

Power to the YOUTH



An Increasingly YOUNGER WORLD



The youth population in many parts of the world today is expected to grow at a steady pace over the next few decades. This demographic dividend presents the potential for a 'New Generation of Hope', contributing to a happy, healthy and prosperous future for all.





This trend is of particular significance for Hero MotoCorp, as several of our 37 global markets are expected to witness this growth spurt in the youth population.

This is an opportunity for the Company to play the role of a catalyst in empowering the youth to realize their dreams and aspirations by providing them modern, technologically superior and eco-friendly mobility solutions.



Investing in TOMORROW

The global youth today is aspirational, experimental, innovative, agile and enterprising – the same traits that characterize Hero MotoCorp as well. It has always been the Company's strategic approach to focus on tomorrow's customers that has enabled it to stay ahead of youth trends, thereby remaining the preferred choice of millions for decades.



A YOUTHFUL Outlook

As a young and youthful enterprise, we connect with today's youth and their aspirations by understanding their mobility needs that range from independence, ease, thrill and style to affordability, reliability and durability.



Every single day, Hero MotoCorp engineers and executives across different functions are relentlessly engaged in developing new mobility solutions that appeal to not only the existing generation but also future ones.

Our teams spread across various functions, such as design, research and development, styling, engineering, accessories and sales and marketing are driven by the singular agenda of being a source of Power to the Youth!



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Disclaimer

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.

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Power to the YOUTH



The world's largest two-wheeler manufacturer for
18 consecutive years and counting.



Hero MotoCorp is the dominant leader in the world's largest two-wheeler market, India. At the same time, it has also rapidly expanded its global footprint to 37 countries across Asia, Africa and South and Central America.

Manufacturing a New Product EVERY TWO SECONDS!



Investing in Research and Development Over US \$100 Million

We have seven globally-benchmarked manufacturing facilities, including five in India and one each in Colombia and Bangladesh, with a combined installed capacity of around nine million units of two-wheelers per annum. This capacity will go up to 11 million units, once our eighth manufacturing facility in the southern Indian state of Andhra Pradesh becomes operational.

Our state-of-the-art, world class, Research and Development (R&D) centre, the Centre of Innovation and Technology (CIT) puts us in the league of globally benchmarked powerhouses of research, design and development.

With the objective of building a robust R&D ecosystem that is spread across global geographies, we also set-up the Hero Tech Center Germany GmbH (HTCG). The HTCG – set up in FY'19 – will supplement the ongoing work at CIT, and will also be the home of Hero MotoSports Team Rally.

Hero MotoCorp has sold over 90 million motorcycles and scooters in cumulative sales so far.



**Over 9000 Customer
Touch-Points across the Globe**

Expansive, New-Age Network of Customer Touch-Points

The Company reaches out to its customers through an extensive distribution network of more than 6500 touch points in the domestic market of India. In its Global markets, Hero has over 2500 touch points in a varied set-ups across different countries to match the operating formats of the respective local markets.

Our global reach



The Company is now in the process of upgrading its customer-facing facilities to make every customer visit – a ‘WOW’ experience, by offering unmatched ambience, service and processes.

Youthful Product Portfolio

The wide-ranging product portfolio of Hero MotoCorp across segments is known globally for reliability, durability and efficiency. Splendor continues to be the largest selling two-wheeler made in India, while other motorcycle brands from the Hero's table – such as Glamour, Passion, Ignitor, Xtreme 200 and Hunk – continue to be popular among the youth in various parts of the world.

The recently-launched new products – the X-Pulse 200, X-Pulse 200T and the Xtreme 200S motorcycles – add to the increasingly premium brand image of Hero MotoCorp by offering style, convenience and technology, in addition to the core attributes of the Hero brand.



The Neemrana plant of Hero MotoCorp has one-of-its-kind 'Green Wall'

Sustainability

Hero MotoCorp has always gone beyond its immediate business objectives to ensure a green, safe and sustainable environment. In keeping with its commitment to maintaining the highest of ecological standards, the Company's manufacturing facilities are based on the core principle of sustainable development. Having redefined green manufacturing, these facilities are - quite aptly called, 'Garden Factories'.



Corporate Social Responsibility (CSR)

A conscious corporate citizen, we are compassionate and committed to social and environmental issues and strategically invest in initiatives focused on the betterment of the society at large.

Notable Milestones

Key events of financial year 2018-19



Bogota, Colombia

April 23, 2018

The masculine and sportier 'Ignitor 125' was launched in Colombia. Powered by a new engine with our revolutionary i3S (idle stop-start) technology, the launch made a strong statement on our technological capabilities in the market.



Bahamas

November 28, 2018

Renewed our association with the Global Icon and Golfing Great Tiger Woods as our Global Corporate Partner.

Milan, Italy

November 6, 2018

Made a massive impact at the EICMA motorcycle expo in Milan, Italy with unveiling of our third premium motorcycle - the XPulse 200T and our new range of 125cc scooters - Duet 125 and Dash 125 (called Destini 125 and Maestro Edge 125 in the Indian market).



Ica, Peru

September 17, 2018

Hero MotoSports Team Rally finished the Peru Desafio Inca Rally with a top 15 finish with Indian ace rider CS Santosh finishing at the 14th position overall.

Pisco, Peru

January 18, 2019

The Hero MotoSports Team secured its 2nd top 10 finish at the Dakar Rally. The Team also achieved its third successful finish at the Rally, with its riders arriving at the finish line in all the three years that it has participated at the Dakar.



New Delhi
September 11, 2018
Cricket icon and captain of the Indian National Cricket team, Virat Kohli becomes our Brand Ambassador.

Buddh International Circuit, Greater Noida

August 13, 2018

Launch of the much awaited 'Xtreme 200R' marked our re-entry into the premium motorcycle segment.

Bahamas

September 12, 2018,

Extended our title sponsorship of the Hero World Challenge, the PGA-sanctioned Tiger Woods invitational, which witnesses 18 of the top-ranked golfers from the world in action.



New Delhi

October 1, 2018

Breaching the mammoth 750,000 mark, we scripted another new global record in monthly sales of two-wheelers.

New Delhi

July 2, 2018

With sales of 2.1 million units in Q1, FY'19, we created a new record for sales volumes in a single quarter.

New Delhi

April 18, 2018

Enhancing the standard of our after sales service, we launched a dedicated e-commerce portal (www.hgpmart.com) to retain Hero Genuine Parts and Accessories across the country.



New Delhi

January 2, 2019 8 million unit sales in a calendar year – marking another unique feat for the company.

New Delhi

October 22, 2018

Entered the 125cc scooter segment with 'Destini 125', the first and only scooter in India to feature the highly efficient idle stop-start-system – based on Hero's revolutionary i3S technology.

Kochi, India

August 29, 2018

Commenced free of charge check-up and repair of our motorcycles and scooters in order to help our customers in the state of Kerala in the aftermath of worst ever flood in recent times. Additionally, a discount of 30% on genuine spare parts was also offered.

New Delhi

January 30, 2019

Announced our first R&D tech centre, outside of India, in Germany with an aim to augment the development of new vehicle concepts and future technologies besides facilitating all rally participation activities and new product development for our MotoSports team.

Numbers Speak...

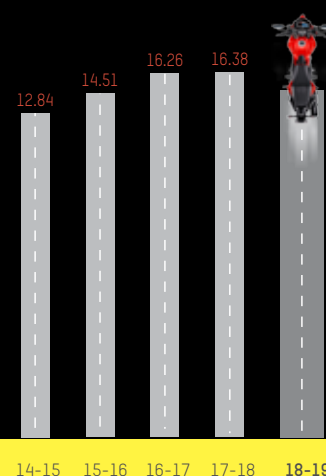
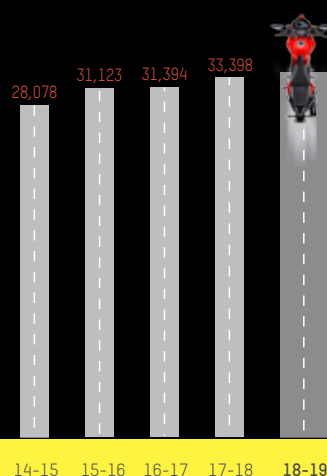
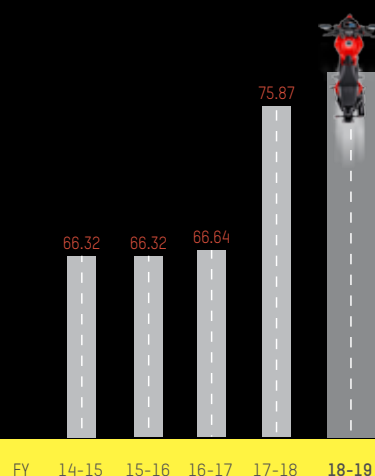
Key Performance Indicators

PARTICULARS	2018-19	2017-18	2016-17	2015-16	2014-15
Sales (Nos. In lacs)	78.21	75.87	66.64	66.32	66.32
Total Income (₹ cr)	34,342	33,398	31,394	31,123	28,078
Profit After Tax (₹ cr)	3,385	3,697	3,377	3,160	2,386
EBITDA Margin (%)	14.65	16.38	16.26	14.51	12.84
Earning Per Share (₹)	169.48	185.14	169.12	158.26	119.46
Dividend Per Share (₹)	87	95	85	72	60

Sales
(No. in lakh) **78.21**

Revenue
(₹ in crore) **34,342**

EBITDA % **14.65**



How we performed?

The Company sold over 78.21 lakh vehicles during the financial year, the highest by any two-wheeler company in the world

How we performed?

The Company reported its highest ever revenue of ₹34,342 crore in the financial year 2018-19

How we performed?

The Company reported EBITDA Margins of 14.65% for the financial year 2018-19

78.21 lakh
Total sales in FY'19

21.00 lakh
Best-ever quarterly sales-
April-June 2018

7.69 lakh
units sold in
September 2018

PAT
(₹ in crore)

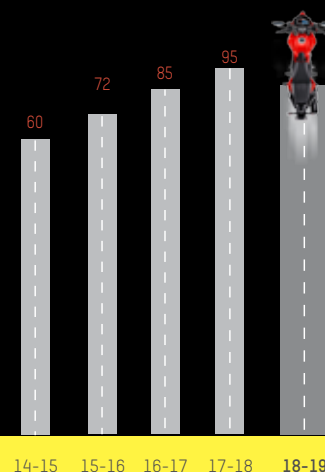
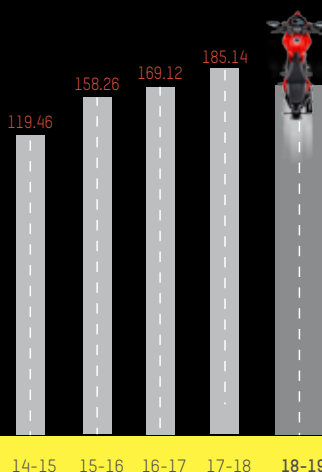
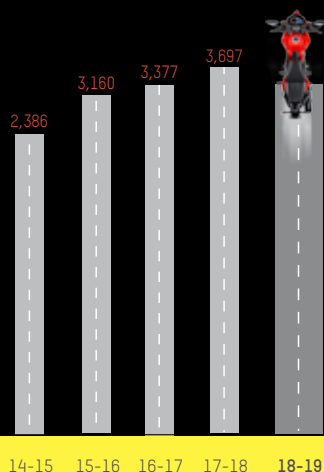
3,385

EPS (₹)

169.48

DPS (₹)

87



How we performed?

The Company reported healthy Profit After Tax (PAT) of ₹3,385 crore for the financial year 2018-19

How we performed?

The Company reported a strong Earning Per Share (EPS) of ₹169.48 for the financial year 2018-19

How we performed?

The Company reported Dividend Per Share (DPS) of ₹87 in financial year 2018-19

7 lakh plus monthly sales achieved on four occasions in FY'19

Key Profitability Metrics	2018-19	2017-18	2016-17
Particulars			
Return on Average Capital Employed (%)	40.69	47.94	49.18
Return on Average Equity (%)	27.49	33.80	35.65
Profit After Tax / Income from Operations (%)	10.06	11.47	11.85
Profit Before Tax / Income from Operations (%)	14.89	16.27	16.35
EBITDA / Income from Operations (%)	14.65	16.38	16.26
Operating Profit Before Tax / Income from Operations (%)	12.86	14.66	14.53
Working Capital Management			
Inventory Period (in days)	12.11	10.14	10.18
Inventory and Receivable Conversion Period (in days)	30.94	24.65	26.97
Cash Cycle	(10.47)	(18.76)	(20.92)
Current Ratio	1.20	0.75	0.71
Acid Test Ratio	0.94	0.56	0.55

Hero MotoCorp has always sought to efficiently use the various components of its working capital cycle. It has also effectively controlled the receivables and inventories, enabling us to operate on a negative working capital.



Chairman's Message

The history of the world has always been marked by defining moments that bring about tectonic shifts in the industrial, geo-political and socio-economic landscape. We are currently operating in one such epoch that will define the legacy that we will leave behind for our future generations.

The future is filled with promise and, as always, your Company is at the forefront of this evolution. Brand Hero today has a global presence spread across a large and diverse geographical expanse with manufacturing facilities in India, Colombia and Bangladesh. It is, therefore, important for us to recognize the various events around the world that could impact us.

The global economy has started to stare down at a period of a synchronized slowdown. This is happening due to several factors such as the US-China trade war, the lingering uncertainty over Brexit, consistently slow economic growth in the European Union, a sputtering Chinese growth engine and the rise of protectionist governments in many key economies.

Adverse conditions, however, generally lead to a brighter and advanced future for society. We, therefore, expect the global economy to come out stronger from this phase. On that positive note, let me now take you through performance of Hero MotoCorp in one of the toughest fiscal years for the two-wheeler industry in the recent past.

Fear Nothing in Pursuing Excellence

This is the philosophy that defines Brand Hero, as the Company continuously strived to innovate and excel in everything that it did across all its functions in FY'19.

It was also another year of several 'firsts' for us. We achieved higher sales milestones, launched multiple new products, expanded our manufacturing and R&D facilities and set the benchmark in being a socially responsible corporate. All our seven state-of-the-art manufacturing facilities – including five in India and one each in Colombia and Bangladesh – continued to set the benchmark in manufacturing excellence, enabling the Company to maintain its market leadership.

A Premium Journey

During the year, we forayed into two new product segments – the premium motorcycle space with our new Xtreme 200R motorcycle; and the 125cc scooter category with the Destini 125. Destini is also the first scooter in India to have our revolutionary i3S (Idle Start-Stop-System) technology.

Proving to be a blockbuster, our new 125cc scooter Destini has become the fastest scooter brand in India to surpass the 100,000 unit sales mark.

These new products will soon be launched across key markets in Asia and South America with the aim of growing our presence in these product categories.

Cruising past Sales Milestones

In the Indian market, the second half of the fiscal was hampered by a host of impeding factors such as increased insurance premium costs, lack of liquidity in the markets, poor consumer sentiment and increasing fuel prices. Yet your Company managed to ride through the storm and continued to remain the numero-uno player in the country by a fair margin!



The customer has always been at the centre of all our initiatives, and therefore, we are making enhanced efforts to make every customer visit to our dealerships or touch points - a 'WOW' experience.

This ambitious plan will help us create exceptional facilities - 'Showrooms and Workshops of Future' - for our customers, who will benefit from the sheer joyful experience of our ambience, products and processes.



We registered a record sales of 7.8 million units during the fiscal, a testimony to our grit, resilience and product excellence. In this process, we also crossed the landmark customer base of 90 million units sold. We also became the first two-wheeler company to surpass 750,000 units in monthly sales in September 2018, besides achieving 700,000-plus monthly sales on four separate occasions during the year.

Our evergreen brand Splendor also reclaimed its coveted position to become the largest two-wheeler brand made in India.

Most of our global markets also continued to operate in a complex and dynamic macro-economic environment, leading to a weaker global expansion, especially in the second half of 2018. Despite these challenges we managed to improve our sales performance in many markets, including Latin America where our dispatches grew by 38% and the Asian region where we grew by 12% in terms of retail sales. In Bangladesh we crossed the landmark 100,000 unit retail sales.

Expanding the R&D EcoSystem

Our new, advanced and appealing product range is a testimony to the robust Research and Development (R&D) capabilities that we now possess at our global R&D hub - the Hero Centre of Innovation and Technology (CIT) - in the northern Indian city of Jaipur, Rajasthan.

In FY'19, we also gave shape to our vision of creating a global R&D ecosystem by setting up our first international technology centre, the Hero Tech Center Germany GmbH,

(HTCG). This new centre will operate in tandem with the CIT to develop new vehicle concepts, modern designs and create mobility solutions of the future.

The HTCG has been envisaged as a source of latest technologies, with a focus on the global customer base. It will also enable us to tap into the huge pool of resources readily available across Europe and merge them with our ongoing operations at the CIT. In addition, it will be the epicentre of our motorsport team venture - the Hero MotoSports Team Rally - which has become the flag bearer of Indian motorsports on the global platform.

Engineers, designers and product experts from over 10 countries are now engaged at the CIT and HTCG to develop products that suit the sensibilities of our diverse global customer base and are future-ready.

Creating a Sustainable Future

As a global automotive player and industry leader in India, we are well cognizant of our role and responsibility in ensuring Sustainable Development of the industry, India and the world. Our manufacturing facilities, spread across two continents, maintain the highest ecological standards while meeting business objectives, helping create a sustainable tomorrow.

In tandem, we continue to work with our Supply Chain Partners to strengthen the overall Sustainability Footprint. Our comprehensive Sustainability Report for FY'19 encapsulates the Company's framework, approach and efforts on sustainability.

Our upcoming manufacturing facility- the Garden Factory at Chittoor in the southern Indian state of Andhra Pradesh - reaffirms our commitment to green and sustainable manufacturing. Once completed, it will take our total installed capacity to around 11 million units and generate around 15,000 jobs in direct and indirect opportunities with the creation of a sustainable ecosystem of vendors and suppliers in the region.

In FY'19, we reduced our energy intensity by 4%, thereby positively impacting Carbon emissions. Our specific water consumption has been reduced by 7% and we achieved waste neutrality of 82% through recycling and co-processing initiatives. We also improved our solar footprint by 24%. Going forward, our long term vision is to be carbon neutral by 2030.

As you are aware, the automotive industry in India will go through a massive transition by April 1, 2020, with the implementation of the Bharat Stage (BS)-VI emission norms. These standards will put India at the forefront of environment-friendly regulations. You will be happy to know that we are completely geared up to embrace this transition well within the set timeline.

In safe hands

As a responsible organization, we have always contributed to the betterment of the society and our Corporate Social Responsibility (CSR) programmes are designed to have a positive impact on as many lives as possible.

Our key CSR initiatives focus on the well-being of children and women from marginalized and less privileged backgrounds and also on the conservation and protection of the environment. Our spends on CSR have been far more than the mandatory 2% of our net profits since 2015 and the scale and the impact of all our programmes has also been growing year-on-year.

Our education focused projects have enabled over 300,000 children from rural areas in India to compete with their privileged counterparts in urban India. Likewise, close to 20,000 young girls and women have been trained in various trades at our skill centres and are now gainfully employed.

A large part of our CSR allocation also goes towards meeting our environmental aspirations through the 'Happy Earth' programme, as a part of which, your Company planted more than 2,000 trees per day, totaling to 760,000 trees during the year.

Sports is one of the essential elements of our CSR platform. We encourage sports at grassroots level and have made considerable investments to build necessary sports infrastructure in rural areas. Supporting professional Paralympic athletes to prepare for and participate in international events has also been a priority for the Company.

