr. Suman Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr. Pawan Munjal *	9,309,020	4.66%	9,309,020	4.66%
M/S Bahadur Chand Investments (P) Ltd.	39,943,238	20.00%	39,943,238	20.00%

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

On March 30, 2020 and March 31, 2020, the promoters of the Company have acquired certain shares of the Company. However, same was not reflecting in the relevant account of promoters as on March 31, 2020 and therefore not included in the shareholding pattern mentioned above. Details of shares acquired are as follows:

-Bahadur Chand Investments Private Limited, had purchased 90,000 equity shares (0.04%) on March 30 and 31, 2020 increasing its total shareholding to 4,00,33,238 shares (20.04%).

-Pawan Munjal Family Trust, had purchased 1,58,000 equity shares (0.08%) on March 31, 2020.

- RK Munjal & Sons Trust, had purchased 8,000 equity shares (0.0%) on March 31, 2020.

-Mr. Suman Kant Munjal, Promoter, had purchased 20,000 equity shares (0.01%) on March 31, 2020 thereby increasing his shareholding to 91,250 shares (0.05%).

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

(iii) Shares options granted under the Company's employee share option plan

Plan	Share Options Outstanding (In Nos.)		Expiry Date
	As at March 31, 2020	As at March 31, 2019	
ESOP 2014	864	2,184	October 21, 2021
ESOP 2016	20,916	28,016	August 21, 2023
RSU 2016	-	4,047	August 21, 2023
ESOP 2017	21,826	27,016	October 31, 2024
RSU 2017	2,128	10,031	October 31, 2024
ESOP 2018	108,030	125,000	March 25, 2026
RSU 2018	5,580	17,760	January 31, 2026
ESOP 2019	93,425	-	October 22, 2026
RSU 2019	5,210	-	October 22, 2026

Also refer details of the employee stock option plan as provided in Note 40.

b) Preference share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Preference share capital		
4,00,000 (as at March 31, 2019 - 4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00
4,00,000 (as at March 31, 2019 - 4,00,000) Cumulative redeemable preference shares of ₹ 100 each	4.00	4.00
Total	**8.00**	**8.00**

Note:- The Company has not issued preference share capital.

19. OTHER EQUITY

Particulars	As at March 31, 2020	As at March 31, 2019
Capital reserves	#	#
Securities premium	18.40	13.98
General reserve	2,645.79	2,645.79
Share options outstanding account	15.44	9.59
Retained earnings	11,416.82	10,147.81
Total	**14,096.45**	**12,817.17**

Nature and Description

(i) **Capital reserves:-** The Company had transferred forfeited share application money to Capital reserve in accordance with the provision of the Companies Act, 1956. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) **Securities premium:-** Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iii) **General reserve:-** General Reserves are free reserves of the Company which are kept aside out of Company's profits to meet the future requirements as and when they arise. The Company had transferred a portion of the profit after tax (PAT) to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(iv) **Share options outstanding account:-** Stock option outstanding account is used to record the impact of employee stock option scheme. Refer note 40 for further detail of this plan.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

(v) Retained earnings:- Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend (including dividend distribution tax) and other distributions made to the shareholders.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Capital Reserves		
On shares forfeited (# in absolute ₹ 4,250)	#	#
Securities premium account on forfeited shares reissued(## in absolute ₹ 25,500)	##	##
B. Securities premium		
Opening balance	13.98	8.30
Add : Premium on equity shares issued @	4.42	5.68
Closing balance	**18.40**	**13.98**

@Addition in securities premium represents premium on equity shares under various schemes amounting to ₹ 0.12 crore (Previous year ₹ 1.98 crore) and ₹ 4.30 crore (Previous year ₹ 3.70 crore) transferred from share option outstanding account on 12,484 equity shares (Previous year 15,429 equity shares) issued and alloted during the year under ESOP scheme. Also refer Note 40.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. General Reserve		
General reserve at the beginning and end of the year	2,645.79	2,645.79
D. Share options outstanding account *		
Opening balance	9.59	6.74
Add: Net charge during the year	10.15	6.55
Less: Transferred to securities premium on issue of shares	(4.30)	(3.70)
Closing balance	**15.44**	**9.59**
* Also refer note 40		
E. Retained earnings		
Opening balance	**10,147.81**	**9,068.11**
Add: Profit for the year	3,633.26	3,384.87
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(31.78)	(17.81)
Less: Appropriations		
Final dividend for Financial year 2018-19 [amount per share ₹ 32.0 (Financial Year 2017-18 : ₹ 40.0)]	639.13	798.85
Interim dividend for Financial year 2019-20 [amount per share ₹ 65.0 (Financial Year 2018-19 : ₹ 55.0)]	1,298.31	1,098.50
Corporate dividend tax	395.03	390.01
Total appropriations	**2,332.47**	**2,287.36**
Balance at end of year	**11,416.82**	**10,147.81**

In respect of the year ended March 31, 2020, the Directors propose that a dividend of ₹ 25 per share (March 31, 2019: ₹ 32 per share) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ 499.35 crore (March 31, 2019 : ₹ 770.50 crore) (including corporate dividend tax thereon of ₹ Nil crore (March 31, 2019 : ₹ 131.37crore))

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

20. PROVISIONS

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Non-current		
Employee benefits (Refer note (i) below)		
Compensated absences	20.80	19.13
Other employee benefits	8.61	7.81
Sub-total (A)	**29.41**	**26.94**
Warranties (Refer note (ii) below)	92.96	90.26
Sub-total (B)	**92.96**	**90.26**
Total (A+B)	**122.37**	**117.20**
Current		
Employee benefits (Refer note (i) below)		
Compensated absences	5.03	5.09
Other employee benefits	85.14	0.37
Sub-total (A)	**90.17**	**5.46**
Warranties (Refer note (ii) below)	56.39	53.57
Sub-total (B)	**56.39**	**53.57**
Total (A+B)	**146.56**	**59.03**

(i) The provision for employee benefits includes sick leave, gratuity, earned leave and vested long-term service reward .

(ii) Movement in warranties provisions

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Opening balance	143.83	145.64
Additions during the year	137.67	85.12
Amount utilised during the year	(126.24)	(80.70)
Unwinding of discount and effect of changes in the discount rate	(5.91)	(6.23)
Closing balance	**149.35**	**143.83**

The provision for warranty claims represents the present value as best estimate of the future economic benefits that will be required under the Company's obligations for warranties. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

As at March 31, 2020, this particular provision had a carrying amount of ₹ 149.35 crore (March 31, 2019: ₹ 143.83 crore). Were claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated ₹ 14.94 crore higher or lower (March 31, 2019: ₹ 14.38 crore higher or lower).

21. DEFERRED TAX (ASSETS)/ LIABILITIES (NET)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Deferred tax liabilities		
Property, plant and equipments and intangible assets	411.57	558.94
Financial assets carried at fair value through profit or loss	73.98	29.80
Others	8.58	12.38
Sub-total (A)	**494.13**	**601.12**
Less: Deferred tax assets		
Deferred revenue	60.14	43.22
Accrued expenses deductible on payment	26.74	9.35
VRS expenses u/s 35DDA	12.10	-
Right of use assets and lease liabilities	2.32	-
Others	-	12.04
Sub-total (B)	**101.30**	**64.61**
Total (A-B)	**392.83**	**536.51**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Movement of Deferred tax (assets)/liabilities

Particulars	For the Year ended March 31, 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities				
Property, plant and equipments and intangible assets	558.94	(147.37)	-	411.57
Financial assets carried at fair value through profit or loss	29.80	44.18	-	73.98
Others	12.38	(3.80)	-	8.58
	601.12	**(106.99)**	**-**	**494.13**
Less: Deferred tax assets				
Accrued expenses deductible on payment	9.35	17.39	-	26.74
Deferred revenue	43.22	16.92	-	60.14
VRS expenses u/s 35DDA	-	12.10	-	12.10
Right of use assets and lease liabilities	-	2.32	-	2.32
Others	12.04	(12.04)	-	-
	64.61	**36.69**	**-**	**101.30**
Deferred tax liabilities (net)	**536.51**	**(143.68)**	**-**	**392.83**

Particulars	For the Year ended March 31, 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities				
Property, plant and equipments and intangible assets	492.75	66.19	-	558.94
Financial assets carried at fair value through profit or loss	66.26	(36.46)	-	29.80
Others	18.67	(6.29)	-	12.38
	577.68	**23.44**	**-**	**601.12**
Less: Deferred tax assets				
Accrued expenses deductible on payment	10.09	(0.74)	-	9.35
Deferred revenue	43.88	(0.66)	-	43.22
Others	12.04	-	-	12.04
	660.01	**(1.40)**	**-**	**64.61**
Deferred tax liabilities (net)	**511.67**	**240.84**	**-**	**536.51**

22. TRADE PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro and small enterprises	8.33	-
Total outstanding dues of creditors other than micro and small enterprises[##]	3,022.18	3,355.28
Total	**3,030.51**	**3,355.28**

[##] Include payables to related parties (refer note 36).

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 41.

Disclosure in respect of the amounts payable to Micro and Small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the financial statements based on information received and available with the Company.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period	8.33	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
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 MSMED Act, 2006	-	-
The amount of interest accrued for unpaid principal at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

23. OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Capital creditors	130.52	100.27
Security deposits dealers and others	65.03	59.73
Unclaimed dividend *	56.89	60.87
Total	**252.44**	**220.87**

* Does not include any amounts outstanding as at March 31, 2020 which are required to be credited to Investor Education and Protection Fund.

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 41.

24. OTHER LIABILITIES

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Statutory remittances (contributions to provident fund and employee state insurance, withholding taxes, GST etc.)	159.51	194.13
Advance from customers	114.17	43.53
Deferred revenue	238.94	252.14
Others	5.64	5.38
Total	**518.26**	**495.18**

Contract balances

Contract liability is comprised of consideration received from customers against which services are yet to be provided reported as advance from customers disclosed as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Advance from customers – current	114.17	43.53
Deferred revenue	238.94	252.14

Revenue recognised from amount included in contract liabilities (advance from customers and deferred revenue) at the beginning of the year amounts to ₹ 43.53 crore and ₹ 227.34 crore respectively.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

25. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Sale of products		
Two-wheelers (63.98 lakh units (previous year 78.21 lakh units)	24,917.15	29,693.52
Spare parts	2,895.89	2,835.97
	27,813.04	**32,529.49**
(b) Income from services		
Dealers support services	44.43	28.66
Goodlife program for customers	40.64	43.69
Services – others	510.32	522.69
	595.39	**595.04**
(c) Other operating revenue		
Duty drawback and other incentives	30.86	35.32
Incentive from State Government	345.46	419.30
Miscellaneous income	51.34	71.39
	427.66	**526.01**
Total	**28,836.09**	**33,650.54**

26. OTHER INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest income on financial assets carried at amortised cost		
Tax free bonds, debentures and other instruments classified as debt	24.88	19.77
Deposit with bank and others	239.03	261.52
(b) Dividend income		
Dividend income from investments carried at fair value through profit or loss	47.73	71.64
Dividend income from investments carried at cost	56.47	12.24
(c) Profit on sale of investments	135.99	144.09
(d) Gain on investments carried at fair value through profit or loss	227.57	175.11
(e) Other non-operating income		
Exchange fluctuation	46.30	6.23
Profit on sale of property, plant and equipments	0.37	0.65
	778.34	**691.25**

27. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials and components consumed:		
Opening stock	766.69	555.71
Add: Purchase of raw materials and components	19,760.49	23,614.06
	20,527.18	**24,169.77**
Less: closing stock	616.47	766.69
	19,910.71	**23,403.08**
Less: Cash discount	43.52	56.98
Consumption of raw materials and components	19,867.19	23,346.10
Net consumption	**19,867.19**	**23,346.10**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

28. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Opening stock		
Two-wheelers	113.21	79.47
Spare parts	37.60	37.19
Work-in-progress	31.37	37.14
	182.18	**153.80**
(b) Closing stock		
Two-wheelers	263.33	113.21
Spare parts	38.50	37.60
Work-in-progress	50.13	31.37
	351.96	**182.18**
Net (increase)/ decrease	**(169.78)**	**(28.38)**

29. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Salaries and wages	1,619.42	1,491.81
(ii) Contribution to provident and other funds	111.70	129.34
(iii) Employee Stock Compensation Cost (refer note – 40)	10.15	6.55
(iv) Staff welfare expenses	100.43	102.54
Total	**1,841.70**	**1,730.24**

Employee Benefit Plans

The details of various employee benefits provided to employees are as under:

A. Defined benefit, Contribution and other plans

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Employer's contribution to provident fund and labour welfare fund	67.71	64.87
b) Employer's contribution to superannuation fund	17.23	17.56
c) Employer's contribution to gratuity fund *	23.21	41.65
d) Employer's contribution to employee state insurance	3.55	5.26
	111.70	**129.34**

* In addition to this contribution made amounting to ₹ 42.47 crore (previous year : ₹ 27.38 crore) is recognised in other comprehensive income.

B. Defined benefit plans:

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk , longevity risk and salary risk

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

The principal assumptions (demographic and financial) used for the purposes of the actuarial valuations were as follows:-

Principal assumptions:	Gratuity As at March 31, 2020	Gratuity As at March 31, 2019
Discount rate	6.60%	7.50%
Future salary increase	6.50% p.a.	6.50% p.a. for first year and 5.50% thereafter
Retirement age	58 years	58 years
Withdrawal rate	Up to 30 years: 3% from 31 to 44 years: 2% After 44 years: 1%	Up to 30 years: 3% from 31 to 44 years: 2% After 44 years: 1%
In service mortality	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

Amounts recognised in statement of profit and loss in respect of this defined benefit plan are as follows:-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Service cost:		
Current service cost	23.21	14.27
Components of defined benefit costs recognised in profit or loss	**23.21**	**14.27**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(0.74)	3.09
Actuarial (gains)/ losses arising from changes in financial assumptions	41.56	17.99
Actuarial (gains)/ losses arising from experience adjustments	1.65	6.30
Components of defined benefit costs recognised in other comprehensive income	**42.47**	**27.38**
Total	**65.68**	**41.65**

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Present Value of funded defined benefit obligation	318.03	265.59
Fair value of plan assets	252.35	265.59
Net liability arising from defined benefit obligation	**65.68**	**-**

Net liability disclosed as follows (under Provisions – Note – 20):

Particulars	Gratuity			
	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Other employee benefits	65.68	-	-	-

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Movements in the present value of the defined benefit obligation are as follows :-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Gratuity	Gratuity
Opening defined obligation	265.59	220.52
Current service cost	23.21	14.27
Interest cost	18.69	17.01
Remeasurement (gains)/losses:		
Actuarial (gains)/losses arising from changes in financial assumptions	41.56	17.99
Actuarial (gains)/losses arising from experience adjustments	1.65	6.30
Benefits paid	(32.67)	(10.50)
Closing defined benefit obligation	**318.03**	**265.59**

Movements in the fair value of the plan assets are as follows

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening fair value of plan assets	265.59	220.52
Interest income	18.69	17.01
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	0.74	(3.09)
Contribution	-	41.65
Benefit paid	(32.67)	(10.50)
Closing fair value of plan assets	**252.35**	**265.59**

The Company makes annual contribution to Life Insurance corporation (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 11.92 crore (increase by ₹ 12.81 crore) (as at March 31, 2019: Decrease by ₹ 8.98 crore (increase by ₹ 9.61 crore)).

- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 12.76 crore (decrease by ₹ 11.99 crore) (as at March 31, 2019: increase by ₹ 9.74 crore (decrease by ₹11.26 crore)).

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Asset-Liability Matching Study

The Company ensures that the investment positions are managed within an Asset-Liability Matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within the framework, the Company's ALM objective is to match assets to the obligations by investing in securities with maturities that match the payments as they fall due.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Other disclosures

Maturity profile of defined benefit obligation

Particulars	As at March 31, 2020	As at March 31, 2019
Average duration of the defined benefit obligation (in years)	8.50 years	8.77 years

The Company expects to make a contribution of ₹ 65.68 crore (as at March 31, 2019 ₹ 16.55 crore) to the defined benefit plans during the next financial year.

Defined benefit liability and employer contribution

The Expected maturity analysis of undiscontinued defined benefit liability is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
As at March 31, 2020	49.36	21.08	80.37	30.00	180.81
As at March 31, 2019	38.52	20.69	77.59	155.33	292.13

30. FINANCE COSTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expenses at amortised cost		
- On dealers security deposits	2.47	2.23
- On others	0.10	0.14
- Unwinding of discount on provisions and lease liability	19.45	6.23
Total	**22.02**	**8.60**

31. OTHER EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Stores and tools consumed	91.22	110.30
Packing, forwarding, freight etc.	947.52	1,196.21
Power and fuel	132.22	157.48
Rent (Refer note 7A)	23.30	51.91
Lease rent	-	39.33
Repairs and maintenance		
- Buildings	26.50	21.47
- Plant and machinery	103.44	109.72
- Others	9.79	9.15
Insurance charges	52.53	47.14
Rates and taxes	10.29	10.22
Advertisement and publicity	719.77	804.17
Donations#	0.05	7.73
Expenditure on corporate social responsibility (Refer note 42)	130.61	101.95
Payment to auditors	1.80	1.37
Exchange fluctuation	-	0.59
Loss on sale of property, plant and equipments	8.66	6.47
Loss allowance on trade receivables	51.22	-
Miscellaneous expenses	1,030.10	997.28
Total	**3,339.02**	**3,672.49**

Donation includes ₹ Nil crore (previous year ₹ 7.00 crore) under Section 182 of the Companies Act, 2013.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Payment to auditors

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) As Statutory Audit		
- Audit fee	0.82	0.65
- Limited Review of unaudited financial results	0.60	0.45
- Other certifications	0.11	0.15
b) Tax audit fees	0.08	0.05
c) Out of pocket expenses	0.19	0.07
	1.80	**1.37**

32. INCOME TAX EXPENSE

(a) Income tax expense recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax:		
In respect of the current year	1,084.11	1,601.02
Deferred Tax		
In respect of the current year	(143.68)	24.84
Total income tax expense recognised in the statement of profit and loss	**940.43**	**1,625.86**

(b) Income tax on other comprehensive income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of Defined Benefit Obligations	(10.69)	(9.57)
Total income tax expenses recognised in other comprehensive income	**(10.69)**	**(9.57)**

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	**4,573.69**	**5,010.73**
Income tax expense calculated at 25.168% (2018-19: 34.944%)	1,151.11	1,750.95
Impact of change in tax rates (from 34.944% in 2018-19 to 25.168% in 2019-20)	(127.40)	-
Additional deduction on research and product development cost	-	(41.14)
Additional deduction on employment generation u/s 80JJAA	(0.85)	(1.18)
Effect of income taxed on lower rate	(70.26)	(99.25)
Others	(12.17)	16.48
Income tax expense recognised in statement of profit and loss	**940.43**	**1,625.86**

33. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic earnings per share (in ₹)	181.91	169.48
Diluted earnings per share (in ₹)	181.91	169.47
The earnings and weighted average number of equity shares used in the calculation of basic/ diluted earnings per share are as follows.		
Profit for the year, per statement of profit and loss (₹ in crore)	3,633.26	3,384.87
Opening Balance	199,726,884	199,711,455
Effect of share options exercised	4,909	4,869
Weighted average number of equity shares for the purposes of basic earnings per share (in Nos.)	199,731,793	199,716,324
Effect of share options*	-	14,695
Weighted average number of equity shares for the purposes of diluted earnings per share (in Nos.)	199,731,793	199,731,019

*anti dilutive in the current year.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

34. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Contingent liabilities		
In respect of excise matters	-	104.14
The above matters are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Company.		
Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Company believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.		
As at March 31, 2019, the Company was in the process of evaluating the impact of the recent Supreme Court Judgment in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952.		
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 73.31 crore (March 31, 2019 ₹ 344.81 crore)	249.43	717.36

35. The Company primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of vehicles, as well as sale of related parts and accessories. The Board of Directors of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely automotive segment. Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Revenue from Operations from external customers	India	Outside India	Total
2019-20	27,971.52	864.57	**28,836.09**
2018-19	32,691.83	958.71	**33,650.54**

Disclosure as per the requirement of Ind AS 115, Revenue:
For the year ended March 31, 2020:

Particulars	India	Outside India	Total
Sale of products	26,969.59	843.45	27,813.04
Income from services	574.27	21.12	595.39
Other operating revenue	427.66	-	427.66
Total	**27,971.52**	**864.57**	**28,836.09**