Road safety continues to be another top priority of Hero MotoCorp. We continue to invest significantly in road safety awareness and safe riding trainings through our 'Ride Safe India' programme, which has seen participation from over 500,000 people so far.

Ready for Tomorrow

The current global technology landscape is ever-evolving and we continue to keep ourselves aligned with the changing world trends. During FY'19, enterprise systems in production technology got further streamlined across the globe. In an endeavour to stay ahead of the curve, we also adopted technologies such as Robotic Process Automation, Artificial Intelligence (AI), IOT, Block Chain and Machine Learning, to name a few.

In our key international markets, like in Colombia, we used new age technology to develop a system where we are able to approve loans in 10 minutes - a first-of-its-kind initiative in that market. Similarly in Argentina, we have developed a single-webpage user interface, where the customer gets all the relevant information regarding - sale, insurance, finance and accessories - on a single window.

Such innovative new initiatives enable us to differentiate ourselves from competition. At the same time providing a value-added and convenient purchase experience to the customer.

People Strong

In keeping with our commitment, we have significantly increased our focus on diversity and inclusiveness. As Hero increasingly continues to become a more global brand, I can assure you that we remain committed to the tenets of diversity, equal opportunity, and inclusion.

Global Headwinds

The global footprint of your Company is now spread across 37 countries in Asia, Africa, South and Central America and the Middle East. Many of the international markets that we entered into during the past few years, however, are grappling with their own economic issues.

FY'19 turned out to be an engaging and challenging year and brought with it a new wave of opportunities and successes, even as it tested us with a unique set of problems.

While the world braced for 'slowbalization', your Company did the opposite and continued its globalization journey by investing in new markets, introducing new products across segments and expanding its distribution networks. Our business in most of our global markets - including in Colombia and Bangladesh where we have manufacturing operations - is steadily gaining traction. We will continue to scale up our operations in sync with the market sentiment. We will also continue building the brand through various initiatives such as participating in marquee global and regional Auto Shows and sports partnerships.

Regulatory Environment

The two-wheeler industry in India continued to grapple with the effects of regulatory changes during FY'19. The Insurance Regulatory and Development Authority of India (IRDA) made it mandatory for all new two-wheelers to have five-year third-party insurance cover.

From April 2019, it also became mandatory for all new two-wheelers with an engine displacement of over 125cc to be equipped with anti-lock braking systems (ABS) while all lower displacement two-wheelers were required to have a combi-braking system (CBS).

The cost implications of the five-year insurance adversely affected the common man who uses a two-wheeler to commute, and in the process slowed down the entire two-wheeler industry in India. We believe that the government needs to urgently mitigate this by providing cost relief to customers.

One significant step in this direction can be if the Government removes two-wheelers from the highest GST



With the ongoing urbanization, rising income levels and supportive regulations, we are confident that the industry will meet this target and your Company intends to continue playing a critical role in this upward shift.



slab of 28% meant for luxury goods, to the 18% slab. This will help revive the industry, which in turn, will help in bringing the economy back on track.

Sporting Moves

Looking beyond business, Hero MotoCorp firmly believes in the transformational power of sports on society and remains committed to supporting and nurturing diverse disciplines of sports such as Football, Hockey, Motorsports, Cricket and Golf around the world.

Having begun our association with Sporting icon Tiger Woods in 2014, we further strengthened our journey with him in FY'19 by retaining him as our 'Global Corporate Partner'.

Tiger's persona transcends geographical, cultural and generational boundaries. He has scripted the most extraordinary return to the highest echelons of the game through sheer persistence, true grit and determination to win. As Brand Hero keeps expanding its global footprint across continents, Tiger will continue to play a valuable role in taking our core messages to the world, thereby, creating higher awareness for our brand across geographies.

Our motorsports team, Hero MotoSports Team Rally, did us proud once again this year. The team achieved its first podium finish of 2019 at the Merzouga Rally in Morocco, close on the heels of an impressive run at Dakar Rally 2019. We have since strengthened the team's profile further by signing on the Portuguese champion, Paulo Goncalves, as our fourth rider, in addition to India's CS Santosh, Joaquim Rodrigues from Portugal and Oriol Mena from Spain.

Especially in Latin America, we have been using Football to create and sustain awareness for the brand. A very successful TV campaign featuring Cholo, Diego Simeone was run during the World Cup that created a massive awareness for the brand.

Looking ahead

The entire world is adopting the global mobility trends of electrification (EVs), shared mobility and connected two-wheelers. The Company is working on several EV projects and is fully geared up for this challenge.

Hero MotoCorp has also made a sizeable strategic investment in the electric two-wheeler manufacturer, Ather Energy, based out of Bengaluru, India. Ather has already launched a range of path-breaking and innovative electric scooters.

We highly appreciate and whole-heartedly support the Indian government's vision of a more sustainable and environment-friendly future. We, therefore, propose a more cautious, clear and realistic roadmap towards the adoption of EVs. The scale and timing of the adoption need prudent deliberations and we will gladly support all stakeholders in this process.

While the world economy is still facing some headwinds and uncertainty continues to loom over global geopolitical climate, we aspire to firmly stride on our growth path.

Global growth expectation has softened to 3.3% for 2019 with short term socio-political and trade uncertainties across countries. In Latin America, growth is projected to recover to 1.4% in 2019 and 2.4% in 2020. While Brazil, Colombia and Mexico are expected to grow, Argentina and Venezuela are likely to decline in 2019. Growth in the Middle East & North Africa (MENA) region is expected to weaken to 1.5% in 2019, before recovering to about 3.2% in 2020.

India's economic growth rate has reportedly slowed to a five-year low of 5.8% during the January-March 2019 quarter, while joblessness in the country rose to a record 6.1% of the total labour force during 2017-18 - the highest in the past 45 years.

India's Automotive Mission Plan 2016-26 has envisioned an increase in the automotive sector's share of the country's GDP from the current level of 7% to 12% by the year 2026. With the ongoing urbanization, rising income levels and supportive regulations, we are confident that the industry will meet this target and your Company intends to continue playing a critical role in this upward shift.

At Hero, every member of the family has a key role to play, as we progress towards becoming a global entity and achieving greater success. I can assure you all that we will continue to create value for each one of you, while continuing with our efforts to create a greener, safer and equitable society.

I thank all our stakeholders, including all the channel partners, vendors and suppliers, tech partners, investors, all associates, government officials and above all, our customers for their unwavering support.

Pawan Munjal

Corporate Information

COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

MS. NEERJA SHARMA

STATUTORY AUDITORS

BSR & Co. LLP

Chartered Accountants,

(FR No. 101248W/W-100022)

Building No. 10, 8th Floor, Tower-B

DLF Cyber City, Phase-II

Gurugram - 122 002, India

Tel: 0124-719 1000

Fax: 0124-235 8613

HEAD OF INTERNAL AUDIT

MR. SOHRAB PRAKASH

INTERNAL AUDIT PARTNERS

**PRICEWATERHOUSE COOPERS
PRIVATE LIMITED**

Building No. 8, 8th Floor,

Tower B, DLF Cyber City,

Gurugram - 122 002

Haryana, India

Tel: 0124-4620000, 3060000

Fax: 0124-4620620

Web: www.pwc.com/in

Deloitte Haskins & Sells

Building No. 10, 7th Floor,

Tower B, DLF Cyber City Complex,

DLF City Phase - II, Gurugram - 122 022,

Haryana, India

Tel: 0124-6792000

Fax: 0124-6792012

Web: www.deloitte.com/in

JRA & ASSOCIATES

B-15 (LGF), Greater Kailash Enclave-II,

New Delhi - 110 048

Tel: 011-40562787 / 29218850

Fax: 011-40562779

Web: www.jraca.com

ERNST & YOUNG LLP

Golf View Corporate Tower B, Sector

42, Sector Road, Gurugram -122 002,

Haryana, India

Tel: 0124-6714000

Web: www.ey.com

PRINCIPAL BANKERS

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

REGISTERED AND CORPORATE OFFICE

34, Community Centre,

Basant Lok, Vasant Vihar,

New Delhi - 110 057, India

Tel: 011-4604 4100, 2614 2451

Fax: 011-2614 3321, 2614 3198

Web: www.heromotocorp.com

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Fintech Pvt. Ltd.

Karvy Selenium, Tower B,

Plot No. 31 & 32,

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@karvy.com

Web: www.karvyfintech.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

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

Hero MotoCorp Colombia SAS

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

Hero MotoCorp Niloy Bangladesh Ltd.

Padmabilla, Shakharihati,

Kotwali, Jessore, Bangladesh

Tel: +8809601505541

GERMANY (R&D CENTER)

Hero Tech Center Germany GmbH

Feringastraße 6, 85774

Unterföhring, Germany

Steering our youthful business journey

Our 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 two-wheeler manufacturer.

He has consistently demonstrated his visionary leadership to guide Hero MotoCorp, to not just consolidate its leadership status, but also expand its global footprint to 37 countries across multiple continents. Under his leadership, Hero MotoCorp achieved the coveted title of World's No. 1 two-wheeler company (in terms of volume sales by a single company in a calendar year) in 2001 and has successfully retained this position till date, for 18 consecutive years now.

Dr. Munjal has been a prominent member of several industry organizations. He is also a keen sports enthusiast, and thanks to his personal commitment, Hero MotoCorp is one of the largest corporate promoters of multiple disciplines of sports around the world.

Mr. Vikram S. Kasbekar is responsible for plant operations, catering to the domestic, exports & after sales market demand. He has been a part of the Company for close to 16 years and has significantly contributed to its growth.

Mr. Kasbekar brings over 4 decades of experience in the field of Operations, Supply Chain, Manufacturing, Project Engineering and New Model Development. A stint at Birla Copper as Business Head gave him exposure to the copper business & during his tenure the business turned profitable. He is an active member of CII northern region council.



MR. VIKRAM S. KASBEKAR
Executive Director-
Operations (Plants)



MR. SUMAN KANT MUNJAL
Non-Executive Director

Mr. Suman Kant Munjal was appointed as an Additional Director on the Board as on July 29, 2010. He is the Executive Chairman of Rockman Industries Ltd., one of the leading suppliers of aluminium die casting, machined and painted assemblies to Hero MotoCorp Ltd. 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.

Years of experience and expertise have led Mr. Munjal to earn a place in the Boards of various companies.

Ms. Shobana Kamineni is the Executive Vice Chairperson of Apollo Hospitals Enterprise Limited and a member of its founding family. Apollo Hospitals is the pioneer of private healthcare in India and Asia's foremost integrated healthcare conglomerate.

She heads Apollo Pharmacy, India's largest pharmacy chain and is the founder and Chairperson on the Board of Apollo Munich Health Insurance, India's best specialized Health Insurance Company for 9 years, consecutively.

An active member of the Confederation of Indian Industry (CII), Ms. Kamineni's appointment as its president in 2017-18 created history, as she was the first ever woman to hold the position since its inception in 1895.

Ms. Kamineni serves as an Independent Director on the Board of Hero MotoCorp. In addition, she is the Vice-Chairperson of the KEI Group.

Ms. Shobana Kamineni has been a recipient of prestigious national awards for Entrepreneurship and Leadership. The Women Economic Forum conferred upon her the award of 'Businesswomen of the Decade' in recognition of her work in healthcare and empowerment of women. She was conferred an Honorary Doctorate Degree of Science by the prestigious Bryant University, USA, in recognition of her life's work in healthcare & pharmaceuticals and her leadership role in business expansion in India.



MS. SHOBANA KAMINENI
Non-Executive and
Independent Director



MR. RAVI NATH
Non-Executive and
Independent Director

Mr. Ravi Nath was appointed a Non-Executive and Independent Director, w.e.f. October 14, 2009. Mr. Nath, aged 74, is an Advocate of The Supreme Court of India and a Partner of one of the India's leading law firms, Rajinder Narain & Co., also called RNC legal. He studied B.Com. (Hons.), LLB at Delhi; International and Comparative Laws at King's College, London, and PIL at Harvard, and was apprenticed at Sinclair Roche and Temperley, London. He brings rich and specialised experience of nearly 50 years in Corporate and Commercial laws, Asset Finance and Cross Border issues. He was recognised several times by Euro money and others as a leading Lawyer in the fields of Mergers & Acquisitions and Aviation Laws. He is regularly listed as a leading lawyer in Who's Who and Legal 500. The Bar Association of India conferred its highest honour on him.



MR. PRADEEP DINODIA
Non-Executive Director

Mr. Pradeep Dinodia was appointed as a Director on the Board of the Company on March 31, 2001 in the category of Non-Executive Director. Mr. Pradeep Dinodia is a fellow member of The Institute of Chartered Accountants of India and a Chairman and Managing Partner in the Delhi-based Chartered Accountancy firm M/s. S.R. Dinodia & Co. LLP.

Mr. Paul B. Edgerley was appointed as an Additional Director on the Board of the Company on May 4, 2011 in the category of Non-Executive Director and on the recommendation of the Nomination & Remuneration Committee, 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 through March 2016, Mr. Edgerley was a Managing Director of Bain Capital. Prior to joining Bain Capital in 1988, Mr. Edgerley spent five years at Bain & Company where he worked as a consultant and a manager in the healthcare, information services, retail and automobile industries. Previously he was a Certified Public Accountant with Peat Marwick Mitchell & Company. He is currently on the Boards of Sensata Technologies, APEX Tool Group and TI Fluid Systems Plc. Mr. Edgerley is also a member of the Kansas State University Foundation, The Shamrock Foundation, and serves on the Board of Year Up. He was awarded an MBA with distinction from Harvard Business School and a BS from Kansas State University. Mr. Edgerley brings with him enriched experience in the field of finance and administration.



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



MR. M. DAMODARAN
Non-Executive and
Independent Director

Mr. Damodaran is a retired IAS officer. Currently, he serves as a governance consultant, advisor, mentor and coach. He has worked with regulatory bodies, investment institutions, banks, development financial institutions and the private sector. He led the highly successful restructuring efforts in Unit Trust of India (UTI) and Industrial Development Bank of India (IDBI). In addition, he has chaired the Securities and Exchange Board of India (SEBI). In the past, he has also led the Government of India (GoI) appointed task force for setting up the Resolution Corporation of India and chaired high-powered committees of the Government of India, Reserve Bank of India (RBI) and FICCI. He has won several awards for governance, leadership and transformation.

He is the founder Chairman of Indian Institute of Management (IIM), Tiruchirappalli. He graduated with distinction in Economics and Law from the Universities of Madras and Delhi, respectively. He is widely acknowledged as one of India's foremost champions of corporate governance and is passionate about improving Board performance.



DR. ANAND C. BURMAN
Non-Executive and
Independent Director

Dr. Anand C. Burman was appointed as an Additional Director w.e.f. January 13, 2010 in the category of Non-Executive and Independent Director. Dr. Burman is an eminent Industrialist with particular interests in the areas of Research and Development in the Pharmaceutical Sciences as well as Biotechnology and Technology issues. Dr. Burman has Doctorate in the area of Pharmaceutical Chemistry from the University of Kansas, USA. He is currently the Chairman of Dabur India Limited.

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 based in California. He is a MBA from the Indian Institute of Management, Ahmedabad, and has a B.Tech. 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. Professor 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 was the Marketing Editor of Management Science and is also the past President for INFORMS College on Marketing.

He has received numerous teaching awards at Wharton and UCLA. He was recognized at IIM Ahmedabad for the best academic performance in each of the two years he attended, 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 programs at Wharton, has consulted extensively with many leading companies around the world, and advises start-ups initiated by Wharton students.



PROF. JAGMOHAN SINGH RAJU
Additional and
Independent Director

Committee Details

AUDIT COMMITTEE

MR. M. DAMODARAN

Chairman

MR. PRADEEP DINODIA

Member

MR. PAUL B. EDGERLEY

Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

MR. PRADEEP DINODIA

Chairman

MR. M. DAMODARAN

Member

PROF. JAGMOHAN SINGH RAJU

Member

MR. RAVI NATH

Member

NOMINATION AND REMUNERATION COMMITTEE

PROF. JAGMOHAN SINGH RAJU

Chairman

MR. PRADEEP DINODIA

Member

MR. M. DAMODARAN

Member

MR. RAVI NATH

Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

DR. PAWAN MUNJAL

Chairman

MR. PRADEEP DINODIA

Member

PROF. JAGMOHAN SINGH RAJU

Member

RISK MANAGEMENT COMMITTEE

MR. PRADEEP DINODIA

Chairman

MR. M. DAMODARAN

Member

MR. PAUL B. EDGERLEY

Member

MS. SHOBANA KAMINENI

Member

MR. RAVI NATH

Member

Giving wheels to aspirations

Our Leadership Team

**SANJAY BHAN**

Head - Sales & After Sales

**RAJAT BHARGAVA**Head - Strategy & Performance
Transformation And Global
Business**MARKUS BRAUNSPERGER**

Chief Technology Officer

**NIRANJAN GUPTA**

Chief Financial Officer

**NEERJA SHARMA**Company Secretary & Chief
Compliance Officer**MALO LE MASSON**Head - Global Product
Planning**VIJAY SETHI**Chief Information Officer,
Head CSR & Chief Human
Resources Officer**NEERAJ MATHUR**Head - Strategic Sourcing
& Supply Chain

A reliable and exciting partner for every journey

For the curious and raring to explore, experience
the world, and travel across paved roads...



The uniqueness of new experiences is no longer about the destination but the joy of the journey. For the ever-dynamic wanderers, for whom every moment, every kilometre, every halt, every food break needs to be experienced to the fullest.



Keeping the avid rider at the core, we have been packing more power, more style, more safety and more sturdiness to our products. Aimed at delighting these young travellers, we introduced the 200cc adventure motorcycle, the XPulse 200 and its 'Tourer' version, the XPulse 200T.

XPULSE
200



Premium, Performance motorcycles – Our new playground

Setting a significant milestone on its strategic roadmap into premium biking, Hero MotoCorp introduced three new exciting motorcycles – XPulse 200, XPulse 200T, and the Xtreme 200R.

Starting with the **Xtreme 200R**, we resumed our journey in the premium and performance motorcycle segments.

With a horizontal strategy based on a very versatile chassis and capable 200cc engine, we now have a range of exciting products targeting a large cross-section of the customer segments.

Our diverse new X range showcases the Company's strong focus on providing the customers with premium and modern design with superior technology and differentiated appeal.

We have successfully created a strong portfolio of premium motorcycles within just a few months, and are now geared up to meet the aspirations of our customers spread across diverse demographic profiles.

The **XPulse 200** adventure motorcycle – a dynamic, on-road-off-road bike – is targeted at the young and thrill-seeking riding enthusiasts who seek a comfortable and capable riding companion for adventure excursions. The XPulse 200 comes with two variants of 200cc engine – CV Carburettor and Fuel Injection.

Adding more zing to the XPulse range, is the XPulse 200T that presents modern technology in retro styling. Built to inspire touring, the XPulse 200T is targeted at youngsters who are seeking the right amalgamation of modern-retro composition and ease of riding.



The XPulse 200 comes loaded with next-gen smart technology features, such as 'Turn-by-Turn Navigation', LCD instrument cluster with Bluetooth connectivity, Gear Indicator, Trip meter and service reminder.

XPulse 200



Salient Features



Powerful
200cc Engine



Travel Ready
Suspension



Turn by Turn
Navigation



Full LED
Headlamp



Smartphone
Connectivity

XPulse 200T



Xtreme 200S



Xtreme 200R



Augmenting all Product Segments...

There is an increased acceptance of scooters in Asian markets due to their ease of manoeuvring, gearless drive in urban traffic and storage space.

Gender neutral design, and higher displacement engines are further adding to the popularity scooter segment.



Raising the bar

We made our debut with in the fast-growing 125cc scooter segment in India with the Destini 125. An ideal mix of design, style and power, the scooter crossed the 100,000 unit sales mark in the quickest time of 26 weeks, amongst all scooter models made in India.

DESTINI 125

It also became the first scooter in India to feature an idle stop-start-system, through our revolutionary Hero i3S technology.



Moving excitedly into FY'20, the Company has already brought some more reasons to cheer for the young fans of new age scooters. We have expanded our scooter portfolio with our second 125cc offering, the power-packed Maestro Edge 125 FI and the all new Pleasure+ 110.

**MAESTRO 125
EDGE**

Maestro Edge 125 FI, India's first scooter with Fuel Injection (Fi) technology.



Consequent to these three new launches, our scooter portfolio has doubled to six youthful offerings across 110cc and 125cc segments.

A Sporting Hero

Hero MotoCorp is one of the largest corporate promoters of multiple sporting disciplines. Driving innovation in sports, the Company has been globally associated with Golf, Football, Field Hockey, Cricket and Motorsports.



Football

In its home market in India, Hero MotoCorp is the biggest corporate promoter of Football, supporting the game across all platforms. In addition to being the Sponsor of the Indian national teams for men and women across age groups, Hero is also the Title Sponsor of all the major domestic leagues - The Hero Indian Super League, Hero i-League, Hero i-League for women, Hero Super Cup, and the Hero Intercontinental Cup.



At a global level, Hero MotoCorp is a partner of the popular Spanish football team Atletico Madrid, one of the premier clubs in Europe.

Diego Simeone,
Coach Atletico Madrid



Yerry Mina, South American
Football Star

MotorSports

Hero MotoSports Team Rally, the rally-racing team of Hero MotoCorp, has become the flag-bearer of Indian motorsport on the global arena. The Team has consistently delivered impressive performances across the world, including the world's most challenging 'Dakar Rally'. The Team's riders - CS Santosh from India, Joaquim Rodrigues (JRod) from Portugal, and Oriol Mena from Spain - have recently been joined by another well-known rider - Paolo Goncalves of Portugal, thereby further strengthening the team.



Within just three years of its formation, the Hero MotoSports Team delivered its first Podium Finish at the Merzouga Rally in Morocco in 2019, and repeated the performance at the Desert Storm Rally in India.

Over the years, the other notable performances of the team have been Oriol's 7th and 9th positions at the Dakar Rally in 2018 and 2019 respectively; and JRod's 12th and 17th positions in 2017 and 2019 Dakar Rally respectively. CS finished Dakar 2017 at 47th and Dakar 2018 at the 34th position.



Golf

Hero MotoCorp has been associated with Golf for over two decades and is currently a partner of all three prominent tours – The Asian Tour, The European Tour, and the US PGA. It hosts the 'Hero Challenge' – innovative one-hole knockout contest played under lights, at three prominent European Tour events.

Hero MotoCorp also hosts the 'Hero World Challenge', at Albany in the Bahamas, a PGA sanctioned Tiger Woods invitational event. The Company has been 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.

Global Corporate Partner

**Tiger Woods, Legendary golfer
& 15 times major winner**

Brand Ambassadors

**Anirban
Lahiri**

**Shiv
Kapur**

**Sharmila
Nicolette**

**Tvesa
Malik**

Field Hockey

Hero MotoCorp is committed to promoting and popularizing Field Hockey in India and across the world. As a long-term 'Global Leadership Partner' of the International Hockey Federation (FIH), Hero MotoCorp supported the men's Hockey World Cup held in the eastern Indian state of Odisha in 2018. Additionally, Hero MotoCorp was the Title Sponsor of Men's Asia Cup 2017 and 2018 Asian Champions Trophy.

Over the years, it has also partnered with major Hockey leagues held in India – Hero Hockey India League, Hero Hockey Champions Trophy, and Men's Hockey World League.





Virat Kohli

Cricket

Hero MotoCorp has had a long association with Cricket in various capacities. The Company is currently the Title Sponsor of the Hero Caribbean Premier League – the highly popular T20 Cricket tournament held annually in the Caribbean islands and the USA. Hero MotoCorp also supports some of the major international cricket events in Sri Lanka.

The Company was earlier one of the Global Partners of the International Cricket Council (ICC). It was the team sponsor of Delhi Daredevils and later Mumbai Indians teams in the Indian Premier League (IPL) T20 tournament and was also a partner of the IPL at the central level.



R Ashwin | Punam Raut

Smriti Mandhana

Management Discussion & Analysis

ECONOMIC OVERVIEW

Global Economy

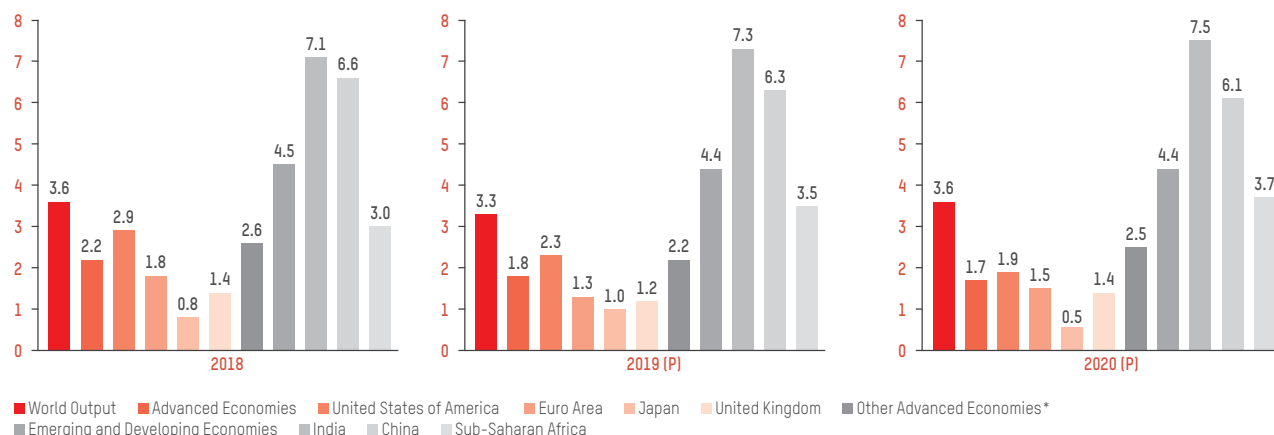
Cautious recovery underway; to reverse short term growth slowdown

In FY 2019, global economies continued to operate in a complex and dynamic macro-economic environment. A variety of factors including the volatility owing to the US–China trade relations, macro economic stress in parts of Latin America, civil unrest in parts of Middle East and North Africa (MENA) countries, short term growth slowdown in India, disruptions in the German automotive industry, stricter credit policies in China, alongside the normalization of monetary policy in large advanced economies led to a weaker global expansion, especially in the second half of FY 2019.

Global growth expectation has softened to 3.3% for 2019 with the considerations of short term civil, political and trade uncertainties across many countries. Advanced economies are likely to grow at a gradually slower clip while emerging/developing markets are likely to grow at about 5%, and be a large component of the global growth.



Global growth trend (%)



P: Projections

*(Excludes the G7 - Canada, France, Germany, Italy, Japan, United Kingdom, United States of America and euro area countries)

(Source: International Monetary Fund, April 2019)

Latin America

Growth in Latin America is projected to recover from 1.0% in 2018 to 1.4% in 2019 and 2.4% in 2020, according to the International Monetary Fund's (IMF) April 2019 outlook. While Brazil, Colombia and Mexico are expected to grow, Argentina and Venezuela are likely to decline in 2019. This is in line with the near term complexities associated with a slowdown in global trade that has been aggravated by US-China trade tensions, volatility in international financial markets and a shift in oil production and prices.

Brazil, which has come out of the 2015-16 recession, growth is projected to strengthen from 1.1% in 2018 to 2.1% in 2019 and 2.5% in 2020. Mexico's, growth is forecasted to remain a tad below 2.0% in 2019 and 2020, following a soft 2018. Although the country has a newly appointed leader, markets are likely to proceed with caution. Venezuela's economy is expected to decline in 2019 and would severely impact regional and emerging market group growth in 2020.

Growth in Latin America remains uncertain and depends on financial stabilization and recovery in Argentina, pragmatic fiscal measures in Brazil and Mexico. These could lead to moderate growth even as political uncertainty and poor trade situation weigh on the outlook.

Middle East and Sub-Saharan Africa

Growth in the Middle East, North African and Afghanistan regions is expected to weaken to 1.5% in 2019, before it recovers to 3.2% in 2020.

A multitude of factors impact Gross Domestic Product (GDP) growth expectations in the region including oil production cuts, in compliance with OPEC+ deals, and related economic tensions, crippling sanctions, and civil unrest. On the

upside, Egypt offers hope with growth expected from rising gas production, revival in the tourism sector and higher government spending. New reforms, reduction of risks related to economic confrontations and multilateral trading would enhance the region's economic stability.

In sub-Saharan Africa, growth is expected to pick up to 3.5% in 2019 and 3.7% in 2020. Oil price outlook will influence the region's growth, especially for energy dependant Angola and Nigeria. Recovery of growth is projected in South Africa which would lead to improved investor sentiment, as a favourable election outcome would reduce policy uncertainty.

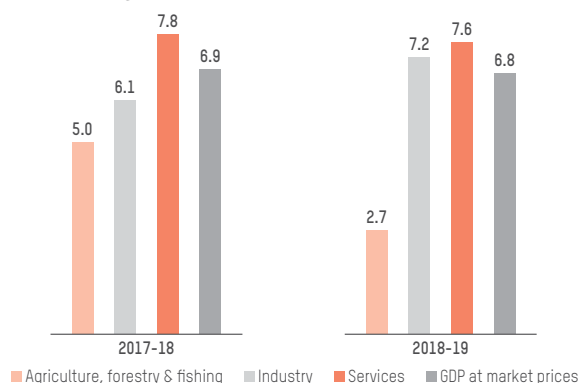


Indian economy

India's expected growth of 7.3% for 2019 is among the fastest against the backdrop of slow-growth globally. The Indian economy experienced a slowdown in second half of FY2019 with weakened economic activity, but it is poised to outperform the emerging markets (EMs) and the developed markets aided by an expansionary monetary policy and fiscal policy impetus. With a new government, infrastructure investments are also expected to pick up and contribute to growth.

Two structural issues, income equality and jobless growth, when resolved, could catapult economic activity and domestic consumption in the long term. Additionally, short term domestic and global headwinds need to be addressed to avoid impacting India's external trade.

Indian GDP growth



Source: Advance Central Statistics Office estimates

Outlook

Labour market conditions point to solid growth in private consumption, although rising inflation and interest rate increase can prove to be hindrances. There could be some impetus to consumption given the availability of higher money supply in the first half of the year, but the second half could have challenges as inflation may creep upwards. Timely completion of infrastructure projects and maintaining banking sector growth will be the other challenges.

India's recent budget was an attempt to strike a balance between fiscal prudence and growth. However, India needs to solidify its investment position while at the same time, maintain its fiscal deficit within the target range. The country needs to remain steadfast on its fiscal numbers as it attempts to stimulate growth amid pressure to cut taxes, increase budgetary allocations to social sectors, and enhance infrastructure spending; all of which could put pressure on public finance.

Therefore, to meet the revenue collection and disinvestment targets would be crucial to ensure the budgeted reduction in the fiscal-deficit-to-GDP ratio. Overall, the new government could do well to carefully manage its public finances and shift focus to projects that can foster private investment. The real challenge is likely to arise from making appropriate policy decisions for fiscal expenditure mix and to incentivize private players so as to avoid long-term costs.

The macro scenario paints a picture of cautious optimism for us at Hero MotoCorp and we will continue to make the most of this situation through human ingenuity, progressive technology and consistent value creation for our stakeholders.



INDUSTRY REVIEW – INDIA / INDIAN TWO-WHEELER INDUSTRY PERFORMANCE

5%

Industry growth

21.17 Mn

Industry Volume

FY 2018-19 was a roller-coaster year for the two-wheeler industry. After a healthy first half, the second half turned into a rough ride on account of insurance price increase, liquidity crunch and agriculture sector slowdown. Overall, the two-wheeler industry grew by a moderate 5% compared to the previous year (FY 2017-18). The two-wheeler industry volumes for full year were 21.17 million units. During the year, ABS/CBS compliance was implemented with effect from April 1, 2019 and compliant variants were launched through the second half of the fiscal year.

The industry faced the following major headwinds during the year:

- Agriculture sector slowdown, impacting the rural markets
- Insurance price increase effective September 2018
- Liquidity crunch resulted in low affordability for the customers
- Increase in overall cost of ownership (including fuel price, insurance and input costs), impacted the demand for automobiles

Motorcycles, which contribute to 64% of the two-wheeler industry, grew by 8% with volumes of 13.59 million units. In the segments within motorcycles, following trends were seen in FY2018-19:

- Entry segment grew by healthy 19% and was the major contributor to growth
- Deluxe 100cc segment grew at 7%
- Deluxe 125cc segment declined by 5%
- Premium segment grew by 8%

The contribution of scooters to the overall industry volumes declined from 33.2% to 31.6% during the year. The segment growth remained flat due to multiple reasons including an increase in overall cost of ownership and low growth in urban India. 100-110cc scooter segment declined by 9% in FY 2018-19, while 125cc segment grew by 57%. The scooter segment volumes stood at 6.70 million units.

Mopeds contributed 4% to the two-wheeler industry. The moped segment volumes stood at 0.88 million units, a marginal growth of 2% over the previous year.



INDUSTRY OUTLOOK

Short Term:

In FY 2019-20, the industry is expected to grow in the range of 5-7%. The key factors that could influence the short-term estimates are as follows:

- GDP growth estimate for FY 2019-20 is 7.3%, supported by the continued recovery of investment and consumption (Source: IMF)
- Monsoon is expected to be near normal and well distributed as per the forecast by India Meteorological Department (IMD). This would augur well for Indian agriculture, positively impacting rural sentiment
- Softer inflation puts the central bank in a position to support economic growth
- Improved liquidity in the system. Government funding in infrastructure and rural sectors is expected to continue

Long Term:

- FY2020-21 is expected to be a crucial year for automobile industry as only BS-VI emission norms compliant vehicles will be sold from April 2020. The price increase expected, could adversely impact the industry and we expect a relatively weaker FY2020-21
- The Union Cabinet has approved the proposal for implementation of second phase of Faster Adoption and Manufacturing of (Hybrid & Electric Vehicles (FAME-II) in India which could support upto 1 million two-wheelers

HERO MOTOCORP'S PERFORMANCE & MILESTONES

7.61 Mn

Highest domestic sale

2 Mn

Sale over nearest competitor

Hero MotoCorp Ltd. recorded its highest ever annual domestic sales of 7.61 million units during the fiscal year, which is 2 million units more than the nearest competitor. The Company registered this growth through a strategic approach, continuous focus on lead management, digitization and customer engagement activities, while weathering the challenges of insurance price increases and liquidity crunch in the second half of the year.

Brand Milestones

- Splendor continued to be the Number 1 motorcycle brand made in India and entered the exclusive 3 million units-in-a-year club
- HF Deluxe crossed 2 million units-in-a-year milestone
- Destini 125 became the fastest growing 125cc scooter giving it ~20% market share in the aforementioned segment



Despite operating in a highly competitive industry, the Company continued to consolidate its leadership position as the world's largest two-wheeler manufacturer in FY2018-19 for 18 years consecutively. In the domestic market, Hero MotoCorp maintained an overall market share of 36.0%, within which, in the motorcycle segment, the market share stood at an impressive 50.7%.

Hero MotoCorp's Performance by Sub-segments:

- **Entry Segment:** Hero MotoCorp's volume grew by 15% over the previous year. The market share in this segment stood at 56.4%
- **Deluxe 100cc Segment:** Hero MotoCorp's volume grew by 8% over the previous year. The market share in this segment stands at a solid 80.8%, a gain of another 2.7% over the previous year
- **Deluxe 125cc Segment:** The market share in this segment is at 56.2%, which is similar to the previous year despite a decline of 6% in volumes

- **Premium (150cc+) Segment:** The market share in this segment stood at 1.4%, a loss of 1.1% over the previous year. With the launch of new models in this segment, the Company expects to drive market share recovery in FY2019-20
- **Scooter Segment:** The market share in this segment stood at 10.7%. With the launch of two new scooters, Maestro Edge 125 and the new Pleasure, the Company is focussed on gaining market share in this segment.

Other key performance and financial indicators have been provided under the Corporate Overview section of the Annual Report.

Key Business Drivers:

Consumer Experience: Customer experience is not only the lead indicator of measuring customer loyalty, identifying unhappy customers, reducing churn and increasing revenue; it is also a key point of differentiation that helps attract new customers in competitive business environments. Hence, it is critical to measure and manage customer experience on regular basis.

Hero Happiness Score, a unique initiative to drive and measure in-store consumer experience, increased significantly with the help of various customer-oriented process enhancements at dealerships.

Some of these initiatives include service camps, pick up and drop facilities in select markets, automation at workshops to create a seamless and better experience for the customers.

Expansion of Distribution Network and Institutional Sales:

Growth in two-wheeler market propelled the organization to expand its network. Institutional Sales is a focus area for Hero MotoCorp and the Company has sold 1.43 million units in this category. Also, focussed on large corporates and logistics, delivery service businesses.

Government Business: Another key driver wherein the Company achieved the following milestones:

- Highest-ever – 11,000+ two-wheelers sold to government customers, against previous year volumes of ~2,000 units



12%

Growth in Asia region

37

Countries

- 70%+ market share in governmental sales
- Awarded orders from multiple government departments in various states including the highest-ever single order from one of the State Police Departments for 7,855 motorcycles
- 20,000 two-wheelers sold with a growth of 25% and market share of over 40% in the Canteen Stores Department (CSD)/ and Central Police Canteen (CPC) orders

Hero Sure:

Through this initiative, the Company is working to drive business growth in the replacement market by facilitating exchange of used two-wheelers through a transparent process that creates the best exchange value for the customer. This platform facilitates superior price discovery for our products for the customers which then helps build confidence on the Hero brand.

Secondary Network Development: Business from secondary network contributed 53% to our overall business in line with the sales improvement over the previous year. This was driven by promoting channel partners from authorized representatives (ARDs) to Dealers and roll-out of a shared technology platform, Hero Connect.

Training and Development of Sales Teams:

The Primary & Secondary Network Sales (Dealership) Staff was trained on a regular basis which has been a key contributor to drive sales. In this initiative, a total of nearly 13,000 individuals have been trained with the help of self-learning videos. The other activities included recruitment, on boarding and training of Premium Consultants, and business transformation workshops for select dealer owners at premium management institutes to better understand their perspectives, invite suggestions, brainstorm on possible strategies and way forward for the Company.



GLOBAL BUSINESS

Hero MotoCorp has rapidly expanded its global footprint to 37 countries across the globe.

South Asia:

Hero MotoCorp has presence in key South Asian markets including Bangladesh, Nepal and Sri Lanka. In all countries, the market is moving towards premium motorcycle segment, with 34% in Bangladesh, 39% in Nepal and 17% in Sri Lanka. Increasing popularity of scooters is another trend in these regions with 34% in Nepal and 65% in Sri Lanka, with market slowly shifting to stylish 125cc scooters.