For the year ended March 31, 2019:

Particulars	India	Outside India	Total
Sale of products	31,588.68	940.81	32,529.49
Income from services	577.14	17.90	595.04
Other operating revenue	526.01	-	526.01
Total	**32,691.83**	**958.71**	**33,650.54**

a) Domestic segment includes sales and services to customers domiciled in India.

b) Overseas segment includes sales and services rendered to customers domiciled outside India.

c) There are no material non-current assets domiciled outside India.

d) There are no major individual customer whose revenue exceeds more than 10% of the entity's revenue.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

36. RELATED PARTY DISCLOSURES UNDER IND AS 24

A. Parties in respect of which the Company is an associate

Bahadur Chand Investments Private Limited

Brijmohan Lall Om Prakash (Partnership firm)

B. Parties over which the Company has control

Subsidiaries

HMCL (NA) Inc., USA (ceased to be a subsidiary w.e.f. November 05, 2019)

HMCL Americas Inc. USA

HMCL Netherlands BV

HMC MM Auto Limited

Hero Tech Center Germany GmbH (w.e.f. October 25, 2018)

Subsidiaries of HMCL Netherlands BV

- HMCL Colombia SAS

- HMCL Niloy Bangladesh Limited

Associate of the Company

Hero FinCorp Limited

Ather Energy Private Limited

C. Key management personnel and their relatives

Mr. Pawan Munjal - Chairman, Managing Director and Chief Executive Officer
Mr. Suman Kant Munjal - Director
Mr. Vikram Sitaram Kasbekar - Whole-Time Director
Mr. Niranjan Kumar Gupta - Chief Financial Officer
Ms. Neerja Sharma - Company Secretary

Non-Executive and Independent Directors

Mr. Pradeep Dinodia
Gen. (Retd.) Ved Prakash Malik (ceased w.e.f. March 31, 2019)
Dr. Pritam Singh (ceased w.e.f. March 31, 2019)
Mr. M. Damodaran
Mr. Ravi Nath (ceased w.e.f. July 29, 2019)
Dr Anand C. Burman (ceased w.e.f July 29, 2019)
Ms. Shobana Kamineni (ceased w.e.f. March 26, 2020)
Mr. Paul B. Edgerley
Dr. Jagmohan Singh Raju (Appointed w.e.f. November 15, 2018)
Ms. Tina Trikha (Appointed w.e.f. October 23, 2019)

Enterprises over which key management personnel and their relatives are able to control:

A.G. Industries Private Limited, A.G, Industries (Bawal) Pvt. Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Mindmine Institute Private Limited, Hero Investcorp Private Limited, Hero Solar Energy Private Limited, S.R. Dinodia & Co. LLP, BML Munjal University and Raman Kant Munjal Foundation

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Transactions with the above related parties:

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
a) Parties in respect of which the Company is an associate		
Dividend paid		
Brijmohan Lall Om Prakash (Partnership firm)	270.89	265.31
Hero Investcorp Limited	8.48	8.30
Bahadur Chand Investments Private Limited	387.45	379.46
b) Parties over which the Company has control		
Investment in equity instruments during the year		
Subsidiaries		
HMCL Netherlands BV	19.51	24.07
HMC MM Auto Limited	12.00	9.93
Hero Tech Center Germany GmbH	-	19.57
Repatriation of Investments to India		
HMCL (NA) Inc., USA	0.01	-
Dividend Received		
HMCL Netherlands BV	36.48	-
Sales		
HMCL Colombia SAS	131.20	124.97
HMCL Niloy Bangladesh Limited	424.38	438.27
Other operating revenues		
HMCL Colombia SAS	4.16	2.98
HMCL Niloy Bangladesh Limited	17.61	14.93
Purchases of goods/services		
HMC MM Auto Limited	61.47	19.05
Hero Tech Center Germany GmbH	69.32	-
Expenses reimbursed		
HMCL Colombia SAS	13.41	14.98
HMCL Niloy Bangladesh Limited	9.52	5.66

Balance outstanding at the year end

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
- Trade Receivable		
HMCL Colombia SAS	47.61	12.36
HMCL Niloy Bangladesh Limited	79.01	95.89
- Trade Payable		
HMC MM Auto Limited	33.58	6.11
Hero Tech Center Germany GmbH	9.96	-

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
c) Associate of the Company		
Hero FinCorp Limited		
Lease rental expenses	13.97	25.35
Dividend received	20.00	12.24
Dividend paid	0.01	0.01
Investment in equity instruments during the year	248.37	498.30
Expenses reimbursed	4.65	2.05
Rent received	0.06	0.06
Ather Energy Private Limited		
Investment in Compulsorily convertible debentures*	-	130.00

*During the financial Year 2019-20, compulsorily convertible debentures have been converted into complusory convertible preference shares.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Balance outstanding at the year end

Particulars	As at March 31, 2020	As at March 31, 2019
- Payable		
Hero FinCorp Limited	6.00	1.84

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
d) Key management personnel and their relative.		
Managerial Remuneration/Sitting fees		
Mr. Pawan Munjal	84.59	80.41
Mr. Vikram Sitaram Kasbekar	6.70	6.19
Mr. Suman Kant Munjal	0.18	0.18
Mr. Niranjan Kumar Gupta	4.77	4.53
Ms. Neerja Sharma	4.46	1.79
Dividend paid	2.79	2.74
Commission/ Sitting fees/ Expenses reimbursement to Non-Executive and Independent Directors		
Mr. Pradeep Dinodia	1.18	0.95
Gen. (Retd,) Ved Prakash Malik	-	0.75
Dr. Pritam Singh	-	0.60
Mr. M. Damodaran	1.04	0.79
Mr. Ravi Nath	-	0.51
Dr. Anand C. Burman	0.08	0.09
Ms. Shobana Kamineni	0.35	0.17
Mr. Paul B. Edgerley	0.53	0.92
Dr. Jagmohan Singh Raju	0.60	0.08
Ms. Tina Trikha	0.18	-

Balance outstanding at the year end

Particulars	As at March 31, 2020	As at March 31, 2019
- Payables (including commission)	49.98	55.08

Category-wise break up of compensation to key management personnel during the year is as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Managerial remuneration*		
Short-term benefits	97.84	90.66
Post-employment benefits	2.31	1.76
Share-based payments	0.38	0.49

* Does not include provisions for incremental gratuity and compensated absences liabilities, since the provisions are based on actuarial valuations for the Company as a whole.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
e) Enterprises over which key management personnel and their relatives are able to exercise control		
Purchase of raw materials and components etc.	2,595.43	3,155.12
Purchase of property, plant and equipments	34.13	36.96
Payment towards services etc.	4.11	4.78
Expenditure towards Corporate Social Responsibility (CSR)	19.94	13.21

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Balance outstanding as at the year end

Particulars	As at March 31, 2020	As at March 31, 2019
- Payables	173.86	282.19

Significant related party transactions included in the above are as under :-

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	810.40	997.95
Rockman Industries Limited	1,615.44	1,920.56
A.G Industries (Bawal) Pvt. Limited	166.95	233.87
Purchase of Assets		
Rockman Industries Limited	15.72	13.06
A.G. Industries Private Limited	18.40	20.09
Hero Solar Energy Private Limited	-	3.81
Payment for services etc.		
BML Munjal University	2.95	1.65
Hero Mindmine Institute Private Limited	0.06	0.74
Hero Solar Energy Private Limited	0.44	-
A .G. Industries Private Limited	0.55	1.11
Rockman Industries Limited	0.17	0.25
S.R Dinodia & Co. LLP	-	1.02
CSR		
Raman Kant Munjal Foundation	4.94	2.93
BML Munjal University	15.00	10.28

Significant closing balances of related parties are as under:-

Particulars	As at March 31, 2020	As at March 31, 2019
- Trade Payables		
A .G. Industries Private Limited	43.64	48.32
Rockman Industries Limited	127.05	220.54
A.G, Industries (Bawal) Pvt. Limited	2.88	10.22

D. Terms and Conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash.

37. NOTE ON COVID-19

The spread of COVID-19 has affected the business operations post the national lock down. The Company has taken various measures in consonance with Central and State Government advisories to contain the pandemic, which included closing of manufacturing facilities.

Given the uncertainty of quick turnaround to normalcy, post lifting of the lock down, the Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure.

Pursuant to the relaxed guidelines, the Company has now resumed its operations , however, some of the staff continues to operate from home. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of these financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

38. Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) Order, 2016 in respect of disputed dues, not deposited as at March 31, 2020, pending with various authorities:

Name of Statute	Nature of Dues	Amount*	Amount paid	Financial year to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	0.45	0.02	2014-15 to 2015-16	Assistant Commissioner
		59.28***	0.70	2004-05 to 2017-18	CESTAT (The Customs Excise and Service Tax Appellate Tribunal)
Central Goods and Services Tax Act, 2017	Goods and Services Tax (GST)	0.09***	-	2017-18	Commissioner Appeal
Finance Act, 1994	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
		233.11	24.99	2004-05 to 2011-12	CESTAT
Income Tax Act, 1961	Income Tax	283.99 **	-	2014-15	Income Tax Appellant Tribunal (ITAT)
		2,336.71#	280.00	2010-11	Commissioner of Income Tax (Appeals)

* Amount as per demand orders including interest and penalty wherever indicated in the order.

#Balance demand of 2010-11 has been stayed by assessing officer till the disposal of first appeal.

** For FY 2014-15, stay of demand has been granted by ITAT for a period of 6 months or disposal of first appeal which ever is earlier.

*** Includes a case of ₹ 25.05 crore (including interest and penalty) for which appeal is yet to be made.

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels:

Name of Statute	Nature of Dues	Amount*	Amount paid as per stay order/ mandatory deposit	Financial year to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	8.78	-	2002-03 to 2008-09	Supreme Court
		85.66	0.04	2009-10 to 2010-11, 2013-14	CESTAT
Income Tax Act, 1961	Income Tax	4.10	-	2005-06	Supreme Court
		7,353.84	-	1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2002-03, 2006-07, 2009-10, 2010-11, 2011-12 and 2012-13.	High Court
		365.01	-	2004-05, 2007-08 and 2013-14	ITAT

* Amount as per demand orders including interest and penalty wherever indicated in the order.

39. RESEARCH AND DEVELOPMENT EXPENSES:

Expenses charged to revenue account

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw material consumption	14.86	9.22
Consumables	2.71	3.41
Employee benefits	205.45	198.60
Depreciation and amortisation	181.29	126.35
Others*	73.27	79.91
Total	**477.58**	**417.49**

* Includes intangible asset under development amounting to ₹ 0.05 crore (previous year ₹ 0.02 crore) expensed off during the year.

Notes forming part of the Standalone Financial Statements

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(Amount in crore of INR)

Capital expenditure	For the year ended March 31, 2020	For the year ended March 31, 2019
Land	28.79	4.69
Building	11.45	0.04
Equipments	53.67	24.73
Furniture and fixtures	2.37	1.20
Software	4.91	8.12
Vehicles	6.13	4.25
Data processing equipments	4.46	3.67
Intangible assets	108.03	30.47
	219.81	**77.17**
Capital work-in-progress	14.37	85.52
Total	**234.18**	**162.69**

40. SHARE-BASED PAYMENTS

Employee Stock Option Plan

The Employee Stock Options Scheme titled "Employee Incentive Scheme 2014 - Options and Restricted Stock Unit" hereafter referred to as "Employee Incentive Scheme 2014" or "the Scheme" was approved by the shareholders of the Company through postal ballot on September 22, 2014. The Scheme covered 49,90,000 options/ restricted units for 49,90,000 equity shares. The Scheme allows the issue of options/restricted stock units (RSU) to employees of the Company which are convertible to one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options/RSU to the employees deemed eligible. The options and RSU granted vest over a period of 4 and 3 years respectively from the date of the grant in proportions specified in the respective ESOP Plans. Options/RSU may be exercised by the employees after vesting period within 7 years from the date of grant. The fair value as on the date of the grant of the options/RSU, representing Stock compensation charge, is expensed over the vesting period.

Details of the Stock Option/ RSU issued under the Scheme

Plan	Number of Options/ RSU	Grant date	Expiry date	Exercise Price ₹	Weighted Average Fair value of the Options at grant date ₹
ESOP 2014	23,110	22-Oct-14	21-Oct-21	2,159	1,228
ESOP 2016	41,290	22-Aug-16	21-Aug-23	2,469	1,324
RSU 2016	11,194	22-Aug-16	21-Aug-23	2	3,290
ESOP 2017	29,800	31-Oct-17	31-Oct-24	2,818	1,615
RSU 2017	15,769	31-Oct-17	31-Oct-24	2	3,663
ESOP 2018	125,000	25-Mar-19	25-Mar-26	2,033	1,138
RSU 2018	17,760	31-Jan-19	31-Jan-26	2	2,672
ESOP 2019	98,750	22-Oct-19	22-Oct-26	1,745	1067
RSU 2019	5,210	22-Oct-19	22-Oct-26	2	2,308

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Fair value of share options/ RSU granted during the year

The fair value of options/RSU granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below. The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options/RSU of each vest. The expected life of share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.

Inputs in to the pricing model	Option Plan			
	ESOP 2019	RSU 2019	ESOP 2018	RSU 2018
Weighted Average Fair value of option/RSU	1,067	2,308	1,138	2,672
Weighted Average share price	2,637	2,637	2,886	3,034
Exercise price	1,745	2	2,033	2
Expected average volatility	22.54%	22.49%	22.96%	23.17%
Option life	7 Years	7 Years	7 Years	7 Years
Dividend yield	2.92%	2.92%	2.78%	2.78%
Average risk-free interest rate	6.57%	6.57%	7.00%	7.23%

Movements in share options during the year

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	Weighted average exercise price ₹	Number of options	Weighted average exercise price ₹
Outstanding at the beginning of the year	182,216	2,218	67,724	2,604
Granted during the year	98,750	1,745	125,000	2,033
Forfeited during the year	35,371	2,195	2,414	2,686
Exercised during the year	534	2,159	8,094	2,449
Outstanding at the end of year	245,061	2,031	182,216	2,218
Exercisable at the end of year	41,944	2,304	10,864	2,547
Movements in RSU during the year				
	Number of RSU	Weighted average exercise price ₹	Number of RSU	Weighted average exercise price ₹
Outstanding at the beginning of the year	31,838	2	21,413	2
Granted during the year	5,210	2	17,760	2
Forfeited during the year	12,180	2	-	2
Exercised during the year	11,950	2	7,335	2
Outstanding at the end of year	12,918	2	31,838	2
Exercisable at the end of year	1,674	2	-	-

Share options exercised during the year

Option Plan	For the year ended March 31, 2020		For the year ended March 31, 2019	
	No. of options exercised	Weighted average Share price at exercise date ₹	No. of options exercised	Weighted average Share price at exercise date ₹
ESOP 2014	534	2,355	1,962	2,660
ESOP 2016	-	-	4,848	2,883
RSU 2016	4,047	2,675	3,036	2,883
ESOP 2017	-	-	1,284	2,681
RSU 2017	7,903	2,612	4,299	2,685

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2020	Options outstanding as at March 31, 2019	Remaining contractual life (in Years) as on March 31, 2020	Remaining contractual life (in Years) as on March 31, 2019	Exercise Price ₹
ESOP 2014	864	2,184	1.56	2.56	2,159
ESOP 2016	20,916	28,016	3.39	4.39	2,469
RSU 2016	-	4,047	3.39	4.39	2
ESOP 2017	21,826	27,016	4.59	5.59	2,818
RSU 2017	2,128	10,031	4.59	5.59	2
ESOP 2018	108,030	125,000	5.98	6.98	2,033
RSU 2018	5,580	17,760	5.84	6.84	2
ESOP 2019	93,425	-	6.56	-	1,745
RSU 2019	5,210	-	6.56	-	2
	257,979	**214,054**			

During the the year ended March 31, 2020, the Company recorded an employee stock compensation expense of ₹ 10.15 crore (previous year ₹ 6.55 crore) in the Statement of Profit and Loss and the balance in share options outstanding account as at March 31, 2020 is ₹ 15.44 crore (previous year ₹ 9.59 crore)

41. FINANCIAL INSTRUMENTS

41.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, opitimisation of working capital requirements and deployment of surplus funds into various investment options. The Company does not have debts and meets its capital requirement through equity and internal accruals.

The Company is not subject to any externally imposed capital requirements

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.

The following table summarises the capital of the Company:

Particulars	As at March 31, 2020	As at March 31, 2019
Share capital	39.95	39.95
Equity reserves	14,096.45	12,817.17
Total Equity	**14,136.40**	**12,857.12**

Particulars	As at March 31, 2020	As at March 31, 2019
Categories of financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	1,345.45	980.07
Current		
Investments	4,559.92	3,146.42
Financial assets at amortised cost		
Non-current		
Investments	205.72	253.98
Loans	67.27	59.96

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Investments	134.56	20.68
Trade receivables	1,603.14	2,821.57
Cash and bank balances	241.86	136.46
Loans	22.36	25.03
Others	354.61	653.89
Total	**8,534.89**	**8,098.06**
Financial liabilities at amortised cost		
Non-Current		
Lease Liability	121.67	-
Current		
Lease Liability	28.29	-
Trade payables	3,030.51	3,355.28
Other financial liabilities	252.44	220.87
Total	**3,432.91**	**3,576.14**

41.2 Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

	Fair value as at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	975.78	-
Investments in equity instruments	4.29	-	-
Current			
Investments in mutual funds	2,952.57	63.85	-
Investments in debentures	-	-	130.00

Notes forming part of the Standalone Financial Statements

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(Amount in crore of INR)

	Fair value as at March 31, 2020		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	1,343.36	-
Investments in equity instruments	2.09	-	-
Current			
Investments in mutual funds	4,532.28	27.64	-

Fair value of the Company's financial assets that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial instruments approximate their fair values:

	As at March 31, 2020		As at March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Non-current				
Investments in bonds	205.72	212.78	253.98	253.31
Current				
Investments in bonds	134.56	135.71	20.68	20.70

	Fair value hierarchy	
	March 31, 2020 Level 2	March 31, 2019 Level 2
Financial assets at amortised cost		
Non-current		
Investments in bonds	212.78	253.31
Current		
Investments in bonds	135.71	20.70

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions-: Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.

- The fair value of bonds is based on quoted prices and market observable inputs.

- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables, current lease liabilities and other current financial liabilities: Fair value approximate their carrying amounts largely due to short-term maturities of these instruments.

- The Company's non current lease liabilities and non current financial assets are measured at amortised cost, which approximates the fair value as on the reporting date.

-Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

- There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 and March 31, 2019

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Financial risk management objectives and Policies

41.3 Financial risk management objectives

The Company's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments, diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Company's policies on foreign exchange risk and the investment. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including export receivables and import payables. Future specific market movements cannot be normally predicted with reasonable accuracy.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(₹ in crore)

Foreign currency exposure as at March 31, 2020	USD	EURO	JPY	SGD
Trade Receivable	1.61	-	-	-
Trade Payables	0.79	0.13	0.00	0.01
Capital Creditors	0.18	0.04	26.72	-
Forward cover – Bought	1.01	-	-	-

Foreign currency exposure as at March 31, 2019	USD	EURO	JPY	SGD
Trade Receivable	2.09	-	-	-
Trade Payables	2.18	-	-	-
Forward cover – Bought	0.93	-	-	-

Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. (+)(-)5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the ₹ strengthens (+)(-)5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

Currency	2019-20		2018-19	
	5% increase	5% decrease	5% increase	5% decrease
Receivable – USD	6.07	(6.07)	7.21	(7.21)
Trade Payable				
USD	(2.97)	2.97	(7.53)	7.53
JPY	(0.00)	0.00	-	-

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Currency	2019-20		2018-19	
	5% increase	5% decrease	5% increase	5% decrease
EUR	(0.53)	0.53	-	-
SGD	(0.01)	0.01	-	-
Capital Creditors				
USD	(0.67)	0.67	-	-
JPY	(0.94)	0.94	-	-
EUR	(0.15)	0.15	-	-
Forward cover – Bought	3.80	(3.80)	3.21	(3.21)
Impact on profit or loss as at the end of the reporting period	4.60	(4.60)	2.89	(2.89)
Impact on total equity as at the end of the reporting period	3.44	(3.44)	1.88	(1.88)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company.

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, mutual funds trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

The Company write-off the receivables in case of certainty of irrecoverability.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no. 15 above.