Hero MotoCorp crossed 100,000 unit volumes in retail sales in Bangladesh for the first time in FY2018-19 registering a growth of 38%. Overall growth in the Asian region was 12%.

To further increase brand equity and showcase its product and technology capabilities, the Company participated in Auto Shows across countries in the region (Kathmandu, Colombo and Dhaka). In the Dhaka Auto Show in Bangladesh, three new products were displayed: Passion XPRO, iSmart 110+ and Maestro Edge. A unique retail financing scheme 'Amar Hero' that was launched nationally in Bangladesh in a phased manner has been showing very promising results.

Africa:

Currency and crude oil prices stabilized in Nigeria which led to the recovery of demand with industry growth of 60% for the two-wheeler industry. Hero MotoCorp continued its network expansion and developed new value proposition for customers, which should help in good stead in FY2019-20. The Company also re-energized core east African markets of Uganda and Tanzania with strong and committed distributor partners.

Middle East:

In Turkey, the industry dropped by ~28% due to currency depreciation and economic recession. Hero MotoCorp launched Euro-IV compliant products in the market, which have been received well by customers.

Latin America:

The Latin America region grew 38% in terms of Company dispatches in FY2018-19. Countries such as Colombia, Bolivia and Ecuador showed growth in excess of 100%, while the CAC cluster (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua) declined by 29%.



Other Initiatives:

The Company's Annual Global Distributor Convention held in February 2019 saw its global channel partners converging in Dubai. The event created a common platform for its global partners to interact and learn from each other. During the convention, the Company shared its plan for future products and strategic dealer partners and invited their inputs at a larger scale.

PARTS BUSINESS

Availability of Parts and their Pricing are key drivers for significantly shaping customers' perception and opinion of the Brand. In line with the Company's philosophy to deliver value to its customers, we have been working steadily to improve the reach and penetration of the parts business and to provide parts at affordable and competitive prices to the customers.

The Parts Business grew steadily and registered 11% growth in despatch as well as in retail, with major growth coming from after-market which grew by 13%.

95,000

market technicians trained in FY

The Company further expanded its foothold in the market by increasing the reach by 40% to retailers in the after-market. This was also supported by aggressive retail promotions to be competitive with the Original Equipment (OE) suppliers.

Various initiatives taken on Supply side at Global Parts Center (GPC) in tandem with field initiatives helped the Company clock a service ratio in excess of 90% to the authorized network channel.

The influencer program "Asli Hero" to enhance the relationship with market technicians grew to 95,000 technicians Pan-India, who are now the advocates of the Company and will be its representatives as change in regulations requires trained technicians.

Capitalizing on technology, the digital online platform 'HGP Mart' (<https://www.hgpmart.com/>) also drew consistent traction enabling customers to buy parts from convenience of their homes.

The Company further consolidated its efforts against counterfeiters (manufacturers and suppliers of fake parts) by conducting more than 85 raids (with local police) across 30 towns to protect the customers from getting deceived by low quality fake products.



STRATEGIC SOURCING & SUPPLY CHAIN

12%
cost reduction



Meeting Regulatory Changes with Agility

We engaged multiple best-in-class Domestic & Global suppliers for establishing world-class processes and launching new models that meet the regulatory requirements (ABS and CBS) well ahead of the proposed regulation implementation dates.

Even though the journey of transition from BS IV to BS VI regulations is challenging, Hero MotoCorp has proactively created strategic alliances with suppliers across geographies for timely and flawless new product launches.

Initiatives are also underway to further enhance our supplier base with the cutting-edge technology and competitiveness across geographies. Benchmarking of our existing suppliers with global players has yielded benefits in terms of improvement in quality, cost, process turnaround time and technology up-gradation.

Enhancing Efficiency, Flexibility and Robustness to stay competitive

Multiple initiatives were taken in order to improve overall value chain efficiency including reduction in Carbon Footprint. For long haul operations, logistics integration for outbound and inbound vehicles and new packing for parts and other items were introduced. Efficient loading and unloading reduced turnaround time and improved vehicle utilization. Alternate fuel usage is being encouraged in the inbound logistics (IBL) operations. Compressed Natural Gas (CNG) vehicles have been introduced in IBL operations in one of the manufacturing plants

Rising Commodity Environment

Through diligent management and negotiation for optimized cost settlements with raw material suppliers worked to reduce the gap arising from price escalation and demand-supply.

Hero MotoCorp proactively added new sources as a strategy to create competition and increase sourcing flexibility. It also introduced global supplier(s) to reduce duty impact and supply risk mitigation.

Driving Transformation in Indian Automotive Industry

The Company is working closely with industry experts from Automotive Component Manufacturers Association of India (ACMA) and Confederation of Indian Industry (CII) to upgrade the current supply chain to be future ready. Through inclusive learning by Basic & Advance Hero Supplier Excellence cluster program, we have touched upon 100 Tier1, Tier 2 suppliers and achieved remarkable improvement in Productivity, Quality, and Delivery aspect of the business. On this front, efforts taken by the Company were recognized by ACMA which awarded Hero MotoCorp for "Driving Transformation In Indian Automotive Industry".

Leveraging benefits of past initiatives

E-Material flow (EMF) is now successfully implemented in four manufacturing locations and helping the organization to achieve efficiency in material accountability and inventory control.

Sustainability of EMF has resulted in zero-line stoppage due to material shortage in Neemrana and Haridwar facilities.

The World of LEAP

The sustained success of the LEAP program for five years and cost challenges due to multiple headwinds along with stringent regulations has laid the foundation of relaunch of the LEAP initiative.

Along with levers used in the past 5 years, seven key themes have been identified viz., Weight reduction, Commonisation, Yield improvement, Global sourcing, Logistics, Packaging, Advanced Plastics.

Up-scaling Digitalization and Regulatory Initiatives:

Focussed efforts on Supply Chain Digitalization to support automated processes which helped to eliminate traditional invoice processes and brought ease in financial reporting activities.

Successful transition in Goods and Services Tax (GST) and Electronic Way (E-way) bill regime at all Company locations and ensuring the same at all supply chain partners and dealer locations.

Procurement via E-Catalogue for Indirect Material

E-catalogue procurement has been initiated in line with the concept of online buying. This initiative is a technology driven process which will help to achieve reduced inventory, faster deliveries, online spend analytics, shipment tracking, cost savings, logistics optimization and supplier rationalization.



Awards, Certification and Recognition received

The Company received the prestigious "CII Environmental Best Practice Award – 2018" for the following categories:

- "Most Innovative Environment Project -2018"
- "Most Useful environmental project -2018"



RISK MANAGEMENT ARCHITECTURE



In a volatile market condition, a meticulous approach towards managing the risks is what differentiates the winner. A comprehensive risk identification and mitigation practice ensures that the management has identified and acted on the threats to minimize the intensity. At Hero MotoCorp, the Risk Management team facilitates all the functions in risk identification and development of mitigation strategies. Each function has a designated Risk Management Officer who coordinates internal discussions to arrive at top risks for the respective function. The risks identified by each function are aggregated to form the organization risk register.

The annual Risk Refresher exercise ensures that the organization is focused on the most relevant risk areas. While identifying the risks, the organization is encouraged to explore and brainstorm the risks within the following context:

The annual Risk Refresher exercise ensures that the organization is focused on the most relevant risk areas. While identifying the risks, the organization is encouraged to explore and brainstorm the risks within the following context:

Internal Context

- Values
- Internal culture
- Knowledge
- Performance

External Context

- Legal
- Market
- Economic
- Social
- Technology
- Competition
- Environment
- Cultural

The internal control systems are strong, commensurate and adequate to the size and complexity of our business. This is led by a Board level risk management committee, a strong internal audit department which focus on the smooth operations of internal controls. As an organization with substantial manufacturing strength, controls are inbuilt in operations as there are sufficient checks and control mechanism for operations.

Competitive Landscape

The two-wheeler market is primarily segmented into Motorcycles and Scooters. Hero MotoCorp has been a market leader in the entry and deluxe segment of motorcycles. However, segment trends have evolved in the past years. Hero MotoCorp is pursuing to grow its share in the premium motorcycle and scooters. The company has invested in new manufacturing technologies and expanded its production capacity.

In addition, there will be a structural shift in competition as the electric vehicle (EV) segment picks up. Many new players have come up in the EV space and ready to challenge the traditional companies. Hero MotoCorp appreciates the potential of EV technology and aspires to be a leader in that segment. The Company is prepared for partnerships and to create a significant position in the changed competitive landscape.

Customer Preferences

Customer preferences continue to evolve and the same is reflected in the ever-changing two-wheeler industry segment share. Companies that prepare for the evolving customer preferences will have very clear product positioning for the future. Even as the market has seen positive sentiments towards the premium segment and scooters yet the entry and deluxe segment motorcycles continue to rule the two-wheeler market in India.

The concept of bike taxis and two-wheeler sharing has picked up during FY 2018-19 and we expect it to show even better traction in the coming years. Hero MotoCorp continues to analyze these trends and assess its impact on traditional ownership model.

Regulatory Trends

BSVI implementation is one of the biggest regulatory milestones of recent times. With cost of ownership bound to increase as BSVI regulatory compliance date sets in, most of the auto companies are trying to develop innovative solutions to keep the cost of BSVI transition low. The risk of non-compliance is huge and therefore only those with long-term and systematic planning are bound to succeed through this shift.

Electric vehicles got a boost with Government of India releasing FAME II policy in the last quarter of FY 2018-19. The subsidy levels have got further rationalized and more players are encouraged to enter the Indian EV scene.

As the Company continues to expand its product portfolio, it is simultaneously looking at mobility solutions for the future. One of the strategic priorities is to engage with the external ecosystem, including start-ups in a meaningful way. It is with this objective that Hero MotoCorp has made an investment in Ather – one of the best start-ups in the two-wheeler EV space in the country. Hero MotoCorp is excited about its role as a strategic investor and see this as an important step in building the necessary ecosystem needed to support commercialization of EVs in the country. Hero MotoCorp intends to enhance its participation in the EV space by pursuing its internal EV program in addition to partnering with Ather. At the Hero Centre of Innovation and Technology (CIT) in Jaipur, it has an ongoing project exclusively dedicated to develop EVs. EVs and IT-enabled ride share (two-wheeler taxis) are going to shape the future of intra-city mobility.



INFORMATION TECHNOLOGY



The technological landscape is ever evolving and FY 2018-19 was no different. With multiple changes in the industry and customer behaviour, many technological advancements were introduced to ensure that the Company derives value from the same. Enterprise systems were further streamlined and in parallel, Hero MotoCorp also explored the latest developments in the technological world.

The focus, during the year, was to match pace with the stakeholder expectations and at the same time remain futuristic in our outlook. Some of the key focus areas for the financial year were:

Enhancing Customer Experience & Engagement

The key initiatives taken in this area included the launch of e-Commerce platform, www.hgpmart.com, for selling Hero Genuine Parts, Accessories and two-wheelers. This is a first of its kind initiative by a two-wheeler company where customers can directly buy products online and get them delivered to their doorstep.

In another initiative, the Company expanded its corporate website to eight Indian languages to further ease the access to information. A mobile application was developed for Dealer Sales Executives for sharing product related information with customers thereby helping to save paper and to smoothen communication.

Further, job card creation was automated by developing an application leading to a reduction of time taken by upto 25%.

The efficiency derived helped the Company to save 1,800 man months of effort and to support its green initiatives by reducing the use of paper of around 21 million sheets (~6,000 trees per year).

The Company also created digital business listings for the entire dealer network to provide easy access of dealerships to the customers and developed digital instant feedback mechanism. This mechanism helps to improve the quality of service and capture instant customer feedback. It has built such internal controls that invoices are generated only when the feedback provided is positive. Otherwise, it activates a system which requires instant grievance redressal by the Service Manager.

Strengthening Channel Partner capabilities

Integrated Learning Management System (iLMS) was deployed with an aim to improve learning management processes of employees of over 6,500 customer touch points. Also, strengthened capabilities of dealers, secondary dealers and parts dealers through the adoption of Dealer Management System to improve their operational efficiencies while providing Hero MotoCorp a 360° view to monitor and review performance.

Industry 4.0 initiatives

The Company has conceptualized smart and connected factory using Industrial Internet of Things (IIoT) for upcoming Chittoor Plant connecting shop floor to top floor. Key Performance Indicators (KPIs) have been mapped to monitor, control and optimize the utilities and machine shops.

21Mn

paper (~6,000 trees p.a.)

1800+

man months of efforts

The Company has also implemented Remote Support Solution using smart glasses and Augmented Reality (AR) technology in plants, that allows communication between technicians and support departments (Internal/ External Vendors) as an expert assistance. This will help further strengthen efficiency of diagnostics and lead to substantial reduction in downtime of repair and maintenance of equipment and facilities.

Further, Manufacturing Execution System (MES) is under implementation at the Gurgaon plant for horizontal and vertical integration of shop floor business processes with near real time analytics for quick decisions. This will also help to achieve parts traceability for critical parts.

Streamlining Operations & Supply Chain

Implementation of a procurement platform which is integrated to the Enterprise Resource Planning (ERP) system to minimise manual intervention. This is an automated system designed to ensure visibility and smooth flow of information for all procurement transactions through multiple suppliers which will help in supplier consolidation, real time spend analysis through technology and facilitation in decision making. Process confirmation and traceability has been implemented in one of our plants. This system helps in zero outflow of process defects on Critical to Quality (CTQ) parameters.

Functional Business Processes Automation

The setup of digital signature landscape has led to the reduction of invoice printing to only one copy of the document which is required to be sent along with the consignment, thereby saving paper, lower number of print outs and ~200 trees per year. Apart from this, the green initiative has further helped

in improving operational efficiency and reduce physical space requirements.

Facilitated the expansion of Global Parts Center (GPC) through the adoption of Warehouse Management System (WMS) which has helped in a 40% increase in capacity to cater to new requirements and improve service ratio.

With an objective to take finance processes to the next level, thirty areas were identified as part of business process re-engineering and automation projects were initiated which included automatic consumption of packing material, auto cash discounting, inventory write-off, parking and posting of documents etc.

Strengthening IT Infrastructure ecosystem and Information Security

To support the dynamic landscape of evolving technology and cyber risks, there is a continuous focus on these areas. Some key projects that were undertaken in the IT Infrastructure and Information Security area included the set-up of a virtual infrastructure for Automated Storage and Retrieval System (ASRS) at the GPC. It has also reduced power and cooling usage substantially and effective space utilization.

To achieve paperless transformation, Hero MotoCorp implemented Hardware Security Module (HSM) based e-signer (digital signatures) which helped save 2.5 million pages per year.

Software Defined Network (SDN) was implemented in the Data Center. This has helped in enhancing management control, faster troubleshooting, traffic flow transparency and performance of networking links.



HUMAN RESOURCE



Journey of Cultural Transformation

Hero MotoCorp has embarked upon a journey of cultural transformation which not only aligns but will help achieve the mission of transforming the world of mobility. The aim to build and sustain a culture that is more diverse and inclusive, open to new ideas and overlooks the boundaries of age, organization level, gender, region, caste etc.

Focus on Diversity and Inclusion

Focussed efforts in the direction of diversity & inclusion have enabled us to improve the gender diversity from 2% to 6.67% within 3 years, attract more than 25 expats from 10 countries, engage 58 specially abled persons and deploy women on shop floor. The Company now also has women working at the shop floors in the Haridwar, Neemrana and Halol factories.

Ensuring Growth with People Connect

Hero MotoCorp has always been an employee friendly organisation. We believe that the Company will continue on its growth path if it's a family of happy employees. As on March 31, 2019, the total number of employees on the records of the Company were 8,551.

We maintain a continuous flow of communication with the employees, which is interactive in nature. This ranges from the Chairman's Townhall for the entire organisation across geographies to fireside chats. These events act as a platform for open dialogue between leaders and employees, sharing of important updates and addressing of concerns and thereby building a culture of transparency, trust and collaboration.

Taking Innovation to the next Level

Hero MotoCorp believes in promoting a culture of innovation and in this initiative, it launched its first incubation center i.e. HeroHatch. HeroHatch was inaugurated in September 2018 with a group of 11 youngsters selected from within the organization through an exhaustive selection process to work upon two different projects of strategic importance to organization.

Another initiative, "Idea Contest" which is a yearly ideation contest has been held for six years now. The top 20 innovators have started working on their respective ideas.

Hero Campus Challenge (HCC)

Our flagship campus engagement programme is a national level competition where the country's best minds lock horns to find innovative solutions to live problems and generate fresh ideas for the future - thereby bringing students closer to reality and making them industry ready while sharing their ideas with the Company in the process.

Developing Capabilities for today and Future

In our journey to create leadership pipeline, we successfully completed the 2nd batch of Women in Leadership (WIL) program. Senior management employees participated in a leadership program in partnership with Wharton Business School, middle management employees in Emerging Leaders Program (ELP) with Emeritus Business School Singapore, while the younger employees participated in Future Leaders Program with IMT Ghaziabad and BML University and other programs at renowned engineering and management institutes.



Apart from a tiered development approach, the Company works on strengthening the capabilities of its employees with the help of training programmes, on-the-job learning and special projects to bridge the identified gaps to ensure future ready talent.

The management objectives are aligned to the objectives of the performance of the Company. The Company's performance is measured on the parameters of market share, profit and profitability. A significant part of the compensation of senior management personnel is directly linked to the Company's performance.



Wellness & Engagement Initiatives

Distance running events act as excellent wellness and fundraising platforms for various noble causes. Some of these events include Airtel Delhi Half Marathon with theme - 'Run for a Cause', Pinkathon, India's Biggest Women's Run with the objective of spreading awareness about women's health related issues, breast cancer in particular and 'Hero Impact Run' where employees and their families run to support the families of our brave CRPF and Army personnel.

CORPORATE SOCIAL RESPONSIBILITY



Hero MotoCorp's Corporate Social Responsibility (CSR) programmes have become a benchmark for the industry. The Company believes that when man, machine and nature work together in harmony, they will not only minimize and mitigate any environmental impact, but also develop a sustainable and evolving ecosystem.

In line with this belief, the various CSR projects are focussed on environment, education, gender parity, healthcare, skill development, road safety, specially-abled individuals and promoting sports.

Projects complementing the vision to achieve a GREENER world:

Afforestation/ large-scale tree plantation – Project Hero Green Drive: To bring about a significant increase in green cover with the plantation of more than 1.4 million trees with a focus on survival of saplings (90% survival rate) and trees. This has led to the addition of ~5.9 million square feet of green cover in several cities in the country.

Eco-friendly and alternative energy – Project Aarush: Aimed at encouraging alternative and eco-friendly energy resources, the project has two main components:

Replace traditional lamps with Light Emitting Diode (LEDs) and skill the community to make and repair the same: Replaced conventional lamps with 7W LEDs with thousands of households in over 300 villages of Kedar Ghati – home to survivors of some of the worst floods that the country has witnessed. Transformed 27 additional villages in Uttarakhand to fully LED lit. Overall, the 26,000 households using 110,000 LED lights will save over 30 million units of electricity per year.

Solar street lights to save electricity and make villages safer: Significantly expanded the reach of solar street lights to now cover 250 villages. The initiative has reached some of the remotest villages and benefits over 800,000 people.

In its commitment to the environment, Hero MotoCorp has banned 'Single Use Plastic' across all locations and has successfully eliminated its use from Jan 2019 onwards.

Water conservation – This initiative included cleaning and rejuvenating of ponds, supported the check dams infrastructure and built rain water harvesting facilities in schools. Channelized over 7.5 million litres of water in villages around our operations in Rajasthan.

Forests conservation – Continued support, security and conservation of forests with 40 more motorcycles to the rangers, taking the fleet to 230 motorcycles.

Sanitation at rural schools – Project Swachh Vidyalaya Abhiyan: Built 310 additional toilets in 40 government schools taking the total to over 1,200 in 150 schools while also ensured their maintenance and utilization. Soft interventions such as awareness of hand washing, hygiene also implemented.

Projects complementing the vision to achieve a SAFER world:

Safe riding trainings – The Company manages 8 road safety parks across the country that undertake two-wheeler riding training for school and college students as well as the general public. About 200,000 people benefitted from these activities in the previous year taking the total to more than 500,000.

Road safety communities – Project 'Catch Them Young' (CTY): Created road safety clubs in over 1,150 schools, building

a platform for constant engagement with children to sensitize them about road safety.

Awareness and behavioural change – Project 'Be a Road Hero': The project focusses on instilling pride in safety of driving and to be good samaritans, as well as to motivate and encourage others. As a part of an ongoing initiative, the Company created a community of over 27,500 through focused messaging. Minister for Road, Transport & Highways also shared a video message on the campaign's website.

Projects complementing the vision to achieve an EQUITABLE world:

Support education system – Project Shiksha: The project, aimed at creating an enabling, encouraging and motivating education environment at schools, has benefitted about 160,000 students across six states in FY 2018-19. The key initiatives included:

Building infrastructure: Covered the entire gamut of infrastructure creation viz. construction of new classrooms, playgrounds and to provide sanitation, and drinking water facilities. The Company also supported the above initiatives with renovation, painting and necessary furniture along with basic resources like schoolbags, stationery and books. Under this initiative, the Company also set up solar power plants, built libraries, science and computer laboratories in several schools. These have helped in increasing the attendance of students as well as teachers.

Strengthen academic base : As part of soft interventions, teams of professionals were engaged with schools to provide career guidance and conduct motivational workshops and seminars. Through Samarth centers, also worked towards addressing issues so that girls do not drop out of schools.

Introduced an extension of mobile van based science labs with those on motorcycles which can reach schools in the remote areas carrying hands-on models covering wide range of topics in physics, chemistry and biology. During the previous year, 4 mobile science vans and 8 motorcycle labs covered 70 government schools across 3 states.

Digital interventions – Tab Labs and Smart Classes: Project Saksham launched in schools in Haryana with an objective to introduce and promote the engagement of students through audio-visual content, based on their existing English and Mathematics curriculum.

Empower women cops – Project Sakhi: Launched in association with the police departments of 8 states with an objective to empower women cops by providing them two-wheelers to increase their independent mobility when responding to distress calls. During the previous year, the support was extended to another 45 police officers, taking the total to over 960.



Employability and livelihoods – Project Jeevika: Focused on providing livelihood and employable skills, the initiatives included:

Employability for girls & women: Short-term courses provided include tailoring, beautician, hospitality etc. along with lessons on self-motivation and personal grooming. 15,000 girls and women have undergone such programmes, of which over 60% have been employed or have become entrepreneurs.

Entrepreneurship Development programme for Women: This programme focused on marginalized section of the society by providing opportunities to enhance their capacity to earn a decent livelihood and support their families. During the previous year, 30 Self Help Groups (SHGs) with over 350 women were formed, of which the focus is on the creation of different livelihood options.

Technical skills for automotive sector: Trained over 3,100 candidates in building their careers through supporting various credible partner institutes, viz., National Skill Development Council (NSDC), CII etc.

Skills for specially-abled: Supported 3 institutes that focus not only on skill development for specially-abled individuals but also ensure jobs for most of their trainees. Overall, ~500 blind individuals and ~300 with other physical challenges have been skilled through this program.

Project Enable: With an objective to create an inclusive and motivating environment for our specially-abled compatriots, the Company supported over 2,300 poor specially-abled individuals with surgery, artificial limbs and crutches.

Two-wheeler riding training – Project Ek Pahal: The Company operates 11 riding training centres at women ITIs in Haryana,

which have trained over 2,700 girls. Interestingly, this has led to employment opportunities.

Natural Calamities – Project Seva: Financial aid and humanitarian kits were provided during the previous year.

Sports – Project Khelo Hero: Under this initiative, the Company developed sports infrastructure in over 50 schools. The support was extended to more than 2,000 athletes, amateur boxers under the legendary Mary Kom and Paralympic athletes. The support for Paralympics has been extended with an objective to help build a country of athletes across abilities. During the previous year, support was extended to ~200 para athletes taking the total to over 300. Initiatives were also taken at the state level including the organization of Khel Mahakumbh in Uttarakhand.

Healthcare – Project Arogya: Benefit under this programme has been extended to over 100,000 individuals through mobile medical vans. These vans provide basic treatment as well as medication. Additionally, preventive health checkup camps were also organized for over 5,000 students in 20 government schools. Adolescent education for girls and yoga for a healthy body and mind are also covered under the project.



VOLUNTEERING AMONG EMPLOYEES



Hero MotoCorp's team members volunteered for the Company's committed CSR programmes on multiple issues including road safety, education, sanitation, tree plantation and rural development, contributing significant hours. These also included visits to old age homes, orphanages, blind schools as well as distributing food items, clothes, books and teaching aids to children. More than 1,000 team members participated in Hero Impact league – season 3 which is a technology driven CSR initiative to support families of Army and CRPF personnel.

OUTCOMES, IMPACT AND SOCIAL RETURN ON INVESTMENT (SROI)

Hero MotoCorp conducted an impact analysis of all the projects and Social Return on Investment (SROI) for key interventions. The outcome of the analysis included measurement of direct economic and social value gained by and increased productivity of beneficiaries. The project also measured contribution towards Sustainable Development Goals (SDGs); increased trust and loyalty of employees; perception of the Company as a socially and environmentally conscious brand, among others. As per independent evaluators, the SROI of Hero MotoCorp is amongst the highest in industry.



Some of the key AWARDS AND RECOGNITION IN FY 2018-19

- "ET 4 Good" highest rating commendation at ET 2 Good 4 Good rating event by Economics Times and KPMG
- Excellence in Corporate Social Responsibility - CII-ITC Sustainability Awards 2018
- Award for "Community Programs in Road Safety" by FICCI
- FICCI recognition "For Commendable Work Under Corporate Social Responsibility"
- "Best CSR Practices in Haryana" given by Hon'ble Chief Minister of Haryana
- Appreciation as "Urja Ke Hero" by Hon'ble Chief Minister of Uttarakhand for the LED bulb project
- Award for "Best Green Excellence-Sustainability" ET Now at World CSR Day
- Appreciation Certificate in "Mukhya Mantri Jal Swavlamban Abhiyan 2018" – "Rain Water Harvesting Project in Alwar"
- CSR Project Enable awarded in '5th CSR Impact Awards' at India CSR Summit & Exhibition 2018

BOARD'S REPORT 2018-19

Dear Members,

Your Directors are pleased to present the Thirty Sixth Annual Report, together with the Company's audited financial statements for the financial year ended March 31, 2019.

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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Total Income	34,341.79	33,397.64	34,658.96	33,624.11
Profit before Finance cost and Depreciation	5,621.34	5,806.01	5,705.16	5,848.22
Expenses				
Finance cost	8.60	6.25	37.18	30.80
Depreciation and amortisation expenses	602.01	555.60	624.44	574.98
Profit from ordinary activities before share of Profit / (Loss) of associates	5,010.73	5,244.16	5,043.54	5,242.44
Profit/ (Loss) of associates				
Share in net profit / (loss) of associates	-	-	60.76	49.66
Profit from ordinary activities before tax	5,010.73	5,244.16	5,104.30	5,292.10
Tax expense				
Current tax	1,601.02	1,446.95	1,608.81	1,450.99
Deferred tax	24.84	99.85	29.14	118.94
	1,625.86	1,546.80	1,637.95	1,569.93
Net Profit from ordinary activities after tax	3,384.87	3,697.36	3,466.35	3,722.17
Other comprehensive income / (expense) (net of tax)	(17.81)	(4.71)	(14.98)	(7.26)
Total comprehensive income for the year	3,367.06	3,692.65	3,451.37	3,714.91
Net Profit / (loss) attributable to				
a) Owners of the Company	3,384.87	3,697.36	3,444.09	3,720.40
b) Non-controlling interest	-	-	22.26	1.77
Other comprehensive income attributable to				
a) Owners of the Company	(17.81)	(4.71)	(16.32)	(5.89)
b) Non-controlling interest	-	-	1.34	(1.37)
Total comprehensive income attributable to				
a) Owners of the Company	3,367.06	3,692.65	3,427.77	3,714.51
b) Non-controlling interest	-	-	23.60	0.40
Balance of profit brought forward	9,068.11	7,418.53	9,247.01	7,597.60
Dividend				
- Interim – 2018-19	1,098.50	1,098.41	1,098.50	1,098.41
- Final – 2017-18	798.85	599.09	798.85	599.09
Corporate Dividend Tax	390.01	345.57	390.01	345.57
Adjustment on account of change in controlling interest	-	-	-	(23.50)
Other Comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	-	-	(18.43)	(4.42)
Balance carried to Balance Sheet	10,147.81	9,068.11	10,385.31	9,247.01
Earnings per equity share on Net Profit from ordinary activities after tax (face value ₹2/- each) (In ₹)				
- Basic	169.48	185.14	172.45	186.30
- Diluted	169.47	185.13	172.44	186.29

FINANCIAL HIGHLIGHTS

During FY 2018-19 under review, your Company clocked sales of 78,20,745 units over 75,87,154 units in the previous FY.

During FY 2018-19, revenue from operations was ₹33,650.54 crore as compared to ₹32,871.82 crore in FY 2017-18, registering an increase of 2.37%.

Profit before tax (PBT) in FY 2018-19 was ₹5,010.73 crore as compared to ₹5,244.16 crore in FY 2017-18, reflecting a decrease of 4.45%. Profit after tax (PAT) was ₹3,384.87 crore as against ₹3,697.36 crore in FY 2017-18, a decrease of 8.45% from the previous year.

Earnings before Interest, Depreciation and Taxes (EBIDTA) stood at 14.65% in FY 2018-19, as compared to 16.38% in FY 2017-18.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the 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 FY ended March 31, 2019 are provided in this Annual Report.

CHANGES IN CAPITAL STRUCTURE

During the FY under review, 15,429 equity shares of ₹2 each were allotted on exercise of employee stock options by the employees of the Company. Consequently, the issued and paid-up share capital of the Company as on March 31, 2019 was ₹39,94,53,768 divided into 19,97,26,884 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 ₹32 per equity share (1600%) of face value of ₹2 each, in addition to an interim dividend of ₹55 per equity share (2750%) declared in the month of January 2019, aggregating a total dividend payout of ₹87 per equity share (4350%) for FY 2018-19. In the previous FY, total dividend payout of ₹95 per equity share 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: <http://www.heromotocorp.com/en-in/about-us/key-policies/dividend-distribution-policy.html> 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 FY under review.

CHANGE IN NATURE OF BUSINESS

During FY 2018-19, there was no change in the nature of Company's business.

CAPACITY EXPANSION, NEW PROJECTS & STRATEGIC ALLIANCES

During FY 2018-19, construction of sixth manufacturing facility at Sricity in Chittoor District in the state of Andhra Pradesh has reached at an advanced stage with an annual installed capacity of 1.8 million units. Your Company has invested approx. ₹650 crore in Phase I out of total projected investment of ₹1,600 crore in setting up the manufacturing facility. Phase I is expected to be operational by October 2019.

Further, the overseas plant of your Company at Jessore in Bangladesh achieved its designed production capacity of 1.5 lakh units during FY 2018-19 and consolidated decent market share.

Transition to BS VI emission norms has been a key focus area in FY 2018-19 and your Company is consolidating all efforts to optimize capacities and investments across all locations.

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, your Company voluntarily took important steps to release its first ever Sustainability Report encompassing ESG (Environment, Social and Governance) aspects at organization level. Your Company has also formulated a long term strategy "HATS 2020" to address the material issues with the objective of making it one of the sustainable organizations.

GLOBAL FORAYS

Your Company continues to strengthen its presence in Global Markets. During FY 2018-19, the focus was on the existing markets and continued innovation efforts across these markets. Despite the tough macroeconomic environment in many of the markets, your Company managed to increase its volumes in the global markets. Your Company achieved the number one position in Bangladesh during the festive season. In significant markets such as Colombia, your Company was able to reach close to the set targets. Your Company has taken innumerable innovation efforts helping it offer differentiated retail financing, unmatched lending and leasing solutions and increased digital

footprints through innovative region-specific marketing and communication efforts.

Working closely with strong and allied business partners has been the key for your Company to grow in the global markets. Your Company introduced world class motorcycle and scooter models across its markets and also showcased its models in various Auto Shows across the globe including the ones in Italy, Colombia, Argentina, Turkey, Bangladesh, Nepal, Sri Lanka and Bolivia.

INNOVATION

Your Company accelerated the momentum on fostering a culture of innovation. Your Company has created an incubation center - HeroHatch - to enable internal teams work like startups. Your Company initiated two projects at this incubation center through a few handpicked employees who came together to launch their own "startups".

The Company-wide Idea Contest was undertaken for the 6th year in FY 2018-19, but in an evolved format. Your Company also tapped the external innovation ecosystem through the Open Innovation project. The Company completed a couple of projects successfully while the others provided valuable learnings. Your Company also launched an organization wide Innovation Survey in FY 2018-19.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company has 7 subsidiaries including step down subsidiaries and 3 associate companies. During the FY under review, the Company has set up a Tech Center in Germany as its wholly owned subsidiary under the name, Hero Tech Center Germany GmbH. The Company regularly monitors the performance of these companies.

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

Subsidiaries

Hero Tech Center Germany GmbH ('HTCG')

HTCG has been incorporated as a wholly owned subsidiary 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 will also undertake, coordinate and facilitate two-wheeler rally

participation and development activities. During the period ended FY 2018-19, HTCG has reported unadjusted revenue of ₹1.77 crore and a net loss of ₹0.48 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. During FY 2018-19, HNBV has invested in operating companies in Colombia and Bangladesh and has reported unadjusted revenue of ₹20.01 crore and a net profit of ₹19.27 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, 2019, the Company has reported unadjusted revenue of ₹167.98 crore and a net loss of ₹34.49 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 2018-19, HNBL reported unadjusted revenue of ₹735.09 crore and a net profit of ₹80.43 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. HMCL (NA) Inc., has invested in Erik Buell Racing, Inc. ('EBR'), a Delaware corporation by subscribing to 49.20% of its equity share capital. During the period ended March 31, 2019, HMCL (NA) Inc. has reported Nil revenue (unadjusted) and a net loss of ₹0.01 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, 2019, HMCLA has reported unadjusted revenue of ₹0.24 crore and a net loss of ₹0.08 crore.

HMC MM Auto Limited ('HMCMA')

Your Company has a joint venture with Magneti Marelli 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 HMCMA. During FY 2018-19, HMCMA has reported unadjusted revenue of ₹26.39 crore and a net loss of ₹7.24 crore.

Associate Companies**Hero FinCorp Ltd. ('HFCL')**

HFCL, an associate of your Company, was incorporated in the year 1991. Your Company holds 41.18% 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 2018-19, HFCL's profit attributable to the Company is ₹83.26 crore.

Ather Energy Private Ltd. ('AEL')

AEL is a private limited company, focused on developing, designing and selling premium electric two-wheelers. During FY 2018-19, AEL's loss attributable to the Company is ₹34.73 crore.

Erik Buell Racing, Inc. ('EBR')

Your Company through its subsidiary, HMCL (NA) Inc., has invested in Erik Buell Racing, Inc. ('EBR'), a Delaware Corporation by subscribing to 49.20% of its equity share capital. EBR has ceased its operations and entered into Assignment for the Benefit of Creditors under Chapter 128 of the Wisconsin Statutes ('Chapter 128 Process').

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: <http://www.heromotocorp.com/en-in/about-us/key-policies/policy-on-material.html>.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of applicable provisions of the Act and the Articles of Association of the Company, Mr. Vikram S. Kasbekar, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-

appointment. It is also proposed to re-appoint Mr. Kasbekar as Executive Director – Operations (Plants) for a period upto 3 years. Brief resume and other details of Mr. Vikram S. Kasbekar, 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 FY under review, your Company has appointed Prof. Jagmohan Singh Raju as an Additional Director of the Company in the category of Non-Executive and Independent Directors effective November 15, 2018. The Board recommends his appointment as an Independent Director of the Company for a term of 5 years.

As per the provisions of Section 149 of the Act, the Board recommends the re-appointment of Mr. M. Damodaran for his second term upto May 3, 2022 as an Independent Director of your Company. Further, due to the change in status of Mr. Pradeep Dinodia from Independent Director to Non-Executive Director, the Board recommends the re-appointment of Mr. Pradeep Dinodia as a Non-Executive Director, liable to retire by rotation, pursuant to Section 152 of the Act, effective April 25, 2019.

The Company has received a notice, in writing, under Section 160 of the Act from the members proposing the candidature of Prof. Raju, Mr. Damodaran and Mr. Dinodia.

During the year, Gen. (Retd.) V. P. Malik and Dr. Pritam Singh ceased to be the Directors of the Company effective March 31, 2019, due to operation of law and relevant provisions of the Listing Regulations. The Board placed on record its appreciation for the guidance and support provided by Gen. (Retd.) Malik and Dr. Singh during their tenure with the Company.

Key Managerial Personnel

Dr. Pawan Munjal, Chairman, Managing Director & CEO, Mr. Niranjana Gupta, Chief Financial Officer and Ms. Neerja Sharma, Company Secretary & 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 2018-19, four 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, its Committees, the Chairman and the individual Directors was carried out for FY 2018-19. 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.

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.

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, 2019, 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, 2019 and of the profit and loss of your Company for the financial year ended March 31, 2019;
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, 2019 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 FY under review are provided as **Annexure - II**.

The Remuneration Policy of your Company can be viewed at the following link: <http://www.heromotocorp.com/en-in/aboutus/key-policies/remuneration-policy.html>. There has been no material change in the Remuneration Policy of the Company. The salient features of the Remuneration Policy are as under:

1. To determine remuneration of Directors, KMPs and other senior management personnel, 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 annual 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.

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 meetings held on January 31, 2019 and March 25, 2019 approved grant of 17,760 Restricted Stock Units (RSUs) at face value of ₹2/- per unit under RSU Plan 2018 and 1,25,000 stock options at an exercise price of ₹2,033/- per option under ESOP Plan 2018, respectively 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 is available on the Company's website, www.heromotocorp.com and can be viewed on the following link: <http://www.heromotocorp.com/en-in/esop.php>.

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 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: <http://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 FY under review, no amount has been transferred to General Reserve of the Company.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the FY under review, your Company has transferred unpaid/ unclaimed dividend, amounting to ₹12.78 crore for FY 2010-11 and 21,296 shares to the Investor Education and Protection Fund (IEPF) Authority of the Central Government of India. As on March 31, 2019, total shares lying in the demat account of IEPF Authority was 10,00,068.