The Company has used a practical expedient and analysed the recoverable amount of receivables on an individual basis by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking information.

Movement in the expected credit loss allowance of financial assets

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at beginning of the year	20.28	28.68
Add: Provided during the year	51.22	-
Less: Reversals of provision	0.25	-
Less: Amounts written back	-	8.40
Balance at the end of the year	71.25	20.28

Other price risks including interest rate risk

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, bonds/ debentures, etc. The Company is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates , liquidity and credit quality of underlying securities.

NAV price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to NAV price risks at the end of the reporting period. If NAV prices had been 1% higher/lower:

(Amount in crore of INR)

- profit for the year ended March 31, 2020 would increase/decrease by ₹ 59.03 crore (for the year ended March 31, 2019 ₹ 39.92 crore).

Interest rate risk

The Company has lease liabilities which have been accounted with incremental borrowing rate and are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Liquidity risk

Liquidity risk represents the inability of the Company to meet its financial obligations within stipulated time. To mitigate this risk, the Company maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date on undiscounted basis.

Particulars	As at March 31, 2020			
	Less than 1 year	1 year to 5 year	More than 5 year	Total
Current				
(i) Trade payables	3,030.51	-	-	3,030.51
(ii) Other financial liabilities	252.44	-	-	252.44
(iii) Lease liabilities	39.22	89.33	97.61	226.16

Particulars	As at March 31, 2019			
	Less than 1 year	1 year to 5 year	More than 5 year	Total
(i) Trade payables	3,355.28	-	-	3,355.28
(ii) Other financial liabilities	220.87	-	-	220.87

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

42. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Gross amount required to be spent	96.55	93.72
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	130.61	101.95

43. The Company's borrowing facilities, comprising fund based and non-fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

44. The Company had deposited and created provision for "National Calamity Contingent Duty" ('NCCD') including applicable cess in its Haridwar plant during prior years, while contesting the same on the ground that NCCD is in nature of excise duty and should be covered by Area based exemption. Pursuant to favourable order from Hon'ble Supreme Court , the provision has been reversed as exceptional item during the current year ended March 31, 2020.

45. The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2020.

46. During the current year ended March 31, 2020, the Company had introduced a voluntary retirement scheme (VRS) and the Company had considered an expense of ₹ 60.l l crore for employees who have accepted to be part of VRS as exceptional item in the standalone financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAAB01453
Place: New Delhi
Date: June 9, 2020

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Place: New Delhi
Date: June 09, 2020

Consolidated Financial Statements

Independent Auditors' Report

To the Members of
Hero MotoCorp Limited

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Hero MotoCorp Limited (hereinafter referred to as the 'Holding Company' or the 'Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associate as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

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

Sr. No.	The key audit matter	How the matter was addressed in our audit
1.	**Government Grants** (Refer note 3.5 and 4(f) to the consolidated financial statements) The Company obtains various grants from Government authorities in connection with manufacturing and sales of two wheelers. There are certain specific conditions and approval requirement attached to the grants. Management evaluates, at the end of each reporting period, whether the Company has complied with the relevant conditions attached to each grant and whether there is a reasonable assurance that the grants will be received, in order to determine the timing and amounts of grants to be recognised in the financial statements. We identified the recognition of government grants as a key audit matter because of the significance of the amount of grants and due to significant management judgement involved in assessing whether the conditions attached to grants have been met and whether there is reasonable assurance that grants will be received.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • assessed the appropriateness of the accounting policy for government grants as per the relevant accounting standard. • evaluated the design and implementation of the Company's key internal financial controls over recognition of government grants and tested the operating effectiveness of such controls on selected transactions; • inspected, on a sample basis, documents relating to the grants given by the various government authorities and identifying the specific conditions and approval requirements attached to the respective grants; • evaluated the basis of management's judgement regarding fulfilment of conditions attached to the grants and reasonable assurance that grants will be received. This included examining, on a sample basis, the terms of the underlying documentation, correspondence with the government authorities and whether corresponding sales were made in respect of such grant.; • assessed the adequacy and appropriateness of the disclosures made in accordance with the relevant accounting standard;

Sr. No.	The key audit matter	How the matter was addressed in our audit
2.	**Capitalisation of Property, Plant and Equipment (including Capital work-in-progress) during the year of the Chittoor plant** (Refer note 3.9, 5 and 6 to the consolidated financial statements) The Company had commenced the project of setting up of a new manufacturing plant at Chittoor in the state of Andhra Pradesh. During the year, the Company has capitalised property, plant and equipment amounting to Rs 621.96 crore. Commercial production from such capitalised property, plant and equipment commenced from 19 March 2020. With regard to the capitalisation, management evaluates the costs incurred and applies judgement to identify costs that are eligible for capitalisation and consequent allocation to specific class of property, plant and equipment. Judgement is also involved in determining when the plant/ portion of the plant is ready for use as intended by the management and qualifies for capitalisation. We identified the capitalisation of costs incurred for construction of Chittoor plant as key audit matter due to the significance of the capital expenditure, risk of inappropriate timing of capitalisation and risk that the elements of costs are inappropriately capitalised or classified in accordance with the relevant standard.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • assessed the appropriateness of the accounting policy for property, plant and equipment as per the relevant accounting standard; • evaluated the design and implementation of the Company's key internal financial controls over property, plant and equipment (including capital work in progress), particularly in respect of timing, amount and classification of the costs capitalised and tested the operating effectiveness of such controls on selected transactions; • on a sample basis, we; ▫ inspected the approvals for the costs incurred; ▫ agreed direct and indirect costs capitalised with underlying supporting documents to ascertain the nature of costs; ▫ evaluated whether the costs incurred meet the criteria for capitalisation in accordance with the relevant standard; ▫ evaluated other costs debited to Statement of Profit and Loss to ascertain whether these should have been capitalised; ▫ evaluated whether the costs capitalised are appropriately classified in accordance with the relevant standard; • evaluated the basis for timing of capitalisation, including inspection of assessment report provided by third party technical experts; • assessed the adequacy and appropriateness of the disclosures made in accordance with the relevant accounting standard;

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of each company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

OTHER MATTERS

(a) We did not audit the financial statements / financial information of six subsidiaries, whose financial statements/ financial information reflect total assets (before consolidation adjustments) of Rs. 1,130.65 crore as at March 31, 2020, total revenues (before consolidation adjustments) of Rs. 1,088.07 crore and net cash outflows (before consolidation adjustments) amounting to Rs. 33.91 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) (before consolidation adjustments) of Rs. 77.41 crore for the year ended March 31, 2020, in respect of an associate, whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2020 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 financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2020 on the consolidated financial position of the Group and its associates. Refer Note 36 to the consolidated financial statements.

   ii. According to the information and explanation given to us, the Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2020.

   iii. According to the information and explanation given to us, there has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary company and associate companies incorporated in India during the year ended March 31, 2020;

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in the financial statements since they do not pertain to the financial year ended March 31, 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditor of such associate company incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary company and associate companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company and associate companies in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAABP4238

Place:
Date: June 9, 2020

Annexure A to the Independent Auditors' Report

on the consolidated financial statements of Hero MotoCorp Limited for the year ended March 31, 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

OPINION

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Hero MotoCorp Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary company, and its associate companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary company and its associate companies, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to the consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S AND THE BOARD OF DIRECTORS RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to the consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated 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 the consolidated financial statements were 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 the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant associate company in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated 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 the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to the consolidated 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 the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to one associate company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAABP4238

Place:
Date: June 9, 2020

Consolidated Balance Sheet

As at March 31, 2020

(Amount in crore of INR)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	5,786.24	4,792.50
(b) Capital work-in-progress	6	204.64	384.85
(c) Right of use of assets	7	518.79	-
(d) Other intangible assets	7A	167.90	159.86
(e) Intangible assets under development	8	186.69	187.97
(f) Equity accounted investments in associates	9A	2,098.34	1,705.89
(g) Financial assets			
(i) Investments	9B	1,551.18	1,234.06
(ii) Loans	10	67.68	60.12
(iii) Others	11	-	33.82
(h) Income tax assets (net)	12	321.74	855.62
(i) Other non-current assets	13	121.67	676.46
Total Non-Current Assets		**11,024.87**	**10,091.15**
Current assets			
(a) Inventories	14	1,282.32	1,249.53
(b) Financial assets			
(i) Investments	9B	4,709.12	3,173.88
(ii) Trade receivables	15	1,511.91	2,745.11
(iii) Cash and cash equivalents	16	305.31	208.12
(iv) Bank balances other than (iii) above	17	130.10	95.78
(v) Loans	10	23.75	25.08
(vi) Others	11	364.05	654.19
(c) Other current assets	13	322.64	261.52
Total Current Assets		**8,649.20**	**8,413.21**
Total Assets		**19,674.07**	**18,504.36**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	39.95	39.95
(b) Other equity	19	14,366.33	13,080.46
Total Equity attributable to owners of the Company		**14,406.28**	**13,120.41**
Non-controlling interests	20	140.60	116.11
Total Equity		**14,546.88**	**13,236.52**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	44.02	124.84
(ii) Lease Liabilities	7	207.62	-
(b) Provisions	22	123.90	120.94
(c) Deferred tax liabilities (net)	23	472.58	612.88
Total Non-Current Liabilities		**848.12**	**858.66**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	165.88	183.68
(ii) Lease Liabilities	7	33.46	-
(iii) Trade payables	24		
Total outstanding dues of micro enterprises and small enterprises		8.60	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,119.02	3,438.24
(iv) Other financial liabilities	25	260.96	226.73
(b) Other current liabilities	26	531.46	500.82
(c) Provisions	22	159.69	59.71
Total Current Liabilities		**4,279.07**	**4,409.18**
Total Equity and Liabilities		**19,674.07**	**18,504.36**
The notes referred to above form an integral part of the consolidated financials statements	1-47		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAABP4238
Place: New Delhi
Date: June 9, 2020

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Place: New Delhi
Date: June 9, 2020

Consolidated Statement of Profit and Loss

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	27	29,255.32	33,972.23
Other income	28	730.56	686.73
Total Income		**29,985.88**	**34,658.96**
EXPENSES			
Cost of materials consumed	29	20,004.29	23,503.46
Change in inventories of finished goods and work-in-progress	30	(173.34)	(59.04)
Excise duty on sale of goods		1.35	1.41
Employee benefits expenses	31	1,889.32	1,778.03
Finance costs	32	46.64	37.18
Depreciation and amortisation expenses	5, 7 & 7A	845.76	624.44
Other expenses	33	3,472.78	3,729.94
Total expenses		**26,086.80**	**29,615.42**
Profit before share of profit/(loss)of associates, exceptional items and tax		3,899.08	5,043.54
Profit/(loss) from associates			
Share in profit/(loss) of associates, net of tax		34.63	60.76
		34.63	**60.76**
Profit before tax and exceptional items		**3,933.71**	**5,104.30**
Exception item–NCCD income	45	737.48	-
Exception item–VRS expenses	47	(60.11)	-
Profit before tax		**4,611.08**	**5,104.30**
Tax expense	34		
Current tax		1,096.79	1,608.81
Deferred tax		(145.12)	29.14
Total tax expense		**951.67**	**1,637.95**
Net profit after taxes and share of profit/(loss) of associates		**3,659.41**	**3,466.35**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:-			
Re-measurement gains/(losses) on defined benefit plans		(42.59)	(27.43)
Income tax effect		10.68	9.58
Share of Other comprehensive income of associate, to the extent not be reclassified to profit or loss		(0.55)	(0.58)
		(32.46)	**(18.43)**
Items that will be reclassified to profit or loss:-			
Exchange differences in translating the financial statements of foreign operations		19.01	5.30
Income tax effect		(4.84)	(1.85)
		14.17	**3.45**
Total other comprehensive income, net of tax		**(18.29)**	**(14.98)**
Total comprehensive income for the year, net of tax		**3,641.12**	**3,451.37**
Net Profit/(loss) for the year attributable to:			
- Owners of the Company		3,638.11	3,444.09
- Non-controlling interests		21.30	22.26
		3,659.41	**3,466.35**
Other Comprehensive income for the year attributable to:			
- Owners of the Company		(23.61)	(16.32)
- Non-controlling interests		5.32	1.34
		(18.29)	**(14.98)**
Total Comprehensive income for the year attributable to:			
- Owners of the Company		3,614.50	3,427.77
- Non-controlling interests		26.62	23.60
		3,641.12	**3,451.37**
Earnings per share (Nominal Value of ₹ 2 each) in ₹	35		
(a) Basic		182.15	172.45
(b) Diluted		182.15	172.44
The notes referred to above form an integral part of the consolidated financials statements	1-47		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAABP4238
Place: New Delhi
Date: June 9, 2020

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Place: New Delhi
Date: June 9, 2020

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after tax and share in profit/(loss) of associates		**3,659.41**		**3,466.35**
Adjustments for:				
Add: Depreciation and amortisation expense	845.76		624.44	
Tax expense	951.67		1,637.95	
Loss on property, plant and equipments sold/discarded	8.66		6.47	
Finance cost	46.64		37.18	
Employee Stock Compensation Cost	10.15		6.55	
Loss allowance on trade receivables	53.04		-	
		1,915.92		**2,312.61**
Less: Interest income on financial assets carried at amortised cost	277.77		288.03	
Dividend income	48.27		71.76	
Profit on sale of investments	136.07		144.61	
Gain on investments carried at fair value through profit or loss	221.78		175.11	
Share of profit in associates	34.63		60.19	
Profit on sale of property, plant and equipments	0.37		0.66	
Foreign currency translation (net)	(19.01)		(9.91)	
		699.88		**730.45**
Operating profit before working capital changes		**4,875.45**		**5,048.51**
Changes in working capital:				
Adjustment for (increase)/decrease in operating assets:				
Inventories		(32.79)		(286.86)
Trade receivables		1,180.16		(1,318.14)
Loans–Current		1.33		3.42
Loans–Non-Current		(7.56)		(14.28)
Other financial assets		290.71		(111.04)
Other current assets		(64.36)		(49.41)
Other non-current assets		42.84		46.88
		1,410.33		**(1,729.43)**
Adjustment for increase/(decrease) in operating liabilities:				
Trade payables	(310.63)		62.98	
Other financial liabilities–Current	5.32		2.07	
Other current liabilities	30.64		(264.13)	
Current provisions	56.84		(19.01)	
Non-current provisions	2.96		1.76	
		(214.87)		**(216.34)**
Cash generated from operating activities		6,070.91		3,102.74
Less: Direct taxes paid (net of refund)		552.78		2,070.46
Net cash generated from operating activities		**5,518.13**		**1,032.27**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property, plant and equipment, intangible assets and capital work-in-progress including capital advances		(1,274.50)		(979.56)
Proceeds from sale of property, plant and equipment		(13.30)		4.17
Deposits made		(4.48)		(22.65)
Sale of investments		47,232.41		42,020.45
Purchase of investments		(49,353.10)		(39,456.26)
Dividend income received from associates		19.99		-
Investment in associates		248.37		(628.30)

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on financial assets carried at amortised cost	277.20	288.03
Dividend income	48.27	71.76
Net cash generated/(used) in investing activities	**(2,819.14)**	**1,297.63**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(46.67)	(36.93)
Payment of lease liabilities	(114.95)	-
Dividend paid	(1,957.04)	(1,928.60)
Tax on dividend	(401.40)	(390.01)
Additions to minority interest	17.47	17.55
Proceeds from issue of equity share capital	0.12	1.98
Repayment of non-current borrowings	(80.82)	(24.79)
Proceeds/Repayment from current borrowings	(18.51)	108.40
Net cash (used) in financing activities	**(2,601.80)**	**(2,252.40)**
D. INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**97.19**	**77.51**
Cash and cash equivalents at the beginning of the year	**208.12**	**130.61**
Cash and cash equivalents at the end of the year	**305.31**	**208.12**

Movement of borrowings	Non-current borrowings	Current borrowings (including current maturities)	Interest expense on financial liabilities	Total
As on March 31, 2019	124.84	186.66	0.20	311.70
Cash flows	(80.82)	(18.51)	(46.67)	(146.00)
Non-cash:				
Interest Expenses	-	-	46.64	46.64
As on March 31, 2020	**44.02**	**168.15**	**0.17**	**212.34**

Notes:

i. The consolidated statement of cash flow has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 - 'Statement of Cash Flows'.

ii. Refer note 33 for the disclosure related to corporate social responsibility expense.

The notes referred to above form an integral part of the consolidated financial statement 1-47.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAABP4238
Place: New Delhi
Date: June 9, 2020

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Place: New Delhi
Date: June 9, 2020

Consolidated Statement of Changes in Equity

For the year ended March 31, 2020

(Amount in crore of INR)

A. EQUITY SHARE CAPITAL

	Number of shares	Amount
Balance as at March 31, 2018	**199,711,455**	**39.94**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹ 30,858) (Note 41)	15,429	#
Balance as at March 31, 2019	**199,726,884**	**39.95**
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹ 24,968) (Note 41)	12,484	#
Balance as at March 31, 2020	**199,739,368**	**39.95**

B. OTHER EQUITY*

Particulars	Reserves and Surplus					Exchange differences in translating the financial statements of foreign operations	Total attributable to the owners of Company	Attributable to non-controlling interest	Total
	Capital reserve	Securities premium	General reserve	Share options outstanding account	Retained earnings				
Balance as at March 31, 2018	**#**	**8.30**	**2,676.34**	**6.74**	**9,247.01**	**(6.87)**	**11,931.52**	**93.21**	**12,024.73**
Profit for the year	-	-	-	-	3,444.09	-	3,444.09	22.26	3,466.35
Addition during the year	-	-	-	-	-	-	-	17.55	17.55
Other comprehensive income for the year, net of income tax	-	-	-	-	(18.43)	2.11	(16.32)	1.34	(14.98)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**3,425.66**	**2.11**	**3,427.77**	**41.15**	**3,468.92**
Transaction with owners, recorded directly in equity									
Charge against share-based payments	-	-	-	6.55	-	-	6.55	-	6.55
Transferred to securities premium on issue of shares	-	3.70	-	(3.70)	-	-	-	-	-
Payment of dividends	-	-	-	-	(1,897.35)	-	(1,897.35)	(18.25)	(1,915.60)
Tax on dividend	-	-	-	-	(390.01)	-	(390.01)	-	(390.01)
Issue of equity shares under employee share option plan	-	1.98	-	-	-	-	1.98	-	1.98
Balance as at March 31, 2019	**#**	**13.98**	**2,676.34**	**9.59**	**10,385.31**	**(4.76)**	**13,080.46**	**116.11**	**13,196.57**
Profit for the year	-	-	-	-	3,638.11	-	3,638.11	21.30	3,659.41
Addition during the year	-	-	-	-	-	-	-	17.47	17.47
Other comprehensive income for the year, net of income tax	-	-	-	-	(32.46)	8.85	(23.61)	5.32	(18.29)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**3,605.65**	**8.85**	**3,614.50**	**44.09**	**3,658.59**

Consolidated Statement of Changes in Equity

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	Reserves and Surplus					Exchange differences in translating the financial statements of foreign operations	Total attributable to the owners of Company	Attributable to non-controlling interest	Total
	Capital reserve	Securities premium	General reserve	Share options outstanding account	Retained earnings				
Transaction with owners, recorded directly in equity									
Charge against share-based payments	-	-	-	10.15	-	-	10.15	-	10.15
Transferred to securities premium on issue of shares	-	4.30		(4.30)	-	-	-	-	-
Payment of dividends	-	-	-	-	(1,937.44)	-	(1,937.44)	(19.60)	(1,957.04)
Tax on dividend	-	-	-	-	(401.46)	-	(401.46)	-	(401.46)
Issue of equity shares under employee share option plan	-	0.12	-	-	-	-	0.12	-	0.12
Balance as at March 31, 2020	**#**	**18.40**	**2,676.34**	**15.44**	**11,652.06**	**4.09**	**14,366.34**	**140.60**	**14,506.93**

*Purpose of each reserve within Other Equity has been disclosed under Note 19.

#On shares forfeited (in absolute ₹ 4,250) and share premium account on forfeited share reissued (in absolute ₹ 25,500).