MATERIAL CHANGES AND COMMITMENTS

No material change and/or commitment affecting the financial position of your Company has occurred between April 1, 2019 and the date of signing of this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During FY 2018-19, 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:

	Principal Amount (Shares)	Principal Amount (Bonds/ Debentures)	Total
Opening	1,021.54	220.89	1,242.43
Addition	551.87*	130.00	681.87
Reduction**	-	(0.14)	(0.14)
Closing Balance	1,573.41	350.75	1,924.16

* HMC MM Auto Limited - ₹9.93 crore, HMCL(NA) Inc. - Nil, HMCL Netherlands BV - ₹24.07 crore, HMCL Americas Inc. - Nil, Hero Tech Center Germany GmbH - ₹19.56 crore, Hero FinCorp Limited - ₹498.30 crore, Ather Energy Private Limited - Nil

** Maturity of bonds and amortization

(₹in crore)

DEPOSITS

Your Company has neither accepted nor renewed any deposits during FY 2018-19 in terms of Chapter V of the Act.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During FY 2018-19, 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 2018-19, 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 2018-19, 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 FY under review, the Audit Committee has 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: <http://www.heromotocorp.com/en-in/about-us/key-policies/related-party-transactions.html>.

RISK MANAGEMENT FRAMEWORK

Your Company continues to follow a robust risk management process. For FY 2018-19, some of the illustrative risk areas where your Company focused on, in addition to many others, were-

- a) Study of regulatory risks in key global markets and strategy thereof
- b) Strengthening the IT infrastructure

Specifically on the IT infrastructure strengthening, the current times have seen numerous data thefts/attacks on large organizations. Your Company has in place appropriate measures through deployment of technological infrastructure solutions and regular / periodic awareness sessions and mailers. You would be pleased to know that your Company is one of the early adopters of cyber insurance that insures an organization against losses during an unforeseen eventuality of a cyber-attack.

The Risk Management Committee periodically oversees the risks and their mitigation plans. The Committee provides its inputs on critical risks and shares its understanding on complex matters. The details of the Committee 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 & 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, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. During FY under review, 16 complaints were received and 2 complaints were carried forward from previous FY. Out of these, 15 complaints have been investigated & acted upon and remaining 3 are under investigation.

During FY 2018-19, 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: <http://www.heromotocorp.com/en-in/about-us/key-policies/vigil-mechanism-policy.html>.

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 the Company, who is also the Chairman of the CSR Committee. Other members of the Committee are Mr. Pradeep Dinodia, Non-Executive Director and Prof. Jagmohan Singh Raju, Independent Director. Prof. Jagmohan Singh Raju has been appointed as an additional director effective November 15, 2018 and has been inducted in the CSR Committee on January 31, 2019.

Your Company has in place a CSR Policy. 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 at the following link: <http://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html>. There has been no material 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 FY under review, your Company spent ₹101.95 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 2018-19, which is annexed as **Annexure – VIII**. The overview of CSR activities carried out in FY 2018-19 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 (effective April 26, 2019)
2. Mr. Pradeep Dinodia - Member
3. Mr. Paul B. Edgerley - Member

Mr. Paul B. Edgerley has been inducted in the Audit Committee on January 31, 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 FY 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. They have audited the financial statements of the Company for the FY 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, 2020. The Cost Auditors will submit their report for the FY 2018-19 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 AGM.

Secretarial Auditors

M/s Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900) were appointed to conduct Secretarial Audit of your Company during FY 2018-19.

The Secretarial Audit Report for the said FY 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. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and all transactions are authorised, recorded and reported correctly.

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 also aligned to the business objectives of the Company which is reviewed and approved by the Audit Committee. Further, the Audit Committee monitors the adequacy and effectiveness of your Company's internal control framework.

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.

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 has also updated its Code of practices and procedures of fair disclosures of unpublished price sensitive information by including a policy for determination of legitimate purposes. Further, your Company has put in place adequate & 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.

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, 2019, total number of employees on the records of your Company were 8,551 as against 8,266 in the previous FY.

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 FY 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.

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.

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 FY under review:

No. of complaints received: 4

No. of complaints disposed off: 2*

No. of complaints withdrawn: 1

No. of complaints pending: 1

* One of the complaints was disposed off on April 9, 2019.

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 period under review (i.e. from September 10, 2018 till March 31, 2019), no complaints were received by the Complaints Officer.

AWARDS AND RECOGNITION

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

1. National Award for Excellence in Energy Management 2018 - Energy Efficient Unit Award by CII, for Company's plants at Haridwar & Dharuhera.
2. Excellence in Environment Management by CII for Outstanding Policy, Practice and Results in the field of Environment Management.
3. Green Co Platinum Award by CII for being a world class manufacturing facility (Neemrana) in the area of sustainability.
4. Golden Peacock Global Award 2018 for Sustainability and CSR.
5. Bhamashah Award for CSR by the Rajasthan Government.
6. Diamond Certificate for Best CSR Practices at Haryana CSR Summit 2018.

ACKNOWLEDGEMENTS

The Board of Directors would like to express their sincere thanks to the shareholders & investors of the Company for the trust reposed on 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 organisation into a truly world class enterprise in all respects.

For and on behalf of the Board

Pawan Munjal
Chairman
DIN: 00004223

Date: April 26, 2019
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.:

- Defining internal and external factors impacting the dividend decision;
- Financial parameters affecting dividend decision;
- Circumstances leading to declaration of dividend or the lack of it;
- 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 endeavor 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 maximize 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:

- 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 FY 2018-19 (₹ in crore)	% increase in Remuneration in FY 2018-19	Ratio of the remuneration to the median employee's remuneration
Executive Directors			
Dr. Pawan Munjal - Chairman, Managing Director & CEO	80.41	6.59	809
Mr. Vikram S. Kasbekar - Executive Director - Operations (Plants)	6.19	(1.00)	62
Non-Executive Directors*			
Mr. Suman Kant Munjal	0.18	0.00	2
Non-Executive and Independent Directors*			
Dr. Anand C. Burman	0.09	(53.85)	1
Prof. Jagmohan Singh Raju (effective from November 15, 2018)	0.08	N.A.	1
Mr. M. Damodaran	0.79	0.00	8
Mr. Paul B. Edgerley	0.14	80.00	1
Mr. Pradeep Dinodia*	0.95	4.97	10
Dr. Pritam Singh [§]	0.60	2.59	6
Mr. Ravi Nath	0.51	(8.11)	5
Ms. Shobana Kamineni	0.17	83.33	2
Gen. (Retd.) Ved Prakash Malik [§]	0.75	(1.97)	7
Employees & KMP			
Mr. Niranjana Kumar Gupta - Chief Financial Officer	4.53	71.94	46
Ms. Neerja Sharma - Company Secretary & Chief Compliance Officer	1.79	9.47	18

Includes sitting fees and commission

* Non-Executive Director effective April 25, 2019

§ Ceased to be Director effective March 31, 2019

- The median remuneration of employees of the Company during the FY was ₹ 9.94 lakh.
- Median salary of employees in current year has increased by 10.46% in comparison to the previous year.
- The number of permanent employees on the rolls of Company as on March 31, 2019 was 8,551 (previous year 8,266) including workers defined under the Factories Act, 1948.
- (a) Variations in market capitalization of the Company: The market capitalization as on March 31, 2019 was ₹ 50,993 crore (March 31, 2018 - ₹ 70,754 crore).
(b) Price Earnings Ratio of the Company was 15.06 times as at March 31, 2019 and 19.14 times as at March 31, 2018.
- Average percentage increase made in the salary of employees other than the managerial personnel in last FY i.e. 2018-19 was 9.93%.

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.

- 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, 2019.

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	<p>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.</p> <p>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.</p> <p>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.</p>
4.	Exercise price or pricing formula	The Option and/ or RSU 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/ RSU.
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	<p>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.</p> <p>During the year, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.</p>
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-Scholes Options Pricing Model. The employee compensation cost as per the fair valuation method for the financial year 2018 -19 is ₹ 6.55 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 recognized 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.																																																								
10.	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	Weighted-average exercise price under Employee Stock Option Plan, 2014 (ESOP 2014) – ₹ 2159 Weighted-average exercise price under Employee Stock Option Plan, 2016 (ESOP 2016) – ₹ 2469 Weighted-average exercise price under Employee Stock Option Plan, 2017 (ESOP 2017) – ₹ 2818 Weighted-average exercise price under Employee Stock Option Plan, 2018 (ESOP 2018) – ₹ 2033 Weighted-average exercise price under Restricted Stock Unit Plan, 2016 (RSU 2016) – ₹ 2 (Face value of share) Weighted-average exercise price under Restricted Stock Unit Plan, 2017 (RSU 2017) – ₹ 2 (Face value of share) Weighted-average exercise price under Restricted Stock Unit Plan, 2018 (RSU 2018) – ₹ 2 (Face value of share) Weighted-average option fair value under ESOP Plan, 2014 – ₹ 1228.39 Weighted-average option fair value under ESOP Plan, 2016 – ₹ 1324.00 Weighted-average option fair value under ESOP Plan, 2017 – ₹ 1615.00 Weighted-average option fair value under ESOP Plan, 2018 – ₹ 1138.00 Weighted-average option fair value under RSU Plan, 2016 – ₹ 3290.00 Weighted-average option fair value under RSU Plan, 2017 – ₹ 3663.00 Weighted-average option fair value under RSU Plan, 2018 – ₹ 2672.00																																																								
11.	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	The fair value of options/RSUs granted under various plans is estimated using the Black-Scholes option pricing model after applying the following key assumptions: <table><tr><th></th><th>ESOP 2014</th><th>ESOP 2016</th><th>ESOP 2017</th><th>ESOP 2018</th><th>RSU 2016</th><th>RSU 2017</th><th>RSU 2018</th></tr><tr><td>Share Price</td><td>2995.85</td><td>3292</td><td>3757</td><td>2711</td><td>3292</td><td>3757</td><td>2865</td></tr><tr><td>Exercise Price</td><td>2159</td><td>2469</td><td>2818</td><td>2033</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>7.06%</td><td>6.42%</td><td>7.23%</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>4.55</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>113.57%</td><td>107.92%</td><td>23.17%</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>2.87%</td><td>2.56%</td><td>2.78%</td></tr></table> <p>The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options of each vest.</p> <p>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.</p>		ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2018	RSU 2016	RSU 2017	RSU 2018	Share Price	2995.85	3292	3757	2711	3292	3757	2865	Exercise Price	2159	2469	2818	2033	2	2	2	Risk Free Interest Rate	8.45%	7.08%	6.42%	7.00%	7.06%	6.42%	7.23%	Expected Life (in years)	4.85	4.85	4.85	4.85	4.55	4.55	4.55	Expected annual volatility of shares	26.87%	27.39%	23.98%	22.96%	113.57%	107.92%	23.17%	Expected dividend yield	3.17%	2.87%	2.56%	2.78%	2.87%	2.56%	2.78%
	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2018	RSU 2016	RSU 2017	RSU 2018																																																			
Share Price	2995.85	3292	3757	2711	3292	3757	2865																																																			
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Expected Life (in years)	4.85	4.85	4.85	4.85	4.55	4.55	4.55																																																			
Expected annual volatility of shares	26.87%	27.39%	23.98%	22.96%	113.57%	107.92%	23.17%																																																			
Expected dividend yield	3.17%	2.87%	2.56%	2.78%	2.87%	2.56%	2.78%																																																			

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 Standard as prescribed from time to time	₹ 169.47 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 Standard as prescribed from time to time	All relevant disclosures have been made in the financial statements.

Details of option movement during the year

S. No.	Particulars	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2018	RSU 2016	RSU 2017	RSU 2018
1.	Number of options/ RSUs outstanding at the beginning of the year	4,146	33,778	29,800	-	7,083	14,330	-
2.	Number of options/ RSUs granted during the year	-	-	-	1,25,000	-	-	17,760
3.	Number of options/ RSUs forfeited / lapsed during the year	-	914	1,500	-	-	-	-
4.	Number of options/ RSUs vested during the year	4,146	8,122	5,660	-	3,036	4,299	-
5.	Number of options/ RSUs exercised during the year	1,962	4,848	1,284	-	3,036	4,299	-
6.	Number of shares arising as a result of exercise of options/ RSUs	1,962	4,848	1,284	-	3,036	4,299	-
7.	Money realized by exercise of options/ RSUs (INR), if scheme is implemented directly by the Company	42,35,958	1,19,69,712	36,18,312	-	6,072	8,598	-
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

S. No.	Particulars	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2018	RSU 2016	RSU 2017	RSU 2018
9.	Number of options/ RSUs outstanding at the end of the year	2,184	28,016	27,016	1,25,000	4,047	10,031	17,760
10.	Number of options/ RSUs exercisable at the end of the year	2,184	4,304	4,376	-	-	-	-
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	Refer Note 1 below	None	None	Refer Note 1 below
	(b) any other employee who receives a grant in any one year of option/ RSU amounting to 5% or more of option/ RSU's granted during that year; and	None	None	None	Refer Note 1 below	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

Note 1

	Employee Name	Designation	No. of options to senior managerial personnel
ESOP 2018			
	Vikram Sitaram Kasbekar	Executive Director- Operations (Plants)	8,400*
	Rajat Bhargava	Head - Strategy & Performance Transformation and Global Business	4,900
	Sanjay Bhan	Head - Sales & After Sales	4,600
	Vijay Sethi	Chief Information Officer, Chief Human Resource Officer & Head - CSR	4,600
	Neeraj Mathur	Head - Strategic Sourcing & Supply Chain	4,600
	Surender Kumar Chhabra	Vice President - Corporate Finance	4,600
	Neerja Sharma	Company Secretary & Chief Compliance Officer	3,100
	Rakesh Vasisht	Associate Vice President	3,100
	Malo Le Masson	Head - Global Product Planning	3,100
	Ravi Kumar Pisipaty	Plant Head - Dharuhera Plant	3,100
	Mukesh Goyal	Plant Head - Haridwar Plant	2,000
	Mahesh Kumar Kaikini	Plant Head - Gurgaon Plant	3,100
	Gurinder Singh Sandhu	Head - Marketing	2,000
	Markus Feichtner	Head - Engine Design and Development	3,100
		Total	54,300
RSU 2018			
	Markus Braunsperger	Chief Technology Officer	12,180*
	Niranjan Kumar Gupta	Chief Financial Officer	5,580*
		Total	17,760

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

ANNEXURE - IV

CORPORATE GOVERNANCE REPORT 2018-19

The driving forces of Corporate Governance at Hero are transparency, fairness, integrity, equity and accountability. Doing the 'right things' in the 'right manner' reflects the spirit of Corporate Governance at Hero. It is a reflection of us - our value system, work culture & thought process.

The Corporate Governance philosophy at Hero is to not only adhere to the statutory requirements in letter but also in spirit in order to enhance and retain investors' trust. The Company is conscious and continues to voluntarily formulate and comply with the best governance principles to ensure creation of long term value for its stakeholders on sustainable basis. The Company relentlessly strive to align its vision and business strategy with the welfare and best interest of all stakeholders. The Company strongly believes that effective and good Corporate Governance practices build strong foundation of trust and confidence which in turn attracts and retains financial and human capital. These resources, in turn, are leveraged to maximize long-term shareholder value, on a sustainable basis, while preserving the interests of multiple stakeholders, including the society at large.

BOARD OF DIRECTORS

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent within the system. The Board of Directors ('the Board') is responsible for overall governance of the Company.

The Board has an optimum combination of Executive and Non- Executive Directors. As on March 31, 2019, the Company's Board comprised ten Directors, with two Executive Directors, one of them being the Chairman, one Non-Executive Director, seven Non-Executive and Independent Directors, including one woman Director.

Gen. (Retd.) V. P. Malik and Dr. Pritam Singh had ceased to be the Directors of the Company effective March 31, 2019, due to operation of law and relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Regulation 17(1A) of the Listing Regulations which came into effect from April 1, 2019, provides that a listed company shall not appoint or continue the directorship of any person as a Non-Executive Director who has attained the age of 75 years, unless shareholders' approval is taken. Both, Gen. (Retd.) Malik and Dr. Singh, being above the threshold age criteria, could not continue as Directors of the Company pursuant to the aforesaid regulation. The Board appreciated the guidance and support provided by them during their tenure. Further, there is a change in status of Mr. Pradeep Dinodia from "Independent Director" to "Non-Executive Director" effective April 25, 2019. Due to the aforesaid changes, the Company's Board now comprise of two Executive, two Non-Executive and six Non-Executive and Independent Directors.

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, 2019 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 Sitaram Kasbekar	Whole-time Director	2	1	-	-
Mr. Pradeep Dinodia	Non-Executive & Independent ^{##}	6	-	9	5
Mr. Suman Kant Munjal	Non-Executive	4	11	1	-
Dr. Anand C. Burman	Non-Executive & Independent	6	16	-	-
Prof. Jagmohan Singh Raju [#]	Additional & Independent	1	-	-	-
Mr. Meleveetil Damodaran	Non-Executive & Independent	7	2	9	4
Mr. Paul Edgerley	Non-Executive & Independent	1	9	1	-
Mr. Ravi Nath	Non-Executive & Independent	4	5	3	1
Ms. Shobana Kamineni	Non-Executive & Independent	10	5	-	-

Note : Gen. (Retd.) V.P. Malik and Dr. Pritam Singh ceased to be the Directors effective March 31, 2019

* 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 November 15, 2018

^{##} Status changed to Non- Executive Director effective April 25, 2019

The names of other listed companies where directorship is held by Board members as on March 31, 2019 is given in Table 2.

Table 2: Directorship in other listed Companies

S.No.	Name of Directors	Name of companies
1.	Dr. Pawan Munjal	• Hero FinCorp Limited
2.	Mr. Vikram Sitaram Kasbekar	-
3.	Mr. Pradeep Dinodia	• DFM Foods Limited
		• Shriram Pistons and Rings Limited
		• DCM Shriram Limited
		• JK Lakshmi Cement Limited
		• Hero FinCorp Limited
4.	Mr. Suman Kant Munjal	-
5.	Dr. Anand C. Burman	• Dabur India Limited
		• Ester Industries Limited
6.	Prof. Jagmohan Singh Raju	-
7.	Mr. M. Damodaran	• Biocon Limited
		• Interglobe Aviation Limited
		• CRISIL Limited
		• Larsen and Toubro Limited
		• Tech Mahindra Limited
8.	Mr. Paul Edgerley	-
9.	Mr. Ravi Nath	• Somany Ceramics Limited
		• Kanoria Chemicals & Industries Limited
		• Voith Paper Fabrics India Limited
10.	Ms. Shobana Kamineni	• Indraprastha Medical Corporation Limited
		• Apollo Hospitals Enterprise Limited
		• Blue Star Limited

Note: Gen. (Retd.) V.P. Malik and Dr. Pritam Singh ceased to be the Directors effective March 31, 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.

Majority of Directors on the Board of the Company are Independent Directors. None of the Independent Directors of the Company is serving as an Independent Director in more than 7 listed companies and as Director in more than 8 public

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.

The Independent Directors of the Company had fulfilled the requirements and conditions as defined under the Companies Act, 2013 and the Listing Regulations and in the opinion of the Board, are independent of the management of the Company.

The Board of Directors of the Company bring to the fore a vast range of skills and experience from various fields, functions and sectors, which enhance the governance framework and Board's decision making process. The Board has identified the below mentioned skills/ area of expertise/ competencies required in the context of Company's business and the industry it operates:

- Automotive /Mobility / Technology/RSD/Product Development
- Strategic planning, Business Development, Business Operations
- Human resources/people management
- Corporate Governance; Regulatory & Public Policy/ESG
- Accounting & financial expertise
- Global Perspective
- Consumer sales/ marketing

The Company has an experienced and competent Board and all the above mentioned skills/ expertise/ competencies are available with the Board as a whole.