The notes referred to above form an integral part of the consolidated financials statements 1-47.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

Manish Gupta
Partner
Membership No: 095037
UDIN: 20095037AAAABP4238
Place: New Delhi
Date: June 9, 2020

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Place: New Delhi
Date: June 9, 2020

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

1. GENERAL INFORMATION

Hero MotoCorp Limited (the "Company" or the "Holding Company"), its subsidiaries (collectively called as "Group") and its associates are engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services along with providing non-banking financial services. The Company is a public company domiciled and incorporated in India under the provisions of the Companies Act, 1956 on January 19, 1984. The Company's registered office and principal place of business is The Grand Plaza, Plot No. 2, Nelson Mandela Road, Vasant Kunj – Phase II, New Delhi – 110070, India. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on June 09, 2020.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, net defined benefit asset/ liability and liabilities for equity settled share based payment arrangement that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

These financial statements are presented in Indian Rupee (INR), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest crore, upto two decimals unless otherwise stated.

2.3 Operating Cycle

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

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit or loss.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of entity	Relationship	Country of Incorporation and principal place of business	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2020	March 31, 2019
HMCL (NA) Inc. (till November 5, 2019) *	Subsidiary	United States of America	Company	-	100%
HMCL Americas Inc.	Subsidiary	United States of America	Company	100%	100%
HMC MM Auto Limited	Subsidiary	India	Company	60%	60%
HMCL Netherlands B.V.	Subsidiary	Netherlands	Company	100%	100%
HMCL Colombia SAS	Subsidiary	Colombia	HMCL Netherlands BV	68%	68%
HMCL Niloy Bangladesh Limited	Subsidiary	Bangladesh	HMCL Netherlands BV	55%	55%
Hero TechCenter Germany GmbH	Subsidiary	Germany	Company	100%	100%

* During the current year ended March 31, 2020, HMCL (N.A) Inc. ceased to be a subsidiary of the Company w.e.f. November 6, 2019 pursuant to its dissolution vide order dated December 3, 2019 of the State of Delaware.

2.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or, a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associates are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Following associate companies have been considered in the preparation of the consolidated financial statements:

Name of entity	**Relationship**	**Country of Incorporation and principal place of business**	**Ownership held by**	**% of Holding and voting power either directly or indirectly through subsidiary as at**	
				March 31, 2020	**March 31, 2019**
Hero FinCorp Limited	Associate	India	Company	41.19%	41.18%
Ather Energy Private Limited	Associate	India	Company	35.10%	32.31%
Erik Buell Racing Inc.	Associate	United States of America	HMCL (NA) Inc.	-	Equity holding 49.2% Voting rights 43.9%

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue Recognition

Revenue is recognised upon transfer of control of promised products or services to customers for an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes or duties collected on behalf of the government

- Revenue from sale of goods is recognised when control of goods are transferred to the buyer which is generally on dispatch for domestic sales and on dispatch/ delivery on local port in India for export sales
- Revenue from providing services is recognised in the accounting period in which services are rendered. Revenue from service is based on number of services provided to the end of reporting period as a proportion of the total number of services to be provided:

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

A liability is recognised where payments are received from customers before transferring control of the goods being sold or providing services to the customer.

The Group and its associates disaggregates revenue from contracts with customers by nature of goods and service.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

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For the year ended March 31, 2020

3.2 Leasing

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group and its associates makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group and its associates considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group and its associates have concluded that no changes are required to lease period relating to the existing lease contracts.

The Group as lessee

The Group'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 Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises 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 Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

The right-of-use assets are initially recognised 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 amortised 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 in the country of domicile of these leases. 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 flows.

Transition

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective approach.

Consequently, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability. The Group has used discounted rate as the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. There is no impact on retained earnings as on 1 April 2019.

The effect of this adoption is insignificant on the profit before tax, profit for the year and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate has been applied to lease liabilities.

Refer note 7A for other disclosures.

3.3 Foreign currencies

In preparing the financial statements of the Group and its associates, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

3.5 Government grants

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

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs if any, for which the grants are intended to compensate.

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3.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. 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:

- service cost (including current service cost, past service cost, as well as gains and losses or curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expenses'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group'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 plan or reductions in future contributions to the plans.

Short-term employee benefits

Liabilities recognised in respect of wages and salaries and other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are expensed as the related services are provided.

Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits such as long term service awards and compensated absences are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date based on the actuarial valuation using the projected unit credit method carried out at the year end. Re-measurement gain or losses are recognised in the statement of profit and loss in the period in which they arise.

3.7 Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 41.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Share option's outstanding account.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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.

Notes forming part of the Consolidated Financial Statements

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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. In case of a history of recent losses, the group recognises a deferred tax assets only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

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.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Holding Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Holding Company has recognised Provision for Income tax for the year ended March 31, 2020 and re-measured its deferred tax assets /liabilities basis the rate prescribed in the said section. The impact of this change has been recognised during the year ended March 31, 2020.

3.9 Property, plant and equipment

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment, and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as-other property assets, commences when the assets are ready for their intended use.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised on the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per estimated economic useful lives prescribed in the Schedule II to the Act other than assets covered under employee benefits schemes which are depreciated over a period of 5 years and moulds and dies which are depreciated over a period of 3-8 years grouped under property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are

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expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit and loss.

3.10 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of profit and loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on model fee, etc. incurred are amortised on a straight line method over a period of 5 years.

3.11 Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For impairment testing, assets that don’t generate independent cash flows are grouped together into cash generating units (CGU’s). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGU’s.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash- generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion cost and other costs incurred in bringing them to their present location and condition. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.13 Provisions

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

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).

Warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise-being typically two to five years.

3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group 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 the statement of profit and 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 the statement of profit and loss are recognised immediately in the statement of profit and loss.

3.15 Financial assets

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

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through the statement of profit and loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through the statement of profit and loss on initial recognition):

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

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Interest income is recognised in Statement of profit and loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

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 the statement of profit and loss and is included in the "Other income" line item.

Financial assets at fair value through the statement of profit and loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, 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.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intents either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

Derecognition of financial assets

The Group 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.

3.16 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by Group 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 an entity after deducting all of its liabilities.

Financial liabilities

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 under 'Finance costs'

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.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

3.17 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, interest rate including foreign exchange forward contracts, option contracts, etc.

Foreign currency derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.19 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

Diluted earnings per share is computed by dividing the profit after tax 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 equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.20 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.21 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Recoverability of intangible asset

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the Company's management has determined that here are no factors which indicates that these assets have suffered any impairment loss.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Contingent loss that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Contingent gain are not recognised until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Impairment of investment in equity instruments of subsidiary and associate companies

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. Some of these companies are start-ups or are at early stage of their operations and are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

Government grant

During the year, management has assessed the conditions attached to grants which have been met and has assessed whether the grants will be received or not. Basis assessment, the Group has recognised the government grants in the Statement of profit and loss.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

5. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total
Cost								
At April 1, 2018	108.05	2,309.99	4,955.72	44.57	53.01	59.43	190.42	7,721.19
Additions	-	141.45	390.59	4.40	9.08	12.40	25.24	583.16
Disposals	-	0.98	72.00	0.15	5.29	0.66	3.16	82.24
Foreign currency translation reserve	-	-	(5.95)	-	-	-	-	(5.95)
At March 31, 2019	**108.05**	**2,450.46**	**5,268.36**	**48.82**	**56.80**	**71.17**	**212.50**	**8,216.16**
Additions	78.42	544.92	1,076.50	9.41	14.73	13.25	29.22	1,766.45
Disposals	-	0.09	74.91	0.87	6.73	1.94	4.65	89.19
Less : Transition impact of Ind AS 116 (Refer Note 3.2)	-	86.68	36.43	-	0.12	-	-	123.23
Foreign currency translation reserve	-	-	1.41	-	-	-	-	1.41
At March 31, 2020	**186.47**	**2,908.61**	**6,234.93**	**57.36**	**64.68**	**82.48**	**237.07**	**9,771.60**
Accumulated depreciation								
At April 1, 2018	-	312.51	2,444.19	19.06	18.66	30.87	124.51	2,949.80
Depreciation expenses	-	73.14	431.65	4.24	5.63	8.85	24.13	547.64
Adjustments	-	0.34	65.00	0.13	3.20	0.58	3.01	72.26
Foreign currency translation reserve	-	-	(1.52)	-	-	-	-	(1.52)
At March 31, 2019	**-**	**385.31**	**2,809.32**	**23.17**	**21.09**	**39.14**	**145.63**	**3,423.66**
Depreciation expenses	-	70.99	521.16	4.41	24.27	9.82	25.66	656.31
Disposals	-	0.09	67.89	0.76	4.42	1.84	4.34	79.34
Less: Transition impact of Ind AS 116 (Refer Note 3.2)	-	5.66	9.14	-	0.10	-	-	14.90
Foreign currency translation reserve	-	-	(0.37)	-	-	-	-	(0.37)
At March 31, 2020	**-**	**450.55**	**3,253.08**	**26.82**	**40.84**	**47.12**	**166.95**	**3,985.36**
Net block								
At March 31, 2019	108.05	2,065.15	2,459.04	25.65	35.71	32.03	66.88	4,792.50
At March 31, 2020	**186.47**	**2,458.06**	**2,981.85**	**30.54**	**23.84**	**35.36**	**70.12**	**5,786.24**

6. CAPITAL WORK-IN-PROGRESS

	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	204.64	384.85
	204.64	**384.85**

7. RIGHT OF USE ASSETS

Particulars	Leasehold land right	Right of Use assets	Total
Cost			
Right of use assets as on April 1, 2019	**248.46**	**290.40**	**538.86**
Additions	28.79	21.50	50.29
Foreign Currency Translation reserve	-	(18.52)	(18.52)
At March 31, 2020	**277.25**	**293.38**	**570.63**
Accumulated amortisation			
Amortisation expense during the year	3.44	51.16	54.60
Foreign Currency Translation reserve	-	(2.76)	(2.76)
At March 31, 2020	**3.44**	**48.40**	**51.84**
Net block			
At March 31, 2020	**273.81**	**244.98**	**518.79**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

	As at March 31, 2020
Current lease liabilities	33.46
Non-current lease liabilities	207.62
Total	**241.08**

The following is the movement in lease liabilities during the year ended March 31, 2020

	As at March 31, 2020
Balance as at April 1, 2019	290.40
Additions	50.29
Payment of lease liabilities and finance cost accrued during the period	(114.95)
Foreign Currency Translation Reserve	15.34
Total	**241.08**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount
Less than one year	45.62
One to five years	156.88
More than five years	176.13
Total	**378.63**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expenses recorded for short-term leases is ₹ 25.02 crore during year ended March 31, 2020.

7 A INTANGIBLE ASSETS

Particulars	Model fee/Product designs and development	Computer software	Technical know how/Export licences	Total
Cost				
At April 1, 2018	717.25	127.16	2,912.50	3,756.91
Additions	30.47	16.79		47.26
Foreign Currency Translation reserve	(0.29)			(0.29)
At March 31, 2019	**747.43**	**143.95**	**2,912.50**	**3,803.88**
Additions	117.35	25.74	-	143.09
Adjustments	-	0.04	-	0.04
Foreign Currency Translation reserve	(0.63)			(0.63)
At March 31, 2020	**864.15**	**169.73**	**2,912.50**	**3,946.38**
Accumulated amortisation				
At April 1, 2018	586.59	81.66	2,899.09	3,567.34
Amortisation expenses	59.51	15.61	1.68	76.80
Less: Adjustments	(0.12)	-		(0.12)
At March 31, 2019	**645.98**	**97.27**	**2,900.77**	**3,644.02**
Amortisation expenses	116.80	16.35	1.69	134.84
Adjustments	-	0.01		0.01
Foreign Currency Translation reserve	(0.39)			(0.39)
At March 31, 2020	**762.39**	**113.63**	**2,902.46**	**3,778.48**
Net block				
At March 31, 2019	101.45	46.68	11.73	159.86
At March 31, 2020	**101.76**	**56.10**	**10.04**	**167.90**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

8. INTANGIBLE ASSETS UNDER DEVELOPMENT

	As at March 31, 2020	As at March 31, 2019
Intangible assets under development	186.69	187.97
Total	**186.69**	**187.97**

The following is the movement in lease liabilities during the year ended March 31, 2020

Particulars	**#REF!**
Balance as at April 1, 2019	269.93
Additions	21.50
Finance cost accrued during the period	31.27
Payment of lease liabilities	51.33
Foreign currency translation Reserve	(30.28)
Total	**241.09**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	**Amount**
Less than one year	39.22
One to five years	89.33
More than five years	97.60
Total	**226.15**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expenses recorded for short-term leases is ₹ 23.3 crore during year ended March 31, 2020.

9. INVESTMENTS

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-current	Current	Non-current
9A. Equity accounted investment in Associates						
Investment in equity instruments						
Unquoted Investments						
Investment in Associates (carrying amount determined using equity method of accounting)						
Ather Energy Private Limited						
Equity Shares of Face Value of ₹ 1 each	100	100	-	0.20	-	0.20
Preference shares of face vaue of ₹ 10 each (Compulsorily Convertible into equity instruments)	128,533	99,186	-	330.38	-	200.38
Add: Group's share of profit/(loss)			-	(125.63)	-	(47.97)
(including Goodwill on acquisition of interest ₹ 117.05 crore (Previous Year 113.32 crore)			**-**	**204.95**	**-**	**152.61**
Hero FinCorp Limited						
Equity shares of Face Value of ₹ 10 each fully paid up	47,032,574	47,032,574	-	1,026.29	-	1,026.29
Equity shares of Face Value of ₹ 10 each partly paid up	5,399,319	-	-	248.37	-	-
Add: Groups share of profit (net off dividend received)			-	618.73	-	526.99

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-current	Current	Non-current
(including Goodwill on acquisition of interest ₹ 51.64 crore (Previous Year ₹ 53.20 crore)						
			-	**1,893.39**	**-**	**1,553.28**
			-	**2,098.34**	**-**	**1,705.89**
9B. Investments						
Category-wise investments						
Investment in equity instruments			14.64	2.09	6.78	4.29
Investment in debentures/bonds			134.56	205.73	150.68	253.98
Investment in mutual funds			4,559.92	1,343.36	3,016.42	975.79
			4,709.12	**1,551.18**	**3,173.88**	**1,234.06**
Investments carried at fair value through profit or loss (FVTPL)						
Quoted investments						
Investment in equity instruments of Other Entities						
Bombay Stock Exchange Limited						
Face Value of ₹ 2 each	70,200	70,200	-	2.09	-	4.29
Face value of Bangladesh Takas 10 each						
ACI Limited	1,150	-	0.02	-	-	-
Active Fine Chemicals Limited	650,000	500,000	0.71	-	1.09	-
AIBL 1st Islamic Mutual Fund	130,160	-	0.08	-	-	-
Al-Arafah Islami Bank Ltd.	101,440	-	0.13	-	-	-
Aman Feed Limited	165,000	-	0.39	-	-	-
Bangladesh Export Import Company Ltd.	10,000	-	0.01	-	-	-
Bangladesh Submarine Cable Company Ltd.	14,000	-	0.10	-	-	-
Baraka Power Limited	120,000	40,000	0.21	-	0.10	-
Bashundhara Paper Mills Ltd.	5,000	-	0.02	-	-	-
BBS Cables Limited	31,000	-	0.15	-	-	-
BRAC Bank Ltd.	25,000	-	0.07	-	-	-
British American Tobacco Bangladesh Company Limited	11,500	-	0.93	-	-	-
BSRM Steels Limited	110,229	76,229	0.33	-	0.37	-
Dutch-Bangla Bank Ltd.	80,000	-	0.42	-	-	-
Eastern Bank Ltd.	66,777	-	0.18	-	-	-
Export Import (Exim) Bank of Bangladesh Ltd.	455,000	-	0.39	-	-	-
Genex Infosys Ltd.	5,000	-	0.02	-	-	-
Global Heavy Chemicals Limited	26,000	20,000	0.07	-	0.06	-
Grameenphone Ltd.	24,500	-	0.52	-	-	-
Heidelberg Cement Bangladesh Ltd.	20,500	-	0.25	-	-	-
IFAD Autos Limited	140,000	90,000	0.48	-	0.64	-
Jamuna Bank Ltd.	1,070,624	-	1.62	-	-	-
Khulna Power Company Ltd.	50,000	-	0.20	-	-	-
LafargeHolcim Bangladesh Ltd.	30,000	-	0.10	-	-	-
Mercantile Bank Limited	567,500	190,000	0.64	-	0.25	-
Nahee Aluminium Composite Panel Ltd.	177,200	142,000	0.74	-	0.63	-
National Tubes Ltd.	2,500	-	0.02	-	-	-
One Bank Limited	22,000	20,000	0.02	-	0.02	-
Orion Pharma Ltd.	-	115,000	-	-	0.32	-
Pacific Denims Ltd.	15,000	-	0.01	-	-	-
Paramount Textile Ltd.	30,000	-	0.13	-	-	-

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-current	Current	Non-current
Reckitt Benckiser (BD) Ltd.	920	-	0.26	-	-	-
Ring Shine Textiles Ltd.	100,000	-	0.06	-	-	-
Shahjalal Islami Bank Ltd.	55,000	50,000	0.10	-	0.11	-
Shasha Denims Limited	104,100	-	0.20	-	-	-
Southeast Bank 1st Mutual Fund	39,450	-	0.03	-	-	-
Southeast Bank Limited	100,000	-	0.10	-	-	-
Square Pharmaceuticals Ltd.	78,500	62,583	1.20	-	1.38	-
The City Bank Limited	601,000	200,000	0.91	-	0.44	-
United Power Generation & Distribution Company Limited	98,175	39,250	1.92	-	1.33	-
Uttara Bank Limited	350,680	-	0.82	-	-	-
Western Marine Shipyard Limited	71,000	20,000	0.08	-	0.03	-
Investment in equity instruments			**14.64**	**2.09**	**6.78**	**4.29**
Investment in debentures						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in Associates						
Ather Energy Private Limited						
Face Value of ₹ 100 each						
Compulsorily convertible debentures	-	66,320	-	-	130.00	-
			-	**-**	**130.00**	**-**
Quoted Investments						
Investments carried at amortised cost						
7.34% HUDCO – Maturity – 16.02.2023	250,000	250,000	-	25.23	-	25.22
7.18% IRFC -Maturity-19.02.2023	250,000	250,000	-	25.83	-	25.83
8.18% NHPC Tax Free Bonds-Maturity-02.11.2023	161,050	161,050	-	17.43	-	17.43
8.51% HUDCO Tax Free Bonds – Maturity – 13.01.2024	250,000	250,000	-	25.46	-	25.44
8.18% PFC Tax Free Bonds – Maturity – 16.11.2023	323,890	323,890	-	33.38	-	33.38
9.10% Shriram Transport Finance Company Limited TR-I SR -III 9.1 NCD – Maturity – 12.07.2021	250,000	-	-	25.77	-	-
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	-	1,500	-	-	15.49	-
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited – Maturity – 28.04.2020	138	138	7.59	-	-	7.61
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	22.08	-	-	22.16
Face Value of ₹ 10,00,000 each						
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	-	50	-	-	5.19	-
8.11% HDB Financial Servies-Maturity-04.06.2021	250	-	-	26.63	-	-
8.50% SBI Series II 8.50 BD Perpetual-Maturity-22.11.2024	250	-	-	26.00	-	-