INDEPENDENT DIRECTORS

The Independent Directors of the Company are individuals of eminence & repute in their respective fields and help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, corporate governance and standards of conduct. In accordance with the criteria set for selection of Independent Directors and for determining their independence, the Nomination and Remuneration Committee ('NRC') of the Board, inter-alia, considers the qualifications, positive attributes, area(s) of expertise and Directorships/Committee memberships held by these individuals in other companies. The Board considers the NRC's recommendation and takes appropriate decisions in appointment of the Independent Directors.

During the FY 2018-19, none of the Independent Directors had resigned from the Company before the expiry of his/ her tenure. However, Gen. (Retd.) V. P. Malik and Dr. Pritam Singh had ceased to be the Directors of the Company effective March 31, 2019, due to operation of law and relevant provisions of the SEBI Listing Regulations.

ROLE OF THE BOARD OF DIRECTORS

The Primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. 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 periodically reviews possible risks and risk mitigation measures, financial reports from the Chief Financial Officer, compliance reports from the Company Secretary and business reports from other executive management teams. 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 Executive Management Team ('EMT').

BOARD SUPPORT AND ROLE OF COMPANY SECRETARY IN GOVERNANCE PROCESS

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.

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 2018-19, the Board met four times viz. on May 2, 2018; July 25, 2018; October 16, 2018 and January 31, 2019. 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 of the Company held during the year ended March 31, 2019 is given in Table 3.

Table 3: Directors' attendance record during FY 2018-19 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	4	4	Yes
Mr. Vikram Sitaram Kasbekar	4	4	Yes
Non-Executive Directors			
Mr. Suman Kant Munjal	4	4	Yes
Non-Executive and Independent Directors			
Dr. Anand C. Burman	4	2	No
Prof. Jagmohan Singh Raju [#]	1	1	NA
Mr. M. Damodaran	4	4	Yes
Mr. Paul Edgerley	4	3	No
Mr. Pradeep Dinodia ^{##}	4	4	Yes
Dr. Pritam Singh [@]	4	4	Yes
Mr. Ravi Nath	4	4	Yes
Ms. Shobana Kamineni	4	3	No
Gen. (Retd.) V.P.Malik [@]	4	4	Yes

[#]Appointed as Director effective November 15, 2018

[@] Ceased to be Director effective March 31, 2019

^{##} Status changed to Non- Executive Director effective April 25, 2019

Shareholding of Non-Executive Directors as on March 31, 2019

Names of Directors	Category	No. of shares held	Beneficiary
Mr. Suman Kant Munjal	Non-Executive Director	71,250	Self
		10,833	As Karta of HUF
		9,309,018	On behalf of Brijmohan Lal Om Parkash (BMOP), partnership firm
Mr. Pradeep Dinodia	Non-Executive and Independent Director [®]	160	Self

[®] Status changed to Non- Executive Director effective April 25, 2019

Apart from the above, none of the Non-Executive (including Independent) Directors hold any shares (as own or on behalf of any other person on beneficial basis) in the Company as on March 31, 2019.

FAMILIARIZATION PROGRAMMES 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 interactive programs. Such meetings/programs 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.

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

The details of Company's familiarization programs for Directors are posted on the Company's website www.heromotocorp.com and can be viewed at the following link - <http://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 2018-19. 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: <http://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 practices.

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 judgment 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 focused discussions at the meetings. Where it is not practicable 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 requirement 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 minutes book within 30 days from the date of meeting.

MEETING OF INDEPENDENT DIRECTORS

Independent Directors of the Company had met once during FY 2018-19, i.e. on May 2, 2018.

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, 2019, Audit Committee comprised three Directors viz. Mr. Pradeep Dinodia, Mr. M. Damodaran and Mr. Paul Edgerley, all learned and eminent personalities in their respective fields. At present, Mr. M. Damodaran is the Chairman of the Committee. All members of the 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, the Company had revised the terms of reference in accordance with the amendments in Listing Regulations vide SEBI notification dated May 9, 2018, at its Board Meeting held on October 16, 2018. 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:
 - o 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;

- o Changes, if any, in accounting policies and practices and reasons for the same;
- o Major accounting entries involving estimates based on the exercise of judgment by management;
- o Significant adjustments made in the financial statements arising out of audit findings;
- o Compliance with listing and other legal requirements relating to financial statements;
- o Disclosure of any related party transactions;
- o 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 utilized 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 utilization 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 including existing loans / advances / investments existing as on the date of coming into force of this provision;
- To review the utilization 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.

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 2018-19, five meetings of the Audit Committee were held on May 1, 2018; July 24, 2018; October 16, 2018; December 21, 2018 and January 30, 2019 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 2018-19	No. of meetings attended
Mr. Pradeep Dinodia	Chairman	5	5
Gen. (Retd.) V. P. Malik [@]	Member	5	5
Dr. Pritam Singh [@]	Member	5	5
Mr. M. Damodaran [*]	Member	5	5
Mr. Paul Edgerley [#]	Member	NA	NA

[#]Appointed as member effective January 31, 2019

[@] Ceased to be a Director and member of the Committee effective March 31, 2019

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

Reporting of Internal Auditor

The Internal Auditors of the Company attend meetings of Audit Committee on a regular basis and findings of internal audits are reported directly to the Audit Committee.

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 finalizing 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 Company, during the year, had revised the terms of reference in accordance with the amendments in Listing Regulations vide SEBI notification dated May 9, 2018. The terms of reference of the NRC now, include the following:

- 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, 2019, the NRC comprised three Independent Directors viz. Prof. Jagmohan Singh Raju, Mr. Pradeep Dinodia and Mr. Ravi Nath 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. Effective April 26, 2019, Mr. M. Damodaran has been co-opted as member of Nomination and Remuneration Committee.

During FY 2018-19, five meetings of the NRC were held on May 1, 2018; July 24, 2018; October 16, 2018; January 31, 2019 and March 25, 2019.

The Composition of NRC and attendance details of members as on March 31, 2019 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 2018-19	No. of meetings attended
Gen. (Retd.) V.P.Malik [@]	Chairman	5	5
Prof. Jagmohan Singh Raju [#]	Member	1	1
Mr. Pradeep Dinodia	Member	5	5
Mr. Ravi Nath	Member	5	5

[#] Appointed as member effective January 31, 2019 and thereafter appointed as Chairman of the Committee effective April 26, 2019

[@] Ceased to be a Director and member of the Committee effective March 31, 2019

Remuneration Policy

The Company's Remuneration Policy represents the overreaching approach of the Company to the remuneration of Directors and senior management.

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;
- Minimizing 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/about-us/key-policies/remuneration-policy.html>

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 subsequent approval by shareholders at the general meeting and such other authorities, as the case may be. 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	10.80	17.86	51.75	80.41
Mr. Vikram Sitaram Kasbekar*	2.10	4.09	-	6.19

* During the year under review, 1,764 stock options were allotted to Mr. Kasbekar under the Employee Stock Option Plan

No notice period and severance fee is payable to Executive Directors as on March 31, 2019

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.

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	0.07	0.09
Prof. Jagmohan Singh Raju*	0.02	0.06	0.08
Mr. M. Damodaran	0.16	0.63	0.79
Mr. Paul Edgerley	0.03	0.11	0.14
Mr. Pradeep Dinodia	0.23	0.72	0.95
Dr. Pritam Singh [§]	0.12	0.48	0.60
Mr. Ravi Nath	0.15	0.36	0.51
Ms. Shobana Kamineni	0.04	0.13	0.17
Mr. Suman Kant Munjal	0.04	0.14	0.18
Gen.(Retd.) V.P. Malik [§]	0.17	0.58	0.75

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

* Appointed as Director effective November 15, 2018

[§] Ceased to be a Director effective March 31, 2019

During FY 2018-19, 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 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 2018- 19 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 and takes requisite action(s) to redress the same.

The Company during the year had revised the terms of reference in accordance with the amendments in Listing Regulations vide SEBI notification dated May 9, 2018. The revised terms of reference of the SRC now, include the following:

- 1) To resolve the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;

- 2) To review the measures taken for effective exercise of voting rights by shareholders;
- 3) To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- 4) To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- 5) To take note, consider and resolve the total number of shareholders' complaints received from various authorities;
- 6) To take note of the complaints not solved to the satisfaction of shareholders;
- 7) To take note of total number of pending share transfers.

During the year, two meetings of the Stakeholders' Relationship Committee were held on July 25, 2018 and January 31, 2019. The Company Secretary acts as the Secretary of the Stakeholders' Relationship Committee. Effective April 26, 2019, Prof. Jagmohan Singh Raju has been co-opted as member of the Stakeholders' Relationship Committee.

The details of the Stakeholders' Relationship Committee as on March 31, 2019 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 2018-19	No. of meetings attended
Dr. Pritam Singh [#]	Chairman	2	2
Mr. M. Damodaran	Member	2	2
Mr. Pradeep Dinodia [@]	Member	2	1
Mr. Ravi Nath	Member	2	2

[#] Appointed as member effective January 31, 2019 and thereafter appointed as Chairman of the Committee effective April 26, 2019

[@] Ceased to be a Director and member of the Committee effective March 31, 2019

Investors' Grievances Redressal:

During FY 2018-19, the following complaints were received and resolved to the satisfaction of shareholders. As on March 31, 2019, 3 complaints were pending.

S. No.	Nature of Complaints	Opening	Received	Resolved	Closing (Pending)
1.	Non receipt of shares	7	98	105	0
2.	Non receipt of dividend	16	390	406	0
3.	Complaints lodged with Authorities	4	122	123	3
4.	Non-receipt of securities after transfer/transmission/duplicate/ remat/name correction etc.	0	34	34	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 terms of reference of the CSR Committee, inter-alia, include the following:

- Formulation of CSR policy as specified in Schedule VII of the Act, indicating the activities, projects, timelines and expenditure thereon;
- Recommendation of CSR policy to the Board;

- Recommendation of the amount of expenditure to be incurred on the activities referred above; and
- Monitoring the implementation of the policy.

During the year, two meetings of the Committee were held on May 1, 2018 and October 16, 2018. 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 2018-19	No. of meetings attended
Dr. Pawan Munjal	Chairman	2	2
Mr. Pradeep Dinodia	Member	2	2
Gen. (Retd.) V.P. Malik ^a	Member	2	2
Prof. Jagmohan Singh Raju [#]	Member	NA	NA

[#] Appointed as member effective January 31, 2019

^a Ceased to be Director and member of the Committee effective March 31, 2019

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 Company during the year had revised the terms of reference in accordance with the amendments in Listing Regulations vide SEBI notification dated May 9, 2018.

The terms of reference of the RMC, inter-alia, include the following:

- Development of a formal risk management structure;
- Formation of an executive management team if deemed necessary and delegation of responsibility to it;
- Creation of a separate risk management function or department if deemed necessary;

- Defining of risk across the organisation;
- Monitoring of material risks to which the organisation is exposed and ensuring implementation of appropriate mitigation plan;
- Ensuring the sustainability of risk management framework and process through continuous review mechanism;
- Delegation of any of the aforesaid tasks as the RM Committee may deem fit; and
- Review and mitigation of risks including cyber security.

During the year under review, three meetings of the Risk Management Committee were held on May 2, 2018; July 25, 2018 and January 30, 2019. 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 2018-19	No. of meetings attended
Mr. M. Damodaran	Chairman	3	3
Mr. Pradeep Dinodia*	Member	3	3
Mr. Ravi Nath	Member	3	3
Mr. Paul Edgerley [#]	Member	NA	NA
Ms. Shobana Kamineni [#]	Member	NA	NA

[#] Appointed as member effective January 31, 2019

* Mr. Pradeep Dinodia has been appointed as the Chairman of the Committee effective April 26, 2019

COMMITTEE OF DIRECTORS

The Company has a Committee of Directors which presently comprises 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 2018-19	No. of meetings attended
Dr. Pawan Munjal	Chairman	8	7
Mr. Vikram S. Kasbekar	Member	8	8
Mr. Pradeep Dinodia	Member	8	8

The Company has also a Committee of Directors for the BS-VI Project which presently comprises Dr. Pawan Munjal as Chairman, Mr. M. Damodaran 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, two meetings of the Committee were held. The details of the Committee of Directors under the BS-VI Project are given in Table 11 (B)

Table 11(B): Details of Committee of Directors (BS-VI Project)

Names of Committee Members	Position held	No. of meetings held during FY 2018-19	No. of meetings attended
Dr. Pawan Munjal	Chairman	2	2
Mr. M. Damodaran*	Member	2	1
Mr. Pradeep Dinodia	Member	2	2

*Mr. Damodaran attended one of the meetings through audio conference

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 ten 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 the FY 2018-19

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

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 Insiders ('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. 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 2018-19 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 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 <http://www.heromotocorp.com/en-in/about-us/key-policies/related-party-transactions.html>

Disclosure of Policy on Material Subsidiaries

During the year, the Company had amended/ made revision in the policy for determining material subsidiaries in order to align with amended listing regulations and other applicable laws. The revised policy is available on the Company's website, www.heromotocorp.com at the following link: <http://www.heromotocorp.com/en-in/about-us/key-policies/policy-on-material.html>.

Accounting Treatment in preparation of Financial Statements

The financial statements have been prepared in accordance with Ind ASs 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 <http://www.heromotocorp.com/en-in/investors/corporate-governance.html>

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

Legal Compliance Management Tool

The Company has in place an online legal compliance management 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/about-us/key-policies/vigil-mechanism-policy.html>

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	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	5	2,570
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	2	870
Number of shareholders to whom shares were transferred from suspense account during the year.	(2)	(870)
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 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 auditor and all entities in the network firm / network entity of which statutory auditor is part of, are given in Table 14.

Table 14: Details of fee paid to statutory auditor

(₹ in crore)				
S. No.	Name of Entity	Relationship with Hero MotoCorp Ltd.	Details of Services	Amount
1.	HMCL Niloy Bangladesh Limited	Subsidiary	Audit fee	0.10
2.	HMC MM Auto Limited	Subsidiary	Audit fee	0.10
3.	HMC MM Auto Limited	Subsidiary	Certifications	0.01
4.	HMC MM Auto Limited	Subsidiary	Tax audit fees	0.02
5.	HMC MM Auto Limited	Subsidiary	Out of pocket expenses	0.01
6.	HMCL Colombia SAS	Subsidiary	Audit fee	0.12
7.	Hero Tech Center Germany GmbH	Subsidiary	Audit fee	0.06
8.	Hero MotoCorp Limited	-	Audit fee	1.10
9.	Hero MotoCorp Limited	-	Certifications	0.15
10.	Hero MotoCorp Limited	-	Tax audit fees	0.05
11.	Hero MotoCorp Limited	-	Out of pocket expenses	0.07
TOTAL				1.79

CEO & CFO CERTIFICATION

The Chairman, Managing Director & CEO and the Chief Financial Officer ('CFO') of the Company furnishes 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 April 26, 2019 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. Vikram S. Kasbekar, Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. It is also proposed to re-appoint Mr. Kasbekar as Executive Director – Operations (Plants) for a period upto 3 years. Brief resume and other details of Mr. Vikram S. Kasbekar, 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 FY under review, your Company has appointed Prof. Jagmohan Singh Raju as an Additional Director of the Company in the category of Non-Executive and Independent Directors effective November 15, 2018. The Board recommends his appointment as an Independent Director of the Company for a terms of 5 years.

As per the provisions of Section 149 of the Act, the Board recommends the re-appointment of Mr. M. Damodaran for his second term upto May 3, 2022 as an Independent Director of your Company. Further, due to the change in status of

Mr. Pradeep Dinodia from "Independent Director" to "Non-Executive Director", the Board recommends the re-appointment of Mr. Pradeep Dinodia as Non-Executive Director, liable to retire by rotation, pursuant to Section 152 of the Act.

The Company had received a notice in writing under Section 160 of the Companies Act, 2013, from the members proposing the candidature of Prof. Raju, Mr. Damodaran and Mr. Dinodia.

During the year, Gen. (Retd.) V. P. Malik and Dr. Pritam Singh had ceased to be the Directors of the Company effective March 31, 2019, due to operation of law and relevant provisions of the SEBI Listing Regulations. The Board has placed on record its appreciation for the guidance and support provided by Gen. (Retd.) Malik and Dr. Singh 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 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

email ids are registered with the depository participants through email 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 2018-19. 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.

Reporting of Internal Auditor

The internal auditor of the Company attends the meeting of the Audit Committee on regular basis. Internal audit findings are reported directly to the Audit Committee.

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 Ltd. (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 un-audited as well as annual audited financial results to both the stock exchanges i.e. BSE & NSE.

Quarterly and annual financial results are also published in English language national daily newspaper (like Indian Express) circulating in the whole of India and in daily newspaper published in the vernacular language (like Jansatta) in state where registered office of the Company is situated.

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 statement (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 investors relation team.

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 thereat are given in Table 15 as under:

Table 15: Details of AGMs held

Year	Time, Day, Date and Location	Summary of Special Resolution(s) Passed
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
2015-16	10:30 A.M., Friday, September 23, 2016, 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 FY ended March 31, 2019, 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. However, the re-appointment of

Mr. M. Damodaran as the Independent Director is proposed to be passed by way of a special resolution at the ensuing Annual General Meeting.

GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting

Date : July 29, 2019

Day : Monday

Time : 10:30 A.M.

Venue : Air Force Auditorium,
Subroto Park,
New Delhi – 110 010.

Financial Calendar: Financial year: April 1, 2018 to March 31, 2019.

For FY 2018-19	Results were announced on
First quarter ended June 30, 2018	Wednesday, July 25, 2018
Second quarter and half year ended September 30, 2018	Tuesday, October 16, 2018
Third quarter and nine months ended December 31, 2018	Thursday, January 31, 2019
Fourth quarter and year ended March 31, 2019	Thursday, April 25, 2019
For FY 2019-20	Results are likely to be announced by (tentative and subject to change)
First quarter ended June 30, 2019	Last week of July, 2019
Second quarter and half year ended September 30, 2019	Last week of October, 2019
Third quarter and nine months ended December 31, 2019	First week of February, 2020
Fourth quarter and year ended March 31, 2020	Second week of May, 2020

Book closure

The dates of book closure shall be from Thursday, July 18, 2019 to Monday, July 29, 2019 (both days inclusive).

Dividend payment

The Board has declared an interim dividend @ 2750% i.e. ₹ 55 per share. The dividend was paid to those shareholders whose names appeared on the register of members as on February 12, 2019 and payment was made on February 18, 2019.

The Board has recommended a final dividend @ 1600% i.e. ₹ 32 per equity share for FY 2018-19.

The dividend recommended by the Directors for the year ended March 31, 2019, if declared at the ensuing annual general

meeting, will be paid by August 28, 2019 to those members, whose names appear in the register of members/depository records as on the closing hours of business on Wednesday, July 17, 2019.

Listing on Stock Exchanges

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, G Block,
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 2019-20 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 Bombay Stock Exchange Limited are given in Table 16.

Table 16: Share Price Data for FY 2018-19

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

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-18	6,047,863	3,825.00	17-04-2018	2,23,874	3,512.20	02-04-2018	244,943
May-18	7,228,900	3,774.00	02-05-2018	715,845	3,445.95	24-05-2018	324,856
Jun-18	5,911,212	3,712.20	12-06-2018	257,348	3,456.35	29-06-2018	398,443
Jul-18	13,600,888	3,670.00	06-07-2018	1,032,128	3,033.75	24-07-2018	1,620,867
Aug-18	6,661,975	3,349.90	21-08-2018	317,643	3,188.70	28-08-2018	363,420
Sep-18	8,009,101	3,345.00	07-09-2018	666,688	2,877.85	28-09-2018	832,489
Oct-18	14,295,194	2,995.00	17-10-2018	1,625,059	2,648.00	25-10-2018	700,158
Nov-18	7,173,677	3,104.70	26-11-2018	645,146	2,749.00	01-11-2018	172,451
Dec-18	13,397,297	3,380.00	20-12-2018	388,448	2,982.00	11-12-2018	443,657
Jan-19	11,991,861	3,135.00	01-01-2019	344,239	2,561.00	31-01-2019	1,901,346
Feb-19	16,557,689	2,960.00	08-02-2019	544,587	2,581.50	21-02-2019	736,959
Mar-19	14,953,216	2,849.40	12-03-2019	840,207	2,515.00	28-03-2019	1,147,361

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

Hero MotoCorp's Share Price Movement Vis-a-Vis Nifty

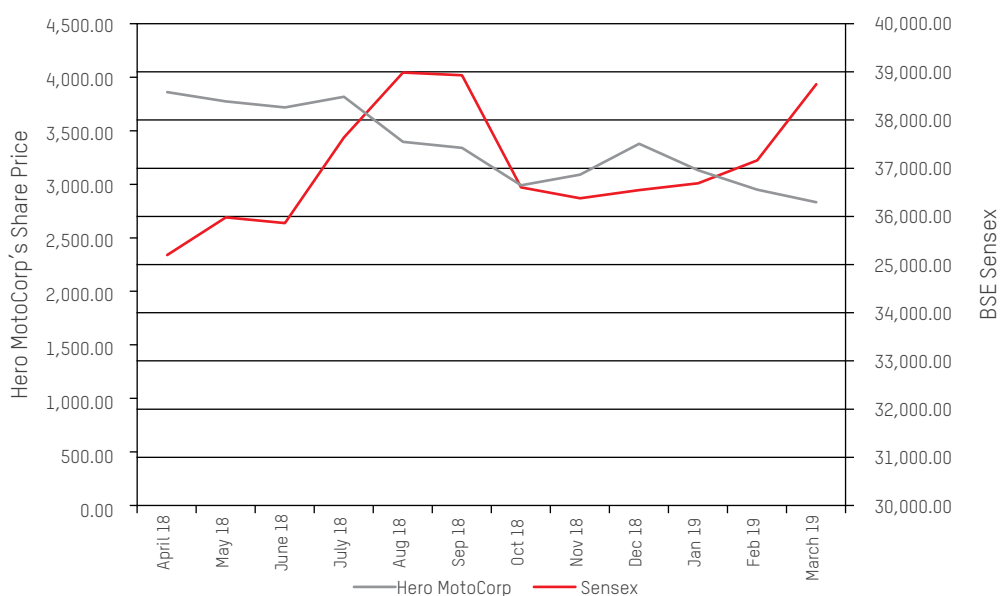
Note : The above Chart depicts comparison of monthly high of Nifty and the Company's share price

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-18	509,519	3,862.00	18-04-2018	7,141	3,510.00	02-04-2018	16,139
May-18	752,694	3,775.00	02-05-2018	41,468	3,410.00	22-05-2018	19,407
Jun-18	890,731	3,720.60	15-06-2018	19,748	3,460.00	29-06-2018	11,002
Jul-18	848,609	3,819.00	02-07-2018	22,478	3,037.10	24-07-2018	115,799
Aug-18	409,107	3,400.00	27-08-2018	22,026	3,191.10	28-08-2018	21,776
Sep-18	360,831	3,345.00	07-09-2018	38,590	2,880.00	28-09-2018	58,942
Oct-18	654,669	2,997.85	03-10-2018	26,410	2,648.70	25-10-2018	23,685
Nov-18	367,959	3,096.00	26-11-2018	27,525	2,750.05	01-11-2018	10,581
Dec-18	724,316	3,382.70	20-12-2018	25,799	2,982.55	11-12-2018	27,384
Jan-19	705,558	3,135.00	01-01-2019	21,056	2,561.90	31-01-2019	37,121
Feb-19	885,178	2,957.00	08-02-2019	25,761	2,585.10	21-02-2019	34,861
Mar-19	704,670	2,840.00	13-03-2019	13,409	2,517.20	28-03-2019	53,106

(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, 2019.

Table 17 : Distribution of Shareholding

No. of shares held (₹ 2 paid-up)	Shareholders		Shares of ₹2 paid-up	
	Numbers	%	Numbers	%
Upto 5000	141,010	99.15	11,459,604	5.74
5001 - 10000	411	0.29	1,430,574	0.72
10001 - 20000	236	0.17	1,644,045	0.82
20001 - 30000	91	0.06	1,135,294	0.57
30001 - 40000	48	0.03	841,844	0.42
40001 - 50000	31	0.02	697,034	0.35
50001 - 100000	110	0.08	3,848,488	1.93
100001 & Above	284	0.20	178,670,001	89.46
TOTAL	142,221*	100.00	199,726,884	100.00

* Shareholders grouped on the basis of PAN

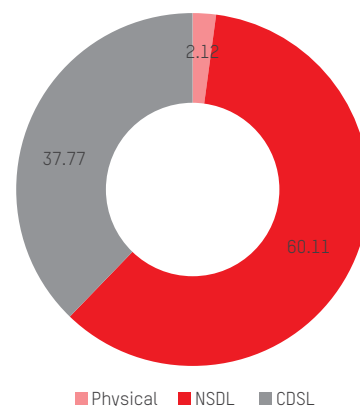
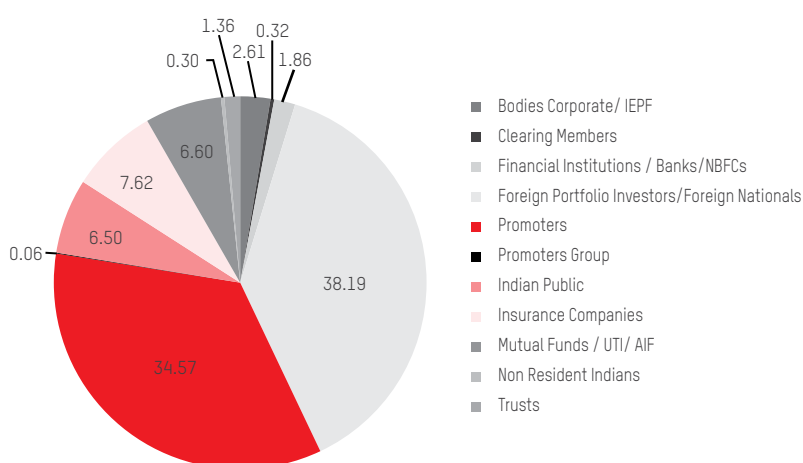
Shareholding Pattern as on March 31, 2019

Category	No. of Holders	No. of Shares Held	% total to No. of Shares	No. of Shares Dematerialised
Bodies Corporate/ IEPF	1,229	5,205,713	2.61	5,189,208
Clearing Members	137	635,379	0.32	635,379
Financial Institutions / Banks/ NBFC/ UTI	47	3,720,415	1.86	3,661,450
Foreign Portfolio Investors/ Foreign Institutional Investors/ Foreign Nationals	767	76,280,691	38.19	76,280,481
Promoters	10	69,045,972	34.57	69,045,972
Promoter Group	6	120,110	0.06	120,110
Indian Public	135,326	12,987,468	6.50	11,456,865
Insurance Companies	14	15,228,681	7.62	15,228,681
Mutual Funds / AIF	37	13,175,459	6.60	13,167,879
Non-Resident Indians	4,616	604,097	0.30	603,417
Trusts	32	2,722,899	1.36	2,722,899
Grand Total	142,221*	199,726,884	100.00	198,112,341

* Shareholders grouped on the basis of PAN

Shareholding Pattern as on March 31, 2019

Category of Shareholding as on March 31, 2019



Category of Shareholding as on March 31, 2019

Category	No. of Holders	% to Total Holders	Total Shares	% to Equity
Physical	3,128	2.12	1,614,543	0.81
NSDL	88,535	60.11	194,622,460	97.44
CDSL	55,628	37.77	3,489,881	1.75
Total	147,291	100.00	199,726,884	100.00

Corporate Benefits

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

Financial Year	Type	Dividend Declared	Dividend per share	Due Dates for Transfer to IEPF
2011-12	Final	₹ 45	2250%	October 10, 2019
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 (recommended)	₹ 32	1600%	August 30, 2026 (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 2010-11) 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).

The Company sends notices to the concerned shareholders whose dividend and shares were liable to be transferred to IEPF/ 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 link [https://www.heromotocorp.com/en-in/uploads/Unclaimed_Dividends/pdf/List-of-shares-to-be-transferred-to-IEPF-2011-12-\(F\).pdf](https://www.heromotocorp.com/en-in/uploads/Unclaimed_Dividends/pdf/List-of-shares-to-be-transferred-to-IEPF-2011-12-(F).pdf)

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 website of the Company at <http://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:

- Download the Form IEPF-5 from the website of IEPF (<http://www.iepf.gov.in>) for filing the claim for the refund of dividend/shares. Read the instructions provided on the website/ instruction kit alongwith the e-form carefully before filling the form.
- After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading, an acknowledgement will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.
- Take a print out of the duly filled Form IEPF-5 and the acknowledgement issued after uploading the form.
- Submit an indemnity bond in original, copy of the acknowledgement and self attested copy of e-form along with other documents as mentioned in the Form IEPF-5 to the Nodal Officer (IEPF) of the Company at its Registered Office in an envelope marked "Claim for refund from IEPF Authority" / "Claim for shares from IEPF" as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process.
- Claim forms completed in all respects will be verified by the concerned Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhar linked bank account through electronic transfer and/or the shares shall be credited to the demat account of the claimant, as the case may be.

Dematerialisation of Shares and Liquidity

The shares of the Company are traded in compulsory demat segment. As on March 31, 2019, 99.19% 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 has an approved risk management policy. The key objectives of the policy are-

- Identification and categorization 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 requirement, 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 2 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 optimization, 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 optimize 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 INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
	₹/Vehicle	Kg/Vehicle	OTC	Exchange	OTC	Exchange	

As of the reporting date i.e March 31, 2019 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 in the first half of the year and have moved lower in the second half. Crude oil moved sharply up hitting above USD 80 to a barrel (Brent) before falling sharply in Quarter 3 (September-December) and appreciating thereafter.

Large part of the commodity gains have been offset by the sharp fall in the INR value thereby increasing the price parity cost of the commodities. Apart from above, tariff imposed on some of the imports also impacted the domestic prices of ferrous metals.

The Company has proactively monitored and manage these exposures as an integral part of its overall risk management program, which recognizes 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.

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 utilization 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, Karvy Fintech Private Limited. The communication address of the RTA is given hereunder:

Karvy Fintech Private Limited (Unit: Hero MotoCorp Ltd.)
Karvy Selenium, Tower B, Plot No. 31 & 32,
Financial District, Nanakramguda, Serilingampally Mandal,
Hyderabad-500 032
Tel: 040-23420818, 67162222
Fax: 040-2342 0814, 23001153
Toll Free No: 1-800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvyfintech.com

Share Transfer System

All share transfer and other communications regarding share certificates, change of address, dividends, etc. should be addressed to Registrar and Transfer Agents.

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 dematerialized 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 Board and General meetings. The Company has complied with all the applicable provisions of the secretarial standards.

COMPANY'S REGISTERED ADDRESS

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057
CIN: L35911DL1984PLC017354
Tel: 011-4604 4100, 2614 2451
Fax: 011-2614 3321, 2614 3198
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, 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

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

HMCL Colombia SAS
KM 24, via Cali - Santander 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, Shakharihati,
Kotwali, Jessore, Bangladesh
Tel: +8809601505541

Germany Tech Center

Hero Tech Center Germany GmbH
Feringastrasse 6, 85774 Unterföhring,
Germany

COMPLIANCE CERTIFICATE OF THE 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 - 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 – Attached to this Report as **Annexure – VI**.

Retail Shareholder Correspondence may be addressed to:

Karvy Fintech Private Ltd. (Unit: Hero MotoCorp Ltd.)
Karvy Selenium, Tower B, Plot No. 31 & 32,
Financial District, Nanakramguda, Serilingampally Mandal,
Hyderabad – 500 032
Tel No: 040-23420818, 67162222
Fax: 040-2342 0814, 23001153
Toll Free No: 1-800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvyfintech.com

or

Mr. Dhiraj Kapoor
Deputy General Manager – Secretarial & Nodal Officer
34, Community Centre,
Basant Lok, Vasant Vihar, New Delhi - 110 057
E-mail: secretarialho@heromotocorp.com

For Institutional Investors' matters:

Mr. Umang Deep Singh Khurana
Head - Investor Relations
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi - 110 057
E-mail: umang.khurana@heromotocorp.com

Queries relating to the Financial Statements of the Company may be addressed to:

Mr. Niranjan Gupta, Chief Financial Officer
34, Community Centre,
Basant Lok, Vasant Vihar, New Delhi - 110 057.
E-mail: niranjan.gupta@heromotocorp.com

Queries/complaints relating to products, services or dealers etc. may be addressed to:

Customer Care
Hero MotoCorp Ltd.
34, Community Centre, Basant Lok, Vasant Vihar,
New Delhi – 110 057
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, 2019 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

New Delhi
April 26, 2019

Sanjay Grover
Managing Partner
CP No.: 3850

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
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi-110057

1. That Hero MotoCorp Limited (CIN: L35911DL1984PLC017354) is having its registered office at 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110057 (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, 2019 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.

Sr. No.	Name of Director	Director Identification Number (DIN)
1.	Mr. Pawan Munjal	00004223
2.	Mr. Vikram Sitaram Kasbekar	00985182
3.	Mr. Pradeep Dinodia	00027995
4.	Mr. Suman Kant Munjal	00002803
5.	Dr. Anand Chand Burman	00056216
6.	Prof. Jagmohan Singh Raju	08273039
7.	Mr. Meleveetil Damodaran	02106990
8.	Mr. Paul Bradford Edgerley	02213279
9.	Mr. Ravinder Nath	00062186
10.	Ms. Shobana Kamineni	00003836

NOTE: Gen. (Retd.) V. P. Malik and Dr. Pritam Singh ceased to be the Directors of the Company effective March 31, 2019, due to operation of law and relevant provisions of the SEBI Listing Regulations. Regulation 17(1A) of the SEBI Listing Regulations which has come into effect from April 1, 2019, provides that a listed company shall not appoint or continue the directorship of any person as a non-executive Director who has attained the age of 75 years, unless shareholders' approval is taken.

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

Sanjay Grover

Managing Partner

CP No.:3850

New Delhi
April 26, 2019

ANNEXURE – VII

COMPLIANCE CERTIFICATE

The Board of Directors

Hero MotoCorp Limited

34, Community Centre, Basant Lok

Vasant Vihar, New Delhi-110 057

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, 2019 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 systems over financial reporting.

April 26, 2019

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 2018-19.

For Hero MotoCorp Limited

April 26, 2019
New Delhi

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

ANNEXURE - VIII

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2018-19

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

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 recognized 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/about-us/key-policies/corporate-social-responsibility.html>.

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 Head of Human Resources 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

2015 - 16	₹ 4,399.82 crore
2016 - 17	₹ 4,485.79 crore
2017 - 18	₹ 5,172.79 crore

Average for last 3 years is ₹ 4,686.13 crore

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

2% of Average	₹ 93.72 crore
---------------	---------------

5. Details of CSR spent during the financial year

- a) Total amount to be spent for the financial year: ₹ 93.72 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 programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise (in lakh)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (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, LED Lights	Schedule VII (iv) Ensuring Environment Sustainability	7.6 lakh tree plantation at Delhi NCR, Indore, Chennai, Ahmedabad and near to our Offices PAN India. 7,332 solar street lights and 57,538 LED lights installed	2,500	2,624.4	5,136.0	Direct and Agency: Sustainable Green Initiative, Greenmax, Leicht Led, SPECS
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 1,03,016 patients. 308 toilets in 41 Government schools in Haryana, Rajasthan, Uttarakhand and Gujarat	350	347.1	1,560.6	Direct and Agency: Wockhardt, Ayus, AIIMS
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 program in Delhi, Haryana, Rajasthan, Uttarakhand and Gujarat. Road Safety Education-PAN India	6,000	6,100.7	18,323.7	Direct and Agency: FUEL, Magic Bus, CRY, HPPI, Agastya, Quota International, Nabet, AIF, SETCO Foundation, RKMF
4	Promoting Sports	Schedule VII (vii) Promoting Rural Sports	Promoting Rural Sports and Olympic and Paralympic sports	250	263.4	923.7	Direct and Agency: Paralympic Committee, Mera Gaon Mera Desh, MKRBF
5	Women Empowerment	Schedule VII (iii) Women Empowerment	Women Empowerment, Community Development and Promoting socio-economic development awareness through all media	550	535.8	1,788.6	Direct, State Police and Agency: HPPI, JJJKT, ISB
6	Army Wives Welfare	Schedule VII (vi) Benefits for Army wives	Supporting families of Army and CRPF personnel	50	51.0	92.8	Direct and Agency: AWWA, CWWA, Impact Run
7	PM Relief Fund	Schedule VII (viii) PM & CM Relief Fund	Contribution to PM and CM Relief Fund for Disaster relief	100	100	650.8	Direct
8	Rural Development	Schedule VII (x) Rural development projects	Supporting various rural development projects i.e. water management, waste management, awareness of government schemes etc.	200	172.5	172.5	Direct and Agency: Samagra Associates
Total				10,000.0	10,194.8	28,648.6	

6. In case the Company has failed to spend 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: April 26, 2019

Place: New Delhi

ANNEXURE - IX

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,
The Members,
Hero MotoCorp Limited
(CIN: L35911DL1984PLC017354)
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi-110057

We have conducted the secretarial audit of 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 authorized 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, 2019 ("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, 2019 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 (Buyback of Securities) Regulations, 1998 and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure 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

New Delhi
April 26, 2019

Sanjay Grover
Managing Partner
CP No.: 3850

ANNEURE-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	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057, India
Website	www.heromotocorp.com
E-mail Id	secretarialho@heromotocorp.com
Financial Year reported	2018-19
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. #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)	<ul style="list-style-type: none"> • Motorcycles, • Scooters and • Parts thereof
Total number of locations where business activity is undertaken by the Company	We are present in 36 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 and UAE. Americas - Argentina, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Guyana and Trinidad & Tobago. HMCL recently incorporated a Tech Center in Germany.
Number of International Locations (Details of major 5)	Headquartered in New Delhi, we have manufacturing plants in 5 locations in the country: State/Union Territory Location Haryana : Dharuhera & Gurgaon Uttarakhand : Haridwar Rajasthan : Neemrana Gujarat : Halol Company's 6 th Plant is being setup at Chittoor (Andhra Pradesh). HMCL 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.
Number of National Locations	
Markets served by the Company - Local/State/National/International	HMCL 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, HMCL caters to 37 countries and are committed to expand its footprint to 50 countries by 2020.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 39.95 crores
2	Total Turnover (INR)	₹ 34,341.79 crores
3	Total profit after taxes (INR)	₹ 3,384.87 crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The total spend on CSR for 2018-19 is ₹ 101.95 crores 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 and sanitation
3	Promoting education and vocational skill development for children and women and promoting Road Safety Awareness
4	Promoting Sports
5	Women Empowerment and Community Development
6	Army Wives Welfare
7	CM Relief Fund
8	Rural development projects

SECTION C: OTHER DETAILS**1. Does the Company have any Subsidiary Company/Companies?**

Yes. We have 6 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).

The subsidiary companies are not required to comply with the Business Responsibility/Corporate Social Responsibility initiatives as per the laws applicable