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-current	Current	Non-current
Zero Coupon Bonds						
8.24% Rural Electrification Corporation Ltd. NCD @ ₹ 13,578 maturity ₹ 30,000 per bond – Maturity – 15.12.2020	37,000	37,000	104.89	-	-	96.91
Investment in debentures/bonds			**134.56**	**205.73**	**20.68**	**253.98**
Investment in mutual funds						
{include funds which are listed but not quoted}						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Debt fund						
Units of the face value of ₹ 10 each						
ICICI Prudential Mutual Fund						
FMP – Series 82 – 1199 Days Plan L Direct Plan Cumulative	70,000,000	70,000,000	-	83.17	-	76.31
FMP – Series 82 – 1135 Days Plan U Direct Plan Cumulative	50,000,000	50,000,000	-	58.93	-	54.02
FMP Series 83 – 1105 Days Plan F Direct Plan Cumulative	50,000,000	50,000,000	-	59.12	-	54.20
Blended Plan B – Direct Plan – Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	32,595,446	24,817,467	77.07	-	70.29	-
Banking and PSU Debt Fund-Direct Plan-Growth	21,659,649	-	51.21	-	-	-
Short-Term Fund – Direct Plan-Growth Option	77,651,149	-	344.51	-	-	-
Corporate Bond Fund -Direct Plan -Growth	23,824,272	-	51.25	-	-	-
Aditya Birla Sunlife Mutual Fund						
Fixed Term Plan-Series PB (1190 days) – Direct Growth	90,000,000	90,000,000	-	106.95	-	98.13
Fixed Term Plan – Series PZ (1120 days) – Direct Growth	35,000,000	35,000,000	-	41.13	-	37.84
Fixed Term Plan-Series QB (1113 days)-Direct Growth	50,000,000	50,000,000	-	59.21	-	54.32
Fixed Term Plan – Series RC (1295 days) – Direct Growth	50,000,000	50,000,000	-	58.32	-	53.27
Corporate Bond Fund – Growth – Direct Plan	6,502,619	-	51.30	-	-	-
Nippon India Mutual fund (formerly Reliance Mutual fund)						
Fixed Horizon Fund – XXX – Series 4-Direct Growth Plan	-	30,000,000	-	-	38.48	-
Fixed Horizon Fund – XXXI – Series 5 – Direct Growth Plan	-	5,000,000	-	-	6.13	-
Fixed Horizon Fund – XXXVII – Series 10 – Direct Growth Plan	25,000,000	25,000,000	-	29.18	-	27.09
Fixed Horizon Fund – XXXVII – Series 12 – Direct Growth Plan	40,000,000	40,000,000	-	47.34	-	43.34
Strategic Debt Fund – Direct Growth Plan	-	53,163,841	-	-	81.63	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
FMP-Sr.29 – Plan B (1150 Days) – Direct Growth	6,000,000	6,000,000	7.45	-	-	6.92

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-current	Current	Non-current
FMP – Sr.33 – Plan D (1273 Days) – Direct Sub Plan Growth	20,000,000	20,000,000	-	22.91	-	20.85
L&T Mutual Fund						
Credit Risk Fund Direct Plan – Growth	-	43,776,843	-	-	95.10	-
SBI Mutual Fund						
Dual Advantage Fund – Series XII – Direct – Growth	-	15,000,000	-	-	19.37	-
SBI Corporate Bond Fund – Direct Plan – Growth	68,197,318	-	76.97	-	-	-
IDFC Mutual Fund						
Fixed Term Plan Series 140 Direct Plan – Growth (1145 Days)	50,000,000	50,000,000	-	59.10	-	54.18
Fixed Term Plan Series 144 Direct Plan – Growth (1141Days)	50,000,000	50,000,000	-	58.77	-	53.87
Banking & PSU Debt Fund -Direct Plan-Growth	72,144,804	-	129.60	-	-	-
Credit Risk Fund – Direct Plan – Growth	40,448,820	-	51.49	-	-	-
Kotak Mutual Fund						
FMP Series 219 Direct – Growth	75,000,000	75,000,000	-	88.84	-	81.47
FMP Series 221 Direct – Growth	48,000,000	48,000,000	-	56.53	-	51.83
FMP Series 228 Direct – Growth	50,000,000	50,000,000	-	59.33	-	54.29
Credit Risk Fund – Direct Plan – Growth	21,678,713	-	50.86	-	-	-
HDFC Mutual Fund						
FMP 1167 D January 2016(1) – Direct – Growth-Series-35	-	15,000,000	-	-	19.24	-
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	75,000,000	75,000,000	-	88.58	-	81.15
FMP 1147 D March 2018(1) – Direct-Growth – Series-39	50,000,000	50,000,000	-	58.89	-	53.93
Low Duration Fund- Direct Plan- Growth Option	11,713,250	-	51.78	-	-	-
Banking & PSU Debt Fund -Direct Growth Option	76,391,860	-	128.53	-	-	-
Short-Term Debt Fund -Direct Plan- Growth Option	44,931,502	-	102.84	-	-	-
Credit Risk Debt Fund -Direct -Growth	14,751,525	-	25.73	-	-	-
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Savings Fund – Direct Plan – Growth Option	7,429,165	-	290.01	-	-	-
Aditya Birla Sunlife Mutual Fund						
Savings Fund – Growth – Direct Plan	2,654,976	-	106.42	-	-	-
Low Duration Fund – Growth – Direct Plan	5,645,928	-	289.96	-	-	-
Units of the face value of ₹ 1,000 each						
Nippon India Mutual fund (formerly Reliance Mutual fund)						
Low Duration Fund – Direct Growth Plan Growth Option (Formerly Reliance Money Manager Fund – Direct Growth Plan Growth Option)	-	1,890,316	-	-	499.12	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Short-Term Fund – Direct Plan Growth	626,087	1,299,935	175.94	-	332.54	-

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-current	Current	Non-current
Ultra Short-Term Fund – Direct Plan Growth (Formerly Medium-Term Bond Fund – Direct Plan Growth)	1,065,859	1,398,253	225.22	-	275.28	-
Treasury Advantage Fund – Direct Plan Growth	180,694	-	51.72	-	-	-
Kotak Mutual Fund						
Corporate Bond Fund Direct Growth	185,317	-	51.15	-	-	-
PGIM India Mutual Fund (Formerly DHFL Pramerica Mutual Fund)						
Fixed Duration Fund – Series AE – Direct Plan – Growth	62,500	62,500	7.79	-	-	7.24
Fixed Duration Fund -Series AG-Direct Plan-Growth	100,000	100,000	12.40	-	-	11.54
Axis Mutal Fund						
Banking & PSU Debt Fund – Direct Growth	798,515	-	154.99	-	-	-
DSP Mutual Fund						
Low Duration Fund – Direct Plan – Grwoth	51,976,493	-	77.47	-	-	-
Edelweiss Mutual Fund						
Edelweiss Mutual Bharat Bond ETF	3,000,000	-	-	307.06	-	-
Equity fund						
Units of the face value of ₹ 10 each						
Nippon India Mutual fund (formerly Reliance Mutual fund)						
Arbitrage Fund – Direct Monthly Dividend Plan	-	182,893,206	-	-	201.12	-
Arbitrage Fund – Direct Growth Plan Growth Option	242,983,312	-	508.57	-	-	-
IDFC Mutual Fund						
Arbitrage Fund – Monthly Dividend – Direct Plan	-	102,862,654	-	-	135.27	-
Arbitrage Fund – Growth – (Direct Plan)	53,240,261	-	136.99	-	-	-
ICICI Prudential Mutual Fund						
Equity Arbitrage Fund – Direct Plan – Dividend	-	115,635,024	-	-	167.57	-
Aditya Birla Sunlife Mutual Fund						
Arbitrage Fund – Dividend – Direct Plan (Formerly Enhanced Arbitrage Fund – Direct Plan – Dividend)	74,630,850	95,931,942	156.18	-	105.77	-
Axis Mutual Fund						
Arbitrage Fund Direct Dividend	-	138,620,823	-	-	153.11	-
Liquid fund						
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Liquid Direct plan – Growth	5,769,464	-	169.49	-	-	-
Aditya Birla Sunlife Mutual Fund						
Liquid Fund – Growth – Direct Plan (Formerly Cash Plus – Growth – Direct Plan)	7,889,513	3,258,811	252.12	-	97.91	-
Units of the face value of ₹ 1,000 each						

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	Units As at March 31, 2020	Units As at March 31, 2019	As at March 31, 2020		As at March 31, 2019	
			Current	Non-current	Current	Non-current
Nippon India Mutual fund (formerly Reliance Mutual fund)						
Liquidity Fund – Direct Growth Plan Growth Option	807,476	-	391.68	-	-	-
HDFC Mutual Fund						
Liquid Fund Direct Plan Growth	771,080	-	301.23	-	-	-
Axis Mutual Fund						
Liquid Fund – Direct Growth	-	1,495,644	-	-	310.13	-
Kotak Mutual Fund						
Liquid Direct Plan Growth	-	1,079,091	-	-	408.36	-
Investment in mutual funds			**4,559.92**	**1,343.36**	**3,016.42**	**975.79**
Total Investments			**4,709.12**	**1,551.18**	**3,173.88**	**1,234.06**

	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Aggregate book value of quoted investments	149.20	207.82	27.46	258.27
Aggregate market value of quoted investments	150.35	214.87	27.48	257.60
Aggregate carrying value of unquoted investments	4,559.92	3,441.70	3,146.42	2,681.68

Category-wise investment as per Ind AS 109 classification

	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Unquoted				
Investment in Mutual Funds	4,559.92	1,343.36	3,016.42	975.79
Investment in debentures	-	-	130.00	-
Quoted				
Investment in equity instruments	14.64	2.09	6.78	4.29
Financial assets carried at amortised cost				
Quoted				
Investment in bonds	134.56	205.73	20.68	253.98

Information about the Group's exposure to credit and market risk, and fair value measurement, is included in Note 42.

Investments in associates

Details of investments in associates (carrying amount determined using equity method of accounting)

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company	
			As at March 31, 2020	As at March 31, 2019
Hero FinCorp Limited	Non-Banking Financial Company	India	41.19%	41.19%
Ather Energy Private Limited	Business of designing and manufacturing smart electric vehicles and associated charging infrastructure	India	35.10%	32.31%

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Also refer Note 41

Summarised financial information in respect of the Company's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with Ind AS.

Hero FinCorp Limited	**As at March 31, 2020**	**As at March 31, 2019**
Non-current assets	13,447.88	10,386.27
Current assets	13,751.25	10,669.47
Non-current liabilities	(12,294.01)	(9,503.03)
Current liabilities	(10,433.80)	(7,910.85)

Hero FinCorp Limited	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Total revenue	3,799.86	2,518.47
Profit for the year	278.04	245.76
Other comprehensive income for the year	(0.74)	(1.36)
Total Comprehensive income for the year	277.30	244.39
Dividends received from the associate during the year	19.99	12.24

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements

	As at March 31, 2020	**As at March 31, 2019**
Net assets of the associate	4,471.34	3,641.85
Proportion of the Group's ownership interest in the associate	41.19%	41.18%
Group's ownership interest in the associate	**1,841.75**	**1,500.08**
Add: Goodwill on acquisition	51.64	53.20
Carrying amount of the Group's interest in the associate	**1,893.39**	**1,553.28**

Ather Energy Private Limited	**As at March 31, 2020**	**As at March 31, 2019**
Non-current assets	326.60	237.65
Current assets	191.90	134.95
Non-current liabilities	(141.70)	(69.76)
Current liabilities	(126.40)	(181.23)

	For the year ended March 31, 2020	**For the year ended March 31, 2019**
Revenue	48.80	11.72
Profit/(loss) for the year	(219.90)	(107.47)
Other comprehensive income for the year	(0.70)	(0.05)
Total Comprehensive income for the year	(220.60)	(107.52)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements

	As at March 31, 2020	**As at March 31, 2019**
Net assets of the associate	250.40	121.61
Proportion of the Group's ownership interest in the associate	35.10%	32.31%
Group's ownership interest in the associate	**87.90**	**39.29**
Add: Goodwill on acquisition	117.05	113.32
Carrying amount of the Group's interest in the associate	**204.95**	**152.61**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

10. LOANS (FINANCIAL ASSETS)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
Unsecured, considered good		
Loans to employees	22.15	21.92
Security deposits	45.53	38.20
Total	**67.68**	**60.12**
Current		
Unsecured, considered good		
Loans to employees	20.67	23.22
Security deposits	3.08	1.86
Total	**23.75**	**25.08**

Note :- These financial assets are carried at amortised cost, unless otherwise stated.

Note :- The Company's exposure to credit and currency risks, and impairment allowances related to Loans (Financial assets) is disclosed in Note 42.

11. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
Unsecured, considered good		
Deposits due for maturity after 12 months from the reporting date	-	33.82
Total	**-**	**33.82**
Current		
Unsecured, considered good		
Derivatives instruments carried at fair value (forward contracts)	0.38	0.30
Interest accrued on deposits	0.85	0.28
Accrual of incentives from State Government	331.89	618.50
Other recoverables	30.93	35.11
Total	**364.05**	**654.19**

Note:- These financial assets are carried at amortised cost, unless otherwise stated.

Note:- The Company's exposure to credit and currency risks, and impairment allowances related to other financial assets is disclosed in Note 42.

12. INCOME TAX ASSETS (NET)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax	1,420.69	2,454.86
Less: Provision for taxation	1,098.95	1,599.24
Total	**321.74**	**855.62**

13. OTHER ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Capital advances	89.83	356.56
Prepayment land leases	-	245.22
Prepaid expenses	5.06	3.15
Balance with government authorities		
- Excise duty and others	8.50	29.18
- VAT/Sales tax	18.28	42.35
Total	**121.67**	**676.46**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Current		
Unsecured, considered good		
Prepayment land leases	-	3.24
Prepaid expenses	66.69	49.52
Advance to suppliers	81.06	130.97
Other advances	6.68	5.73
Balance with government authorities		
- Excise duty	-	3.60
- Sales tax/VAT/Employee state insurance	95.43	43.23
- Goods and service tax (GST)	51.57	5.62
- Export incentive receivable	21.21	19.61
Total	**322.64**	**261.52**

14. INVENTORIES

(lower of cost and net realisable value)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Raw materials and components	582.93	619.86
Goods in transit of raw materials and components	52.80	151.11
Work-in-progress	51.55	31.73
Finished goods		
Two-wheelers	425.73	278.78
Spare parts	45.41	38.84
Stores and spares	98.34	104.62
Loose tools	25.56	24.59
Total	**1,282.32**	**1,249.53**

- The mode of valuation of inventories has been stated in note no. 3.12.

15. TRADE RECEIVABLES

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Current		
Trade receivables considered good – (Secured) **	63.04	35.22
Trade receivables considered good – (Unsecured) **	1,448.87	2,709.89
Trade receivables considered doubtful	71.32	20.37
	1,583.23	**2,765.48**
Less: Loss allowance	71.32	20.37
Total	**1,511.91**	**2,745.11**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The carrying amount of trade receivables approximates their fair value. The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 42.

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Age of receivables		
Within the credit period	519.01	1,301.93
Up to 6 months past due	982.25	1,422.81
More than 6 months but less than one year	25.92	10.46
More than one year	56.05	30.28
Total	**1,583.23**	**2,765.48**

** Include receivables from related parties (refer note 38)

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

16. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.14	0.10
Balances with banks		
In current accounts	266.45	178.78
In deposit accounts	38.72	29.24
Cash and cash equivalents	**305.31**	**208.12**

17. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In dividend current accounts (earmarked accounts)	56.88	60.86
In deposit accounts*	73.22	34.92
Total	**130.10**	**95.78**

* Includes fixed deposits aggregating ₹ 25.00 crore with Dena Bank on February 18, 2014. Subsequent thereto, it was brought to the notice of the Company that money had been fraudulently withdrawn by pledging fictitious copies of such fixed deposit receipts with concerned bank by some individuals. The Company has filed a recovery suit which is pending in the honourable Delhi High Court against the bank. In the interim, the Bank has renewed the deposits (along with interest earned thereon).

18. SHARE CAPITAL

(a) Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Equity shares capital		
250,000,000 (as at March 31, 2019 - 250,000,000) Equity shares of ₹ 2 each	50.00	50.00
Total	**50.00**	**50.00**
Issued, subscribed and fully paid up		
199,739,368 (as at March 31, 2019: 199,726,884) Equity shares of ₹ 2 each	39.95	39.95
Total	**39.95**	**39.95**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	₹ in crore	Nos.	₹ in crore
Opening Balance	199,726,884	39.95	199,711,455	39.94
Issued during the year ₹ # Current year ₹ 24,968* (previous year ₹ 30,858*) – Employee Stock Option Plan (refer note 41)	12,484	#	15,429	#
Closing Balance	**199,739,368**	**39.95**	**199,726,884**	**39.95**

* in absolute INR

(ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	% holding in the class	Nos.	% holding in the class
Ms. Renu Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr. Suman Kant Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr. Pawan Munjal *	9,309,020	4.66%	9,309,020	4.66%
M/s. Bahadur Chand Investments (P) Ltd.	39,943,238	20.00%	39,943,238	20.00%

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

On March 30, 2020 and March 31, 2020, the promoters of the Company have acquired certain shares of the Company. However, same was not reflecting in the relevant account of promoters as on March 31, 2020 and therefore not included in the shareholding pattern mentioned above. Details of shares acquired are as follows:

- Bahadur Chand Investments Private Limited, had purchased 90,000 equity shares (0.04%) on March 30 and 31, 2020 increasing its total shareholding to 4,00,33,238 shares (20.04%).

- Pawan Munjal Family Trust, had purchased 1,58,000 equity shares (0.08%) on March 31, 2020.

- RK Munjal & Sons Trust, had purchased 8,000 equity shares (0.0%) on March 31, 2020.

- Mr. Suman Kant Munjal, Promoter, had purchased 20,000 equity shares (0.01%) on March 31, 2020 thereby increasing his shareholding to 91,250 shares (0.05%).

(iii) Shares options/Restricted stock units granted under the Company's employee share option plan

Option Series	Share Options Outstanding (In Nos.)		Expiry Date
	As at March 31, 2020	As at March 31, 2019	
ESOP 2014	864	2,184	October 21, 2021
ESOP 2016	20,916	28,016	August 21, 2023
RSU 2016	-	4,047	August 21, 2023
ESOP 2017	21,826	27,016	October 31, 2024
RSU 2017	2,128	10,031	October 31, 2024
ESOP 2018	108,030	125,000	March 25, 2026
RSU 2018	5,580	17,760	January 31, 2026
ESOP 2019	93,425	-	October 22, 2026
RSU 2019	5,210	-	October 22, 2026

Also refer details of the employee stock option plan are provided in Note 41.

b) Preference share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Preference shares capital		
4,00,000 (as at March 31, 2019 - 4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00
4,00,000 (as at March 31, 2019 - 4,00,000) Cumulative redeemable preference shares of ₹ 100 each	4.00	4.00
Total	**8.00**	**8.00**

Note: The Company has not issued preference share capital.

19. OTHER EQUITY

Particulars	As at March 31, 2020	As at March 31, 2019
Capital reserves	#	#
Securities premium	18.40	13.98
General reserve	2,676.34	2,676.34
Share options outstanding account	15.44	9.59
Foreign currency translation reserve	4.09	(4.76)
Retained earnings	11,652.06	10,385.31
Total	**14,366.33**	**13,080.46**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Nature and Description

(i) **Capital reserves:-** The Company had transferred forfeited share application money to Capital reserve in accordance with the provision of the Companies Act, 1956. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) **Securities premium:-** Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iii) **General reserve:-** General Reserves are free reserves of the Company which are kept aside out of Company's profits to meet the future requirements as and when they arise. The Company had transferred a portion of the profit after tax (PAT) to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(iv) **Share options outstanding account:-** Stock option outstanding account is used to record the impact of employee stock option scheme. Refer note 41 for further detail of this plan.

(v) **Foreign currency translation reserve:-** Exchange differences arising on translation of the foreign operations.

(vi) **Retained earnings:-** Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend (including dividend distribution tax) and other distributions made to the shareholders.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Capital reserves		
On shares forfeited (#in absolute INR 4,250)	#	#
Securities premium account on forfeited shares reissued(## in absolute INR 25,500)	##	##
B. Securities premium		
Opening balance	13.98	8.30
Premium on equity shares issued during the year[@]	4.42	5.68
Closing balance	**18.40**	**13.98**

[@] Addition in securities premium represents premium on equity shares under various schemes amounting to ₹ 0.12 crore (Previous year ₹ 1.98 crore) and ₹ 4.30 crore (Previous year ₹ 3.70 crore) transferred from share option outstanding account on 12,484 equity shares (Previous year 15,429 equity shares) issued and alloted during the year under ESOP scheme. Also refer note 41.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. General reserve		
General reserve at the beginning and end of the year	2,676.34	2,676.34
D. Share options outstanding account *		
Opening balance	9.59	6.74
Add: Net charge during the year	10.15	6.55
Less: Transferred to securities premium on issue of shares	(4.30)	(3.70)
Closing balance	**15.44**	**9.59**
* Also refer note 41.		
E. Foreign currency translation reserve		
Opening balance	(4.76)	(6.87)
Exchange differences in translating the financial statements of foreign operations	11.70	3.23
Income tax effect	(2.85)	(1.12)
Closing balance	**4.09**	**(4.76)**
F. Retained earnings		
Opening balance	10,385.31	9,247.01
Add: Profit for the year	3,638.11	3,444.09
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(32.46)	(18.43)
Less: Appropriations		

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Final dividend for Financial year 2018-19 [amount per share ₹ 32.0 (Financial Year 2017-18: ₹ 40.0)]	639.13	798.85
Interim dividend for Financial year 2019-20 [amount per share ₹ 65.0 (Financial Year 2018-19: ₹ 55.0)]	1,298.31	1,098.50
Corporate dividend tax	401.46	390.01
Balance at end of year	**11,652.06**	**10,385.31**

In respect of the year ended March 31, 2020, the directors propose that a dividend of ₹ 25 per share (March 31, 2019: ₹ 32 per share) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liabilitiy in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is 499.35 crore (March 31, 2019: ₹ 770.50 crore) (including corporate dividend tax thereon of ₹ NIL (March 31, 2019: ₹ 131.37 crore)).

20. NON-CONTROLLING INTERESTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	116.11	93.21
Additions during the year	17.47	17.55
Dividend paid during the year	(19.60)	(18.25)
Share of profit/(loss) for the year	26.62	23.60
Closing non-controlling interest	**140.60**	**116.11**

21. BORROWINGS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured – at amortised cost		
Term loan		
- from Banks	43.78	34.61
Long-term maturities of finance lease obligation	-	89.90
Secured – at amortised cost		
Term loan		
- from Banks	0.24	0.33
	44.02	**124.84**
Current		
Unsecured		
Loan repayable on demand		
- from banks	165.88	183.68
	165.88	**183.68**

Lender	As at March 31, 2020	As at March 31, 2019	Repayment terms
Unsecured – Non-current			
Rupee Term Loans from ICICI Bank, India (Rate of Interest range – I-MCLR one year + 05 basis points (Previous year: IMCLR one year +05 basis points to IMCLR one year + 55 basis points))	-	2.17	18 equal quarterly installments of ₹ 0.72 crore beginning from September 7, 2016
Rupee Term Loans from HDFC Bank, India (Rate of Interest range – I-MCLR one year + 05 basis points (Previous year: IMCLR one year +05 basis points to IMCLR one year + 55 basis points))	33.01	10.00	14 equal quarterly installments of ₹ 2.36 crore beginning from September 26, 2021
Term loan from Bancolombia, Colombia (Rate of interest DTF + 5.40%)	10.77	22.44	Maturity date is in 2022, repayable in 84 monthly installments
Total	**43.78**	**34.61**	

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Lender	As at March 31, 2020	As at March 31, 2019	Repayment terms
Finance lease obligation from Bancolombia, Colombia for vehicles, machinery and building (Rate of interest – DTF + 5% - 6%)	-	89.90	Repayable by October 21, 2028 in 144 installments
Total	**-**	**89.90**	
Secured – Non-current			
Loan from ICICI Bank (Secured by charge on vehicles) (Rate of interest – 8.90%)	0.24	0.33	48 monthly installments of ₹ 0.01 crore beginning from April 1, 2019
Total	**0.24**	**0.33**	
Unsecured – current			
Loan repayable on demand Rate of Interest – range I-MCLR three month + 60 basis points or MCLR one year + 30 basis points (Previous year: I-MCLR six month + 60 basis points or Bank base rate + 50 basis points)	45.58	24.58	Repayable on demand
Loan from SCB Rate of interest – LIBOR + 2.9%	20.16	44.40	Repayable within a period of 90 days
Loan from CBC Rate of interest – LIBOR + 2.5%	4.31	-	Repayable within a period of 90 days
Loan from HSBC Rate of interest – LIBOR + 2.9%	-	71.56	Repayable within a period of 90 days
Loan from Bancolombia repayable on demand Rate of Interest – LIBOR + 4% (Previous year: LIBOR + 4%)	89.13	43.13	Repayable on demand
Loan from Bancolombia repayable on demand Rate of Interest – DTF + 5.4% (Previous year: DTF + 5.4%)	6.70	-	Repayable on demand
Total	**165.88**	**183.68**	

The Group has not defaulted in repayment of any loan and interest thereon.

22. PROVISIONS

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Employee benefits (Refer note (i) below)		
Compensated absences	21.35	19.45
Gratuity	0.55	0.96
Other employee benefits	8.61	8.00
Sub-total (A)	**30.51**	**28.41**
Warranties (Refer note (ii) below)	93.39	92.53
Sub-total (B)	**93.39**	**92.53**
Total (A+B)	**123.90**	**120.94**
Current		
Employee benefits (Refer note (i) below)		
Compensated absences	5.25	5.20
Gratuity	66.07	0.27
Other employee benefits	20.39	0.37
Sub-total (A)	**91.71**	**5.84**
Warranties (Refer note (ii) below)	67.98	53.87
Sub-total (B)	**67.98**	**53.87**
Total (A+B)	**159.69**	**59.71**

(i) The provision for employee benefits includes compensated leaves, gratuity and vested long-term service reward.

(ii) Movement in warranties provisions

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	146.40	148.16
Additions during the year	148.27	85.99
Amount utilised during the year	(127.39)	(81.52)
Unwinding of discount and effect of changes in the discount rate	(5.91)	(6.23)
Closing balance	161.37	146.40

The provision for warranty claims represents the present value as best estimate of the future economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality. As at March 31, 2020, this particular provision had a carrying amount of ₹ 161.37 crore (March 31, 2019: ₹ 146.40 crore). Were claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated ₹ 16.14 crore higher or lower (March 31, 2019: ₹ 14.64 crore higher or lower).

23. DEFERRED TAX (ASSETS) /LIABILITIES (NET)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Deferred tax liabilities		
Property plant and equipments and intangible assets	414.14	558.94
Financial assets carried at fair value through profit and loss	73.98	29.80
Investments in associate	128.36	110.58
Others	14.29	13.04
Sub-total (A)	**630.77**	**712.36**
Less: Deferred tax assets		
Deferred revenue	60.14	43.22
Accrued expenses deductible on payment	27.20	9.35
VRS expenses u/s 35DDA	12.10	-
Right of use assets and lease liabilities	2.32	-
Others	56.43	46.91
Sub-total (B)	**158.19**	**99.48**
Total (A-B)	**472.58**	**612.88**

A. Movement of Deferred tax (assets)/liabilities

Particulars	**For the year ended March 31, 2020**			
	Opening balance	**Recognised in profit and Loss**	**Recognised in Other comprehensive income**	**Closing balance**
Deferred tax liabilities				
Property plant and equipments and intangible assets	558.94	(144.80)	-	414.14
Financial assets carried at fair value through profit and loss	29.80	44.18	-	73.98
Investments in associate	110.58	17.78	-	128.36
Others	13.04	1.25	-	14.29
	712.36	**(81.59)**	**-**	**630.77**
Deferred tax assets				
Deferred revenue	43.22	16.92	-	60.14
Accrued expenses deductible on payment	9.35	17.85	-	27.20
VRS expenses u/s 35DDA	-	12.10	-	12.10
Right of use assets and lease liabilities	-	2.32	-	2.32
Others	46.91	14.36	(4.84)	56.43
	99.48	**63.55**	**(4.84)**	**158.19**
Deferred tax liabilities (net)	**612.88**	**(145.12)**	**4.84**	**472.58**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	For the year ended March 31, 2019			
	Opening balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing balance
Deferred tax liabilities				
Property plant and equipments and intangible assets	492.75	66.19	-	558.94
Financial assets carried at fair value through profit and loss	66.26	(36.46)	-	29.80
Investments in associate	87.53	23.05	-	110.58
Others	19.95	(6.90)	-	13.04
Deferred tax assets				
Deferred revenue	43.88	(0.66)	-	43.22
Accrued expenses deductible on payment	13.08	(3.73)	-	9.35
Others	27.64	21.12	(1.85)	46.91
Deferred tax liabilities (net)	**581.89**	**29.14**	**1.85**	**612.88**

B. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, as it is not probable that the future taxable profit will be available against which the respective subsidiaries in its jurisdiction can use the benefits therefrom:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses from HMC MM Auto Limited (will expire from March 31, 2021 to March 31, 2028)	38.42	9.99	27.51	7.15
Unabsorbed depreciation losses from HMC MM Auto Limited (can be carried forward for indefinite period)	32.22	8.38	23.76	6.18
Tax losses from HMCL Colmibia SAS (tax losses amounting to ₹ 72.66 crore will be carried forward indefinitely, tax losses for ₹ 105 crore will expire in the next 12 years)	178.39	58.87	137.18	45.27

24. TRADE PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables##		
Total outstanding dues of micro enterprises and small enterprises	8.60	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,119.02	3,438.24
Total	**3,127.62**	**3,438.24**

Include payables to related parties (refer note 38).

The Company's exposure to currency and liquidity risk related to the above trade payables is disclosed in Note 42.

Disclosure in respect of the amounts payable to Micro and Small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the financial statements based on information received and available with the Company.

Particulars	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period;	8.60	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
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 MSMED Act, 2006	-	-
The amount of interest accrued for unpaid principal at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

25. OTHER FINANCIAL LIABILITIES

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Current		
Current maturities of long-term borrowings	2.27	2.98
Capital creditors	136.58	102.93
Security deposits dealers and others	65.05	59.75
Interest accrued but not due on borrowings	0.17	0.20
Unclaimed dividend*	56.89	60.87
Total	**260.96**	**226.73**

* Does not include any amounts outstanding as at March 31, 2020 which are required to be credited to Investor Education and Protection Fund.

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 42.

26. OTHER LIABILITIES

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Current		
Statutory remittances (contributions to provident fund, employee state insurance, withholding taxes, goods and service tax, excise duty, sales tax, service tax, etc.)	161.12	195.17
Advance from customers	125.76	48.08
Deferred revenue	238.94	252.14
Others	5.64	5.43
Total	**531.46**	**500.82**

Contract balances

Contract liability is comprised of consideration received from customers against which services are yet to be provided reported as advance from customers disclosed as under:

Particulars	**March 31, 2020**	**March 31, 2019**
Advance from customers – current	125.76	48.08
Deferred revenue	238.94	252.14

Revenue recognised from amount included in contract liabilities (advance from customers and deferred revenue) at the beginning of the year amounts to ₹ 48.08 crore and ₹ 227.34 respectively.

27. REVENUE FROM OPERATIONS

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
(a) Sale of products		
Two-wheelers [includes excise duty of ₹ 1.35 crore (Previous year ₹ 1.41 crore)]	25,323.48	30,005.18
Components	4.83	3.12
Spare parts	2,909.77	2,844.59
	28,238.08	**32,852.89**
(b) Income from services		
Dealers support services	46.20	28.66
Goodlife programme for customers	40.64	43.69
Services – others	489.01	506.12
	575.85	**578.47**
(c) Other operating revenue		
Duty drawback and other incentives	30.57	35.32
Incentive from State Governments	345.46	419.30
Miscellaneous income	65.36	86.25
	441.39	**540.87**
Total	**29,255.32**	**33,972.23**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

28. OTHER INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest income on financial assets carried at amortised cost		
Tax free bonds, debentures and other instruments classified as debt	24.88	19.77
Deposit with bank and others	252.89	268.26
(b) Dividend income		
Dividend received on investments carried at fair value through profit or loss	48.27	71.76
(c) Profit on sale of investments*	136.07	144.61
(d) Gain on investments carried at fair value through profit or loss	221.78	175.11
(e) Other non-operating income		
Exchange fluctuation	46.30	6.56
Profit on sale of property, plant and equipments	0.37	0.66
Total	**730.56**	**686.73**

*After adjusting loss on sale of current investments aggregating ₹ Nil (previous year ₹ 0.18 crore)

29. COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials and components consumed:		
Opening stock	770.97	558.86
Add: Purchase of raw materials, components and packing material	19,912.57	23,772.56
	20,683.53	**24,331.42**
Less: closing stock	635.73	770.97
	20,047.80	**23,560.45**
Less: Cash discount	43.52	56.99
Cost of materials consumed	**20,004.29**	**23,503.46**

30. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Opening stock		
Two-wheelers	278.78	215.68
Spare parts	38.84	37.19
Work-in-progress	31.73	37.44
	349.35	**290.31**
(b) Closing stock		
Two-wheelers	425.73	278.78
Spare parts	45.41	38.84
Work-in-progress	51.55	31.73
	522.69	**349.35**
Net (increase)/decrease in inventory	**(173.34)**	**(59.04)**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

31. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	1,652.82	1,528.68
Contribution to provident and other funds	123.49	137.61
Employee stock compensation cost (refer note no. 41)	10.15	6.55
Staff welfare expenses	102.86	105.18
Total	**1,889.32**	**1,778.03**

Employee Benefit Plans

The details of various employee benefits provided to employees are as under:

A. Defined Benefit, Contribution and other plans

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Employer's contribution to provident fund and labour welfare fund	79.30	73.14
(b) Employer's contribution to superannuation fund	17.23	17.56
(c) Employer's contribution to gratuity fund *	23.41	41.65
(d) Employer's contribution to employee state insurance	3.55	5.26
	123.49	**137.61**

*In addition to this contribution made amounting to ₹ 42.60 crore (previous year: ₹ 27.34 crore) is recognised as comprehensive expense.

B. Defined benefit plans:

In accordance with the Payment of Gratuity Act, 1972, the Holding Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Holding Company contributes the ascertained liability to Life Insurance Corporation of India with whom the plan assets are maintained.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

The present value of the defined obligation, and the related current service cost, were measured using the projected unit credit method.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

The principal assumptions used for the purposes of the actuarial valuations were as follows:-

Principal assumptions:	**Funded** **Gratuity** **As at March 31, 2020**	**Funded** **Gratuity** **As at March 31, 2019**
Discount rate	6.60%	7.50%
Future salary increase	6.50% p.a.	6.50% p.a. for first year and 5.5% thereafter
Retirement age	58 years	58 years
Withdrawal rate	Up to 30 years: 3% from 31 to 44 years: 2% After 44 years: 1%	Up to 30 years: 3% from 31 to 44 years: 2% After 44 years: 1%
In service mortality	Indian Assured Lives Mortality Ult. (2006-08)	Indian Assured Lives Mortality Ult. (2006-08)

Principal assumptions:	**Unfunded** **Gratuity** **As at March 31, 2020**	**Unfunded** **Gratuity** **As at March 31, 2019**
Discount rate	6.76%	7.65%
Future salary increase	5.50%	5.50%
Retirement age	58 years	58 years
Withdrawal rate	Up to 30 years: 3% from 31 to 44 years: 2% After 44 years: 1%	Up to 30 years: 3% from 31 to 44 years: 2% After 44 years: 1%
In service mortality	Indian Assured Lives Mortality Ult. (2012-14)	Indian Assured Lives Mortality Ult. (2006-08)

Amounts recognised in statement of profit and loss in respect of this defined benefit plan are as follows:-

Particulars	**Gratuity – Funded** **For the year ended March 31, 2020**	**Gratuity – Funded** **For the year ended March 31, 2019**	**Gratuity – Unfunded** **For the year ended March 31, 2020**	**Gratuity – Unfunded** **For the year ended March 31, 2019**
Service cost:				
Current service cost	23.21	14.27	0.15	0.71
Net Interest expense/(income)	-	-	0.05	0.04
Components of defined benefit costs recognised in profit or loss	**23.21**	**14.27**	**0.20**	**0.75**
Remeasurement on the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	(0.74)	3.09	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	41.56	17.99	0.05	-
Actuarial (gains)/losses arising from experience adjustments	1.65	6.30	0.08	0.04
Components of defined benefit costs recognised in other comprehensive income	**42.47**	**27.38**	**0.13**	**0.04**
Total	**65.68**	**41.65**	**0.33**	**0.80**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As at March 31, 2020	As at March 31, 2019
Present Value of funded defined benefit obligation	318.03	265.59
Fair value of plan assets	252.35	265.59
Net liability arising from defined benefit obligation	**65.68**	**-**
Present Value of unfunded defined benefit obligation	0.94	1.23
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation	**0.94**	**1.23**

Net liability disclosed as follows(under Provisions – Note 22):

	Gratuity			
	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
Other employee benefits	66.07	0.55	0.27	0.96

Movements in the present value of the defined benefit obligation are as follows:-

Particulars	Gratuity – Funded		Gratuity – Unfunded	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening defined obligation	265.59	220.52	1.23	0.45
Current service cost	23.21	14.27	0.15	0.71
Interest cost	18.69	17.01	0.05	0.04
Remeasurement (gains)/losses:				
Actuarial (gains)/losses arising from changes in financial assumptions	41.56	17.99	0.05	-
Actuarial (gains)/losses arising from experience adjustments	1.65	6.30	0.08	0.04
Benefits paid	(32.67)	(10.50)	(0.62)	(0.01)
Closing defined benefit obligation	**318.03**	**265.59**	**0.94**	**1.23**

Movements in the fair value of the plan assets are as follows:

Particulars	Gratuity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening fair value of plan assets	265.59	220.52
Interest income	18.69	17.01
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	0.74	(3.09)
Contribution	-	41.65
Benefit paid	(32.67)	(10.50)
Closing fair value of plan assets	**252.35**	**265.59**

The Holding Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher/(lower), the defined benefit obligation would decrease by ₹ 11.95 crore (increase by ₹ 12.85 crore) (as at March 31, 2019: decrease by ₹ 8.99 crore (increase by ₹ 9.63 crore).

Notes forming part of the Consolidated Financial Statements

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(Amount in crore of INR)

- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 12.80 crore (decrease by ₹ 12.02 crore) (as at March 31, 2019: increase by ₹ 9.76 crore (decrease by ₹ 11.28 crore)).

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Asset-Liability Matching Study

The Holding Company ensures that the investment positions are managed within an Asset-Liability Matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within the framework, the Holdong Company's ALM objective is to match assets to the obligations by investing in securities with maturities that match the payments as they fall due.

Other disclosures

Maturity profile of defined benefit obligation

Particulars	As at March 31, 2020	As at March 31, 2019
Average duration of the defined benefit obligation (in years)	8.50 years	8.77 years

The Group expects to make a contribution of ₹ 65.68 crore (as at March 31, 2019 ₹ 16.55 crore) to the defined benefit plans during the next financial year.

The Expected maturity analysis of undiscontinued defined benefit liability is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
As at March 31, 2020	49.75	21.09	80.40	30.51	181.75
As at March 31, 2019	38.79	20.70	77.64	155.63	292.75

32. FINANCE COSTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest cost on financial liability at amortised cost		
- on dealers security deposits	2.47	2.23
- on borrowings	14.42	25.03
- on others	0.89	3.69
Unwinding of discount on provisions and lease liabilities	28.86	6.23
Total	**46.64**	**37.18**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

33. OTHER EXPENSES

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Stores and tools consumed	91.50	110.41
Packing, forwarding, freight etc.	952.14	1,199.92
Power and fuel	132.96	158.12
Rent (Refer note 7A)	25.02	53.25
Lease rent	-	39.33
Repairs and maintenance		
- Buildings	26.56	21.51
- Plant and machinery	103.77	110.11
- Others	10.08	9.17
Insurance charges	53.32	47.57
Rates and taxes	10.64	10.43
Royalty	5.62	0.19
Advertisement and publicity	738.60	831.06
Donations#	0.23	7.85
Expenditure on corporate social responsibility	130.61	101.95
Payment to auditors	2.53	1.79
Exchange fluctuation	21.94	5.18
Loss on sale of property, plant and equipment	8.66	6.47
Loss allowance on trade receivables	53.04	-
Miscellaneous expenses	1,105.56	1,015.63
Total	**3,472.78**	**3,729.94**

Donation includes ₹ Nil crore (previous year: ₹ 7.00 crore) under Section 182 of the Companies Act, 2013.

Payment to auditors

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
(a) As Statutory Audit		
- Audit fee (including audit fees for the auditors of other entities of Group)*	1.47	1.03
- Limited Review of unaudited financial results	0.65	0.45
- Other certifications	0.12	0.16
(b) Tax audit fees	0.10	0.07
(c) Out of pocket expenses	0.19	0.08
	2.53	**1.79**

*Paid to other auditors ₹ 0.65 crore (previous year - ₹ 0.38 crore)

Expenditure on Corporate Social Responsibility (CSR)

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
(a) Gross amount required to be spent	96.55	93.72
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	130.61	101.95

34. INCOME TAX EXPENSE

(a) Income tax expense recognised in the Statement of profit and loss

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Current tax:		
In respect of the current year	1,096.79	1,608.81
Deferred tax charge		
In respect of the current year	(145.12)	29.14
Total income tax expense recognised in the Statement of profit and loss	**951.67**	**1,637.95**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

(b) Income tax on other comprehensive income

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Arising on income and expenses recognised in other comprehensive income:		
Re-measurement of defined benefit obligations	10.68	9.58
Others	(4.84)	(1.85)
Total income tax benefit recognised in other comprehensive income	**5.84**	**7.72**

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Profit before tax	**4,611.08**	**5,104.30**
Income tax expense calculated at 25.168% (previous year: 34.944%)	1,160.52	1,783.65
Impact of change in tax rates (from 34.944% in 2018-19 to 25.168% in 2019-20)	(127.40)	-
Additional deduction on research and product development cost	-	(41.14)
Additional deduction on employment generation u/s 80JJAA	(0.85)	(1.18)
Effect of income exempt/taxed on lower/higher rate	(85.08)	(122.07)
Effect of unused tax losses of subsidiaries not recognised as deferred tax assets	18.63	7.85
Others	(14.15)	10.84
Income tax expense recognised in the Statement of profit and loss	**951.67**	**1,637.95**

35. EARNINGS PER SHARE

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Basic earnings per share (in ₹)	182.15	172.45
Diluted earnings per share (in ₹)	182.15	172.44
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.		
Profit for the year attributable to owners of the Company (₹ in crore)	3,638.11	3,444.09
Opening Balance	**199,726,884**	**199,711,455**
Effect of share options exercised	4,909	4,869
Weighted average number of equity shares for the purposes of basic earnings per share	**199,731,793**	**199,716,324**
Effect of share options*	-	14,695
Weighted average number of equity shares for the purposes of diluted earnings per share	**199,731,793**	**199,731,019**

*Anti dilutive in the current year.

Notes forming part of the Consolidated Financial Statements

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(Amount in crore of INR)

36. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
a) Contingent liabilities		
In respect of excise and other matters	75.66	121.84
The above matter are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Group.		
Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Group believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.		
As at March 31, 2019, the Group was in the process of evaluating the impact of the recent Supreme Court Judgement in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952.		
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 92.38 crore (March 31, 2019 ₹ 359.04 crore))	434.44	753.33

37. SEGMENT REPORTING

The Group primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of vehicles, as well as sale of related parts and accessories. The board of directors of the Holding Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Group's business activity fall within a single operating segment, namely automotive segment . Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Particulars	**Domestic**	**Overseas**	**Total**
Revenue from operations			
2019-20	27,976.30	1,279.02	29,255.32
2018-19	32,698.71	1,273.52	33,972.23

Disclosure as per the requirement of Ind AS 115, Revenue:

Particulars	**For the year ended March 31, 2020**		
	India	**Outside India**	**Total**
Sale of products	26,973.21	1,264.87	28,238.08
Income from services	575.85	-	575.85
Other operating revenue	427.24	14.15	441.39
Total	**27,976.30**	**1,279.02**	**29,255.32**

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Particulars	For the year ended March 31, 2019		
	India	Outside India	Total
Sale of products	31,594.22	1,258.67	32,852.89
Income from services	578.47	-	578.47
Other operating revenue	526.02	14.85	540.87
Total	**32,698.71**	**1,273.52**	**33,972.23**
Non-current segment assets			
As at March 31, 2020	6,654.64	331.29	6,985.93
As at March 31, 2019	5,942.60	352.98	6,295.58

(a) Domestic segment includes sales and services to customers domiciled in India.

(b) Overseas segment includes sales and services rendered to customers domiciled outside India.

(c) Non-current segment assets includes property, plant and equipment, intangible assets including capital work-in-progress and intangible assets under development, and non-current other assets.

(d) There are no major individual customers whose revenue exceeds more than 10% of the Group's revenue.

38. RELATED PARTY DISCLOSURES UNDER IND AS 24

A. Parties in respect of which the Group Companies are associate

Brijmohan Lall Om Prakash (Partnership firm)
Bahadur Chand Investments Private Limited
Marelli Europe S.p.A. (Formerly known as Magneti Marelli S.p.A, Italy)
Magnetti Marelli UM Electronics Systems Pvt. Ltd.
Marelli (India) Pvt. Ltd.
Marelli (China) Co. Ltd.
Marelli Sistemas Automotivos Industria E Comercio Brasil Ltda
Niloy Motors Limited; Bangladesh
Nitol Motors Limited; Bangladesh
Nitol Electronics Ltd.; Bangladesh
Nitol Tours & Travels; Bangladesh
NITS Services (Pvt.) Ltd. Bangladesh
Nitol Machineries Ltd; Bangladesh
Nitol Insurance Company Ltd; Bangladesh
Woven Holdings LLC

B. Associate of the Group

Hero FinCorp Limited

Ather Energy Private Limited

C. For subsidiaries of the Holding Company - Refer Note 2.4

D. Key management personnel and their relatives

Mr. Pawan Munjal - Chairman, Managing Director and Chief executive officer
Mr. Suman Kant Munjal - Director
Mr. Vikram Sitaram Kasbekar - Whole Time Director
Mr. Niranjan Kumar Gupta - Chief Financial Officer
Mrs. Neerja Sharma - Company Secretary

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For the year ended March 31, 2020

(Amount in crore of INR)

Non-Executive and Independent Directors

Mr. Pradeep Dinodia
Gen. (Retd.) Ved Prakash Malik (ceased w.e.f. March 31, 2019)
Dr. Pritam Singh (ceased w.e.f. March 31, 2019)
Mr. M. Damodaran
Mr. Ravi Nath (ceased w.e.f. July 29, 2019)
Dr. Anand C. Burman (ceased w.e.f. July 29, 2019)
Ms. Shobana Kamineni (ceased w.e.f. March 26, 2020)
Mr. Paul B. Edgerley
Dr. Jagmohan Singh Raju (Appointed w.e.f. November 15, 2018)
Mrs. Tina Trikha (Appointed w.e.f. October 23, 2019)

Enterprises over which key management personnel and their relatives are able to control:

A.G. Industries Private Limited, A.G Industries (Bawal) Pvt Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Mindmine Institute Private Limited, Hero Investcorp Private Limited, Hero Solar Energy Private Limited, S.R Dinodia & Co. LLP, BML Munjal University and Raman Kant Munjal Foundation

List of other related parties – Post employment benefit plan of the Group

Hero MotoCorp Limited Employees' Gratuity Fund Trust

Hero MotoCorp Limited Employees' Superannuation Fund Trust

Refer Note 31 of information on transaction with the above-mentioned post employment benefits plan.

Transactions with the above related parties:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Parties in respect of which the Group is an associate		
Dividend paid		
Brijmohan Lall Om Prakash (Partnership firm)	270.89	265.31
Hero Investcorp Limited	8.48	8.30
Bahadur Chand Investments Private Limited	387.45	379.46
Marelli Europe S.p.A. (Formerly known as Magneti Marelli S.p.A, Italy)		
Investment in equity instruments during the year	8.00	6.62
Purchase of goods	8.77	12.30
Payment of development fee	1.91	1.19
Purchase of property and other assets	-	0.79
Royalty	1.01	0.18
Expenses reimbursed	1.65	1.48
Magnetti Marelli UM Electronics Systems Pvt. Ltd.		
Purchase of goods	18.21	3.33

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Marelli (India) Pvt. Ltd.		
Purchase of goods	0.14	0.65
Marelli (China) Co. Ltd.		
Purchase of goods	8.16	3.20
Expenses reimbursed	0.26	-
Marelli Sistemas Automotivos Industria E Comercio Brasil Ltda		
Purchase of goods	8.05	-
Sale of goods		
Niloy Motors Limited	33.18	810.88
Nitol Motors Limited	0.04	0.53

Notes forming part of the Consolidated Financial Statements

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(Amount in crore of INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Nitol Insurance Company Ltd	0.02	-
Nitol Electronics Limited	0.01	-
Purchase of goods/services		
Nitol Machineries Ltd	4.18	27.67
Nitol Insurance Company Ltd	0.84	1.01
Nitol Tours & Travels	-	0.04
Transfer on account of dealers collection		
Niloy Motors Limited	886.41	26.88
Others		
Nitol Motors Limited	0.76	45.31
Woven Holdings LLC USA		
Investment in equity instruments during the year	9.14	14.06

Balance outstanding at the year end

Particulars	As at March 31, 2020	As at March 31, 2019
- Trade Payable		
Marelli Europe S.p.A. (Formerly known as Magneti Marelli S.p.A, Italy)	5.97	4.95
Magnetti Marelli UM Electronics Systems Pvt. Ltd.	15.00	0.86
Marelli Sistemas Automotivos Industria E Comercio Brasil Ltda	7.39	-
Marelli (India) Pvt. Ltd.	-	0.05
Marelli (China) Co. Ltd.	0.27	1.00
Nitol Machineries Ltd.	-	1.70
Niloy Motors Limited	27.78	3.68
- Capital creditor		
Marelli Europe S.p.A. (Formerly known as Magneti Marelli S.p.A, Italy)	-	1.20
- Trade Receivable		
Marelli Europe S.p.A. (Formerly known as Magneti Marelli S.p.A, Italy)	0.12	-
Niloy Motors Limited	0.03	-
Nitol Machineries Ltd.	0.83	-
Nitol Electronics Limited	0.01	-

b) Associates of the Holding Company

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Hero FinCorp Limited		
Lease rental expenses	13.97	25.35
Dividend received	20.00	12.24
Dividend paid	0.01	0.01
Investment in equity instruments during the year	248.37	498.30
Expenses reimbursed	4.65	2.05
Rent received	0.06	0.06
Ather Energy Private Limited		
Investment in Compulsory Convertible debentures*	-	130.00

*During the Financial Year 2019-20, compulsorily convertible debebtures have been converted into complusory convertible preference shares.

Notes forming part of the Consolidated Financial Statements

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(Amount in crore of INR)

Balance outstanding at the year end

Particulars	As at March 31, 2020	As at March 31, 2019
- Trade Payable		
Hero FinCorp Limited	6.00	1.84

c) Key management personnel and their relative

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Managerial Remuneration/Sitting fees		
Mr. Pawan Munjal	84.59	80.41
Mr. Vikram Sitaram Kasbekar	6.70	6.19
Mr. Suman Kant Munjal	0.18	0.18
Mr. Niranjan Kumar Gupta	4.77	4.53
Mrs Neerja Sharma	4.46	1.79
Dividend paid	2.79	2.74

Commission/ Sitting fees/ Expenses reimbursement to Non-Executive and Independent Directors

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Pradeep Dinodia	1.18	0.95
Gen. (Retd.) Ved Prakash Malik	-	0.75
Dr. Pritam Singh	-	0.60
Mr. M.Damodaran	1.04	0.79
Mr. Ravi Nath	-	0.51
Dr. Anand C. Burman	0.08	0.09
Ms. Shobana Kamineni	0.35	0.17
Mr. Paul B. Edgerley	0.53	0.92
Dr. Jagmohan Singh Raju	0.60	0.08
Mrs. Tina Trikha	0.18	-

Balance outstanding at the year end

Particulars	As at March 31, 2020	As at March 31, 2019
- Payables (including commission)	49.98	55.08

Category-wise break up of compensation to key management personnel during the year is as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Managerial remuneration*		
Short-term benefits	97.84	90.66
Post-employment benefits	2.31	1.76
Share-based payments	0.38	0.49

* Does not include provisions for incremental gratuity and compensated absences liabilities, since the provisions are based on actuarial valuations for the Group as a whole.

d) Enterprises over which key management personnel and their relatives are able to exercise control

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of raw materials and components etc.	2,595.64	3,155.12
Purchase of property, plant and equipments	34.13	36.96
Payment towards services etc.	4.17	4.78
Expenditure towards Corporate Social Responsibility (CSR)	19.94	13.21

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Balance outstanding as at the year end

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
- Payables	173.86	282.19

Significant related party transactions included in the above are as under:-

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	810.40	997.95
Rockman Industries Limited	1,615.44	1,920.56
A.G Industries (Bawal) Pvt Limited	166.95	233.87
Purchase of Assets		
Rockman Industries Limited	15.72	13.06
A.G. Industries Private Limited	18.40	20.09
Hero Solar Energy Private Limited	-	3.81
Payment for services etc.		
BML Munjal University	2.95	1.65
Hero Mindmine Institute Private Limited	0.06	0.74
Hero Solar Energy Private Limited	0.44	-
A. G. Industries Private Limited	0.55	1.11
Rockman Industries Limited	0.17	0.25
S. R. Dinodia & Co. LLP	-	1.02
CSR		
Raman Kant Munjal Foundation	4.94	2.93
BML Munjal University	15.00	10.28

Significant closing balances of related parties are as under:-

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
- Payables		
A .G. Industries Private Limited	43.64	48.32
Rockman Industries Limited	127.05	220.54
A. G. Industries (Bawal) Pvt Limited	2.88	10.22

E. Terms and Conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash.

39. RESEARCH AND DEVELOPMENT EXPENSES:

Expenses charged to revenue account

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Raw material consumption	14.86	9.22
Consumables	2.71	3.41
Employee benefits	205.64	198.66
Depreciation and amortisation	181.29	126.35
Others*	73.65	80.21
Total	**478.15**	**417.86**

* Includes intangible asset under development amounting to ₹ 0.05 crore (previous year: ₹ 0.02 crore) expensed off during the year.

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Capital expenditure	For the year ended March 31, 2020	For the year ended March 31, 2019
Land	28.79	4.69
Building	11.45	0.04
Equipments	57.42	26.66
Furniture and fixtures	2.49	1.26
Software	5.33	8.41
Vehicles	6.15	4.26
Data processing equipments	4.51	3.67
Intangible Assets	108.03	30.47
	224.17	**79.45**
Capital work-in-progress & Intangible Assets under development	22.34	93.56
Total	**246.51**	**173.02**

40. COVID-19

The spread of COVID-19 has affected the business operations of the Group, post the lock down in various geographies. The Group has taken various measures in consonance with the Government advisories to contain the pandemic, which included closing of manufacturing facilities across the Group.

Given the uncertainty of quick turnaround to normalcy, post lifting of the lock down, the Group has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Group does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure.

Pursuant to the relaxed guidelines, the Group has now resumed its operations, however, some of the staff continues to operate from home. Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of these consolidated financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Group and take necessary measures to address the situation.

41. SHARE-BASED PAYMENTS

Employee Stock Option Plan

The Employee Stock Options Scheme titled "Employee Incentive Scheme 2014 – Options and Restricted Stock Unit" hereafter referred to as "Employee Incentive Scheme 2014" or "the Scheme" was approved by the shareholders of the Holding Company through postal ballot on September 22, 2014. The Scheme covered 49,90,000 options/restricted units for 49,90,000 equity shares. The Scheme allows the issue of options/restricted stock units (RSU) to employees of the Holding Company which are convertible to one equity share of the Group. As per the Scheme, the Nomination and Remuneration Committee grants the options/RSU to the employees deemed eligible. The options and RSU granted vest over a period of 4 and 3 years respectively from the date of the grant in proportions specified in the respective ESOP Plans. Options/RSU may be exercised by the employees after vesting period within 7 years from the date of grant. The fair value as on the date of the grant of the options/RSU, representing Stock compensation charge, is expensed over the vesting period.

Details of the Stock Option/RSU issued under the Scheme

Plan	Number of Options/RSU	Grant date	Expiry date	Exercise Price ₹	Weighted Average Fair value of the Options at grant date ₹
ESOP 2014	23,110	22-Oct-14	21-Oct-21	2,159	1,228
ESOP 2016	41,290	22-Aug-16	21-Aug-23	2,469	1,324
RSU 2016	11,194	22-Aug-16	21-Aug-23	2	3,290
ESOP 2017	29,800	31-Oct-17	31-Oct-24	2,818	1,615
RSU 2017	15,769	31-Oct-17	31-Oct-24	2	3,663
ESOP 2018	125,000	25-Mar-19	25-Mar-26	2,033	1,138
RSU 2018	17,760	31-Jan-19	31-Jan-26	2	2,672
ESOP 2019	98,750	22-Oct-19	22-Oct-26	1,745	1,067
RSU 2019	5,210	22-Oct-19	22-Oct-26	2	2,308

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Fair value of share options/RSU granted during the year

The fair value of options/RSU granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below. The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options/RSU of each vest. The expected life of share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.

Inputs in to the pricing model	Option Plan			
	ESOP 2019	RSU 2019	ESOP 2018	RSU 2018
Weighted Average Fair value of option/RSU	1,067	2,308	1,138	2,672
Weighted Average share price	2,637	2,637	2,886	3,034
Exercise price	1,745	2	2,033	2
Expected average volatility	22.54%	22.49%	22.96%	23.17%
Option life	7 Years	7 Years	7 Years	7 Years
Dividend yield	2.92%	2.92%	2.78%	2.78%
Average risk-free interest rate	6.57%	6.57%	7.00%	7.23%

Movements in share options during the year	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	Weighted average exercise price ₹	Number of options	Weighted average exercise price ₹
Outstanding at the beginning of the year	182,216	2,218	67,724	2,604
Granted during the year	98,750	1,745	125,000	2,033
Forfeited during the year	35,371	2,195	2,414	2,686
Exercised during the year	534	2,159	8,094	2,449
Outstanding at the end of year	245,061	2,031	182,216	2,218
Exercisable at the end of year	41,944	2,304	10,864	2,547

Movements in RSU during the year	Number of RSU	Weighted average exercise price ₹	Number of RSU	Weighted average exercise price ₹
Outstanding at the beginning of the year	31,838	2.00	21,413	2.00
Granted during the year	5,210	2.00	17,760	2.00
Forfeited during the year	12,180	2.00	-	2.00
Exercised during the year	11,950	2.00	7,335	2.00
Outstanding at the end of year	12,918	2.00	31,838	2.00
Exercisable at the end of year	1,674	2.00	-	-

Share options exercised during the year

Option Plan	For the year ended March 31, 2020		For the year ended March 31, 2019	
	No. of options exercised	Weighted Share price at exercise date ₹	No. of options exercised	Weighted Share price at exercise date ₹
ESOP 2014	534	2,355	1,962	2,660
ESOP 2016	-	-	4,848	2,883
RSU 2016	4,047	2,675	3,036	2,883
ESOP 2017	-	-	1,284	2,681
RSU 2017	7,903	2,612	4,299	2,685

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Share options/RSU outstanding at end of the year

Options/RSU Plans	Options outstanding as at March 31, 2020	Options outstanding as at March 31, 2019	Remaining contractual life (in Years) as on March 31, 2020	Remaining contractual life (in Years) as on March 31, 2019	Exercise Price ₹
ESOP 2014	864	2,184	1.56	2.56	2,159
ESOP 2016	20,916	28,016	3.39	4.39	2,469
RSU 2016	-	4,047	3.39	4.39	2
ESOP 2017	21,826	27,016	4.59	5.59	2,818
RSU 2017	2,128	10,031	4.59	5.59	2
ESOP 2018	108,030	125,000	5.98	6.98	2,033
RSU 2018	5,580	17,760	5.84	6.84	2
ESOP 2019	93,425	-	6.56	-	1,745
RSU 2019	5,210	-	6.56	-	2
	257,979	**214,054**			

During the the year ended March 31, 2020, the Group recorded an employee stock compensation expense of ₹ 10.15 crore (previous year: ₹ 6.55 crore) in the Statement of Profit and Loss and the balance in share options outstanding account as at March 31, 2019 is ₹ 15.44 crore (previous year: ₹ 9.59 crore).

42. FINANCIAL INSTRUMENTS

42.1 Capital Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

The Management reviews the capital structure of the Group on a regular basis. As part of this review, the Management considers the cost of capital and the risks associated with the movement in the working capital.

The following table summarises the capital of the Group:

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	212.17	311.40
Share capital	39.95	39.95
Equity reserves	14,366.33	13,080.46
Total Equity	14,406.28	13,120.41
Gearing Ratio	**1.47%**	**2.37%**

Categories of financial instruments

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	1,345.45	980.08
Current		
Investments	4,574.56	3,153.20
Financial assets at amortised cost		
Non-current		
Investments	205.73	253.98
Loans	67.68	60.12
Others	-	33.82

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Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Investments	134.56	20.68
Trade receivables	1,511.91	2,745.11
Cash and bank balances	435.41	303.90
Loans	23.75	25.08
Other financial assets	364.05	654.19
Total	**8,663.10**	**8,230.15**
Financial liabilities at amortised cost		
Non-current		
Long-term borrowings	44.02	124.84
Lease liabilities	207.62	-
Current		
Short-term borrowings	165.88	183.68
Lease liabilities	33.46	-
Trade payables	3,127.62	3,438.24
Other financial liabilities	260.96	226.73
Total	**3,839.56**	**3,973.48**

42.2 Fair value measurements

The Group uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

There are certain Group's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

	Fair value as at March 31, 2020		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	1,343.36	-
Investments in equity instruments	2.09	-	-
Current			
Investments in mutual funds	4,532.28	27.64	-
Investments in equity instruments	14.64	-	-

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	Fair value as at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	975.79	-
Investments in equity instruments	4.29	-	-
Current			
Investments in mutual funds	2,952.57	63.85	-
Investments in equity instruments	6.78	-	-
Investments in Debentures/Bonds	**-**	**-**	**130.00**

Fair value of the Group's financial assets that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial instruments approximate their fair values:

	As at March 31, 2020		As at March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Non-current				
Investments in bonds	205.73	212.78	253.98	253.31
Current				
Investments in bonds	134.56	135.71	20.68	20.70

	Fair value hierarchy	
	March 31, 2020 Level 2	March 31, 2019 Level 2
Financial assets at amortised cost		
Non-current		
Investments in bonds	212.78	253.31
Current		
Investments in bonds	135.71	20.70

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions - Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.

- The fair value of bonds is based on direct market observable inputs.

- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables, current lease liabilities, current borrowings and other current financial liabilities: Fair value approximate their carrying amounts largely due to short-term maturities of these instruments.

- The Company's non current lease liabilities, non current borrowings and non current financial assets are measured at amortised cost, which approximates the fair value as on the reporting date.

- Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realised or paid in sale transactions as of

(Amount in crore of INR)

respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

- There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 and March 31, 2019.

42.3 Financial risk management objectives and Policies

Financial risk management objectives

The Group's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments, diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Group's policies on foreign exchange risk and the investment. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/liquidity which impact returns on investments. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk including export receivables and import payables. Future specific market movements cannot be normally predicted with reasonable accuracy.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign currency exposure as at March 31, 2020	Amount in USD	Amount in EURO	Amount in JPY	Amount in SGD	Amount in Chinese Yuan (RMB)
Trade Receivables	2.11	-	-	-	-
Trade Payables	2.63	0.23	0.00	0.01	0.07
Capital Creditors	0.18	0.04	26.72	-	-
Forward cover-Bought	1.01	-	-	-	-

Foreign currency exposure as at March 31, 2019	Amount in USD	Amount in EURO	Amount in JPY	Amount in SGD	Amount in Chinese Yuan (RMB)
Trade Receivables	2.09	-	-	-	-
Trade Payables	3.86	0.07	0.40	-	0.10
Forward cover-Bought	0.93	-	-	-	-

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Foreign currency sensitivity

The following table details the Group's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. (+)(-) 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the ₹ strengthens 5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Currency	**As at March 31, 2020**		**As at March 31, 2019**	
	5% decrease	**5% increase**	**5% decrease**	**5% increase**
Receivable	7.97	(7.97)	7.21	(7.21)
Payable				
USD	(9.93)	9.93	(13.33)	13.33
JPY	-	-	(0.01)	0.01
Euro	(0.96)	0.96	(0.29)	0.29
SGD	(0.01)	0.01	-	-
RMB	(0.04)	0.04	(0.05)	0.05
Capital Creditors				
USD	(0.67)	0.67	-	-
JPY	(0.94)	0.94	-	-
EUR	(0.14)	0.14	-	-
Forward cover-Bought	3.81	(3.81)	3.21	(3.21)
Impact on profit or loss as at the end of the reporting period	(0.91)	0.91	(3.26)	3.26
Impact on total equity as at the end of the reporting period	(0.68)	0.68	(2.12)	2.12

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/in future years.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Group.

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Group result in material concentrations of credit risks.

The Group write-off the receivable in case of certainity of the irrecoverability.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no. 15 above.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

The Group has used a practical expedient and analysed the recoverable amount of receivables on an individual basis by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward-looking information.

Movement in the expected credit loss allowance of trade receivables

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at beginning of the year	20.37	28.94
Add: Provided during the year	53.04	-
Less: Amounts written back	2.09	8.57
Balance at the end of the year	71.32	20.37

Other price risks including interest rate risk

The Group has deployed its surplus funds into various financial instruments including units of mutual funds, bonds/debentures, etc. The Group is exposed to price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates , liquidity and credit quality of underlying securities.

Price sensitivity analysis

The sensitivity analyses has been determined based on the exposure to price risks at the end of the reporting period. If prices had been 1% higher/lower:

The profit for the year ended March 31, 2020 would increase/decrease by ₹ 59.03 crore (for the year ended March 31, 2019: increase/decrease by Rs. 39.92 crore).

Liquidity risk and interest rate risk on financial liabilities

Liquidity risk represents the inability of the Group to meet its financial obligations within stipulated time. To mitigate this risk, the Group maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on the financial liabilities arising out of current and non current borrowings with floating interest rates. These borrowings expose the Group to cash flow interest rate risk. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Variable-rate instruments	As at March 31, 2020	As at March 31, 2019
Borrowings	212.17	311.50

The profit for the year ended March 31, 2020 would increase/decrease by Rs.2.62 crore (for the year ended March 31, 2019: increase/decrease by Rs. 2.67 crore) for a 1% increase/decrease in interest rate on average financial liabilities during the respective year.

The Group has lease liabilities which have been accounted with incremental borrowing rate and are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date on an undiscounted basis:

Particulars	As at March 31, 2020			
	Less than 1 year	1 year to 5 year	More than 5 year	Total
(i) Borrowing	165.88	44.02	-	209.90
(ii) Trade payables	3,127.62	-	-	3,127.62
(iii) Other financial liabilities	260.96	-	-	260.96
(iv) Lease liabilities	45.62	156.88	176.13	378.63

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

Particulars	As at March 31, 2019			
	Less than 1 year	1 year to 5 year	More than 5 year	Total
(i) Borrowing	183.68	32.88	91.96	308.52
(ii) Trade payables	3,438.24	-	-	3,438.24
(iii) Other financial liabilities	226.73	-	-	226.73
(iv) Lease liabilities	-	-	-	-

The surplus funds with the Group and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

43. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

	Name of the Entity	Net Assets i.e. total asset less total liabilities		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of Consolidated Net Assets	Amount (₹ in crores)	As % of Consolidated Profit or (Loss)	Amount (Rs in crores)	As % of other comprehensive income	Amount (Rs in crores)	As % of total comprehensive income	Amount (Rs in crores)
Parent	Hero MotoCorp Limited	95.24%	14,136.40	98.44%	3,633.26	99.59%	(31.78)	98.43%	3,601.48
Subsidiaries	**Indian**								
	HMC MM Auto Limited	0.20%	30.40	-0.32%	(11.91)	0.41%	(0.13)	-0.33%	(12.04)
	Foreign								
	HMCL Netherlands BV	2.20%	326.76	0.52%	19.03	-	-	0.52%	19.03
	HMCL Colombia SAS	0.28%	41.30	-1.12%	(41.30)	-	-	-1.13%	(41.30)
	HMCL Niloy Bangladesh Limited	1.75%	259.91	2.36%	87.28	-	-	2.39%	87.28
	HMCL (NA) Inc.	0.00%	-	0.00%	(0.03)	-	-	0.00%	(0.03)
	HMCL Americas Inc.	0.16%	23.69	0.01%	0.30	-	-	0.01%	0.30
	HMCL TechCenter Germany Gmbh	0.17%	25.10	0.12%	4.39	-	-	0.12%	4.39
	Total	**100.00%**	**14,843.56**	**100.00%**	**3,691.02**	**100.00%**	**(31.91)**	**100.00%**	**3,659.11**
	Adjustments arising out of consolidation		(2,395.02)		(66.48)		14.16		(52.32)
	Non-controlling interest		(140.60)		(21.30)		(5.32)		(26.62)
Associates *	**Indian**								
	Hero FinCorp Limited	13.14%	1,893.39	3.08%	112.04	1.29%	(0.30)	3.09%	111.74
	Ather Energy Private Limited	1.42%	204.95	-2.12%	(77.17)	1.02%	(0.24)	-2.14%	(77.41)
	Total		**14,406.28**		**3,638.11**		**(23.61)**		**3,614.50**

* Investments accounted as per equity method

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

(Amount in crore of INR)

44. The Group's borrowing facilities, comprising fund based and non-fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.

45. The Holding Company had deposited and created provision for "National Calamity Contingent Duty" ('NCCD') including applicable cess in its Haridwar plant during prior years, while contesting the same on the ground that NCCD is in nature of excise duty and should be covered by Area based exemption. Pursuant to favourable order from Hon'ble Supreme Court , the provision has been reversed as exceptional item during the current year ended March 31, 2020.

46. The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2020.

47. During the current year ended March 31, 2020, the Holding Company had introduced a voluntary retirement scheme (VRS) and the Holding Company had considered an expense of ₹ 60.l l crore for employees who have accepted to be part of VRS as exceptional item in the consolidated financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration
No.: 101248W/W-100022

Manish Gupta
Partner
Membership No.: 095037
UDIN: 20095037AAAABP4238
Place: New Delhi
Date: June 9, 2020

For and on behalf of the Board of Directors of
Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

M. Damodaran
Chairman Audit Committee
DIN: 02106990

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN: 00027995

Neerja Sharma
Company Secretary

Place: New Delhi
Date: June 9, 2020

FORM AOC-1

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

Statement containing salient features of the financial statements of Subsidiaries and Associates[1]

Part "A": Subsidiaries

Particulars													
Name of the Subsidiary[7]	**HMC MM Auto Limited**	**HMCL (NA) Inc.[5]**		**HMCL Americas Inc.**		**HMCL Netherlands B.V.**		**HMCL Colombia S.A.S.[3]**		**HMCL Niloy Bangladesh Limited[3]**		**Hero Tech Center Germany GmbH**	
Reporting period	**Year ended March 31, 2020**	**Year ended March 31, 2020**		**Year ended March 31, 2020**		**Year ended March 31, 2020**		**Year ended March 31, 2020**		**Year ended March 31, 2020**		**Year ended March 31, 2020**	
Reporting Currency	**INR**	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**	**COP[4]**	**INR**	**BDT[4]**	**INR**	**EURO**
Exchange Rate	1.00	75.63	1.00	75.63	1.00	75.63	1.00	0.02	1.00	0.89	1.00	83.43	1.00
Country of Registration	India	USA		USA		Netherlands		Colombia		Bangladesh		Germany	
Reporting amounts in	INR Crore	INR Crore	USD MN	INR Crore	USD MN	INR Crore	USD MN	INR Crore	COP[4] Thousand MN	INR Crore	BDT[4] MN	INR Crore	EURO MN
Share Capital	80.00	-	-	26.47	3.50	327.04	43.24	114.37	61.72	87.13	981.30	21.07	2.53
Reserve	(49.60)	-	-	(2.78)	(0.37)	(0.28)	(0.04)	(73.07)	(39.43)	172.78	1,945.96	(4.03)	(0.48)
Total Assets	186.62	-	-	23.69	3.13	327.28	43.28	290.64	156.85	452.07	5,091.42	36.96	4.43
Total Liabilities[2]	186.62	-	-	23.69	3.13	327.28	43.28	290.64	156.85	452.07	5,091.42	36.96	4.43
Investment	-	-	-	-	-	321.64	42.53	-	-	50.78	571.92	-	-
Turnover[6]	67.40	-	-	0.46	0.06	21.55	2.85	175.06	94.47	852.34	9,599.54	74.68	8.95
Profit/(Loss) Before Taxation	(12.04)	-	-	0.32	0.04	20.30	2.68	(36.36)	(19.62)	104.84	1,180.76	6.13	0.74
Provision for Taxation	-	-	-	-	-	-	-	(0.09)	(0.05)	(12.35)	(139.12)	(1.49)	(0.18)
Profit/(Loss) after Taxation	(12.04)	-	-	0.32	0.04	20.30	2.68	(36.45)	(19.67)	92.49	1,041.64	4.64	0.56
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
% age holding	**60%**	**100%**		**100%**		**100%**		**68%**		**55%**		**100%**	

Notes:

1 Financial information has been extracted from the standalone audited financial statements for the year ended March 31, 2020, and have been translated at the exchange rate prevailing on March 31, 2020.

2 Total liabilities are inclusive of share capital and reserves.

3 HMCL Colombia S.A.S. and HMCL Niloy Bangladesh Limited are subsidiaries of HMCL Netherlands B.V.

4 COP – Colombian Peso; BDT – Bangladesh Taka.

5 HMCL (NA) Inc. which is wholly owned subsidiary of Hero MotoCorp Limited has been liquidated w.e.f. November 6, 2019. Investment made by HMCL (NA) Inc. into Erik Buell Racing Inc., USD 25 million has been fully provided for, on account of bankruptcy filing under chapter 128 of the Wisconsin Statutes.

6 Turnover includes other income and other operating revenue.

7 There is no subsidiary which have been liquidated or sold during the year other than HMCL (NA) Inc.

Part “B”: Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

Sr. No.	Name of Associates***	Hero FinCorp Limited	Ather Energy Private Limited
1	Latest audited Balance Sheet Date	Year ended March 31, 2020	Year ended March 31, 2020
2	Shares of Associate held by the Company on the year end		
	No.	52,431,893	128,633
	Amount of Investment in Associates (₹ in crore)	1,274.66	330.58
	Extend of Holding %	41.19%	35.10%
3	Description of how there is significant influence	Equity holding more than 20% but less than 50%	Equity holding more than 20% but less than 50%
4	Reason why the associate is not consolidated	-	-
5	Networth attributable to Shareholding		
	as per latest audited Balance Sheet (₹ in crore)	1,841.75	87.90
6	Profit/(Loss) for the year*		
	i. Considered in Consolidation	111.74	(77.41)
	ii. Not Considered in Consolidation**	166.30	(142.49)

* Profit/Loss include necessary adjustment on account of dividend distribution tax.

** Represent portion of Profit attributable to other shareholders.

*** There are no associate or joint venture which have been liquidated or sold during the year.

Corporate Information

COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER
MS. NEERJA SHARMA

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MR. SOHRAB PRAKASH

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Bank of America N.A.
Citibank N.A.
HDFC Bank Ltd.
The Hong Kong and Shanghai Banking Corporation Ltd.
ICICI Bank Ltd.
Kotak Mahindra Bank Limited
Standard Chartered Bank
MUFG Bank, Ltd.
State Bank of India

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Fax: 011-4604 4399

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Selenium, Tower B,
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Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500 032, India
Tel: 040-2342 0818, 6716 2222
Fax: 040-2342 0814, 2300 1153
Toll Free No: 1-800-3454-001
Email: einward.ris@kfintech.com
Web: www.kfintech.com

PLANT LOCATIONS
Gurgaon Plant
37 km Stone, Delhi-Jaipur Highway,
Sector 33, Gurugram - 122 001
Haryana, India
Tel: 0124-289 4200, 237 2123
Fax: 0124-237 3141/42

Dharuhera Plant
69 km Stone, Delhi-Jaipur Highway,
Dharuhera, Distt. Rewari - 123 110
Haryana, India
Tel: 01274-264 000
Fax: 01274-267 018

Haridwar Plant
Plot No. 3, Sector 10,
I.I.E., SIDCUL, Roshanabad,
Haridwar-249 403, Uttarakhand, India
Tel: 01334-238 500, 239 514-16
Fax: 01334-239 512/13

Neemrana Plant
SP 101-103, 108 & 109,
RIICO Industrial Area, Phase – II,
Delhi-Jaipur Highway, Neemrana,
District Alwar - 301 705,
Rajasthan, India
Tel: 01494-2673000

Halol Plant
Plot No. 102, Halol (Exp.)
Industrial Estate,
Vadodara Godhra Highway
Taluka – Kalol, Tehsil-Halol,
Distt. Panchmahal - 389350,
Gujarat, India
Tel: 02675-229114

Chittoor plant
Sy. No. 1,
Industrial Park,
Madanapalem (Village),
Sathyavedu (Mandal), Chittoor
Andhra Pradesh - 517 588, India

Global Parts Centre
SP 104-107,
RIICO Industrial Area, Phase – II,
Delhi - Jaipur Highway, Neemrana,
District Alwar,
Rajasthan - 301 705, India

R&D Centre
Centre of Innovation & Technology
SPL-1, RIICO Industrial Area,
Kukas, Phase-II, NH-11C,
Jaipur - 302 028, Rajasthan, India
Tel: 0142-643000

Colombia Plant
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Zona Franca Permanente Conjunto
Industrial Parque Sur, Villa Rica,
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Hero Tech Center Germany GmbH
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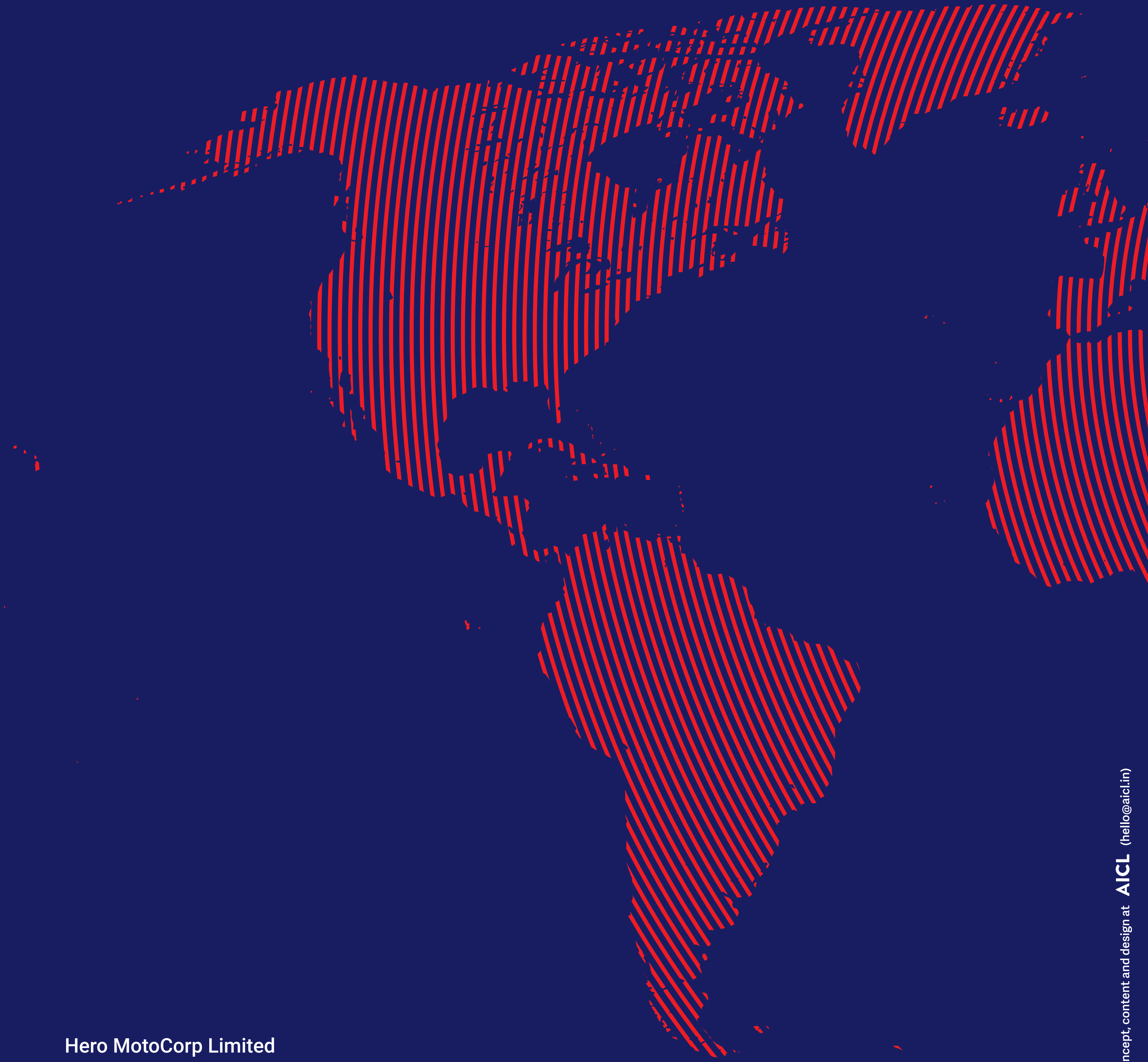
Germany



Hero MotoCorp Limited
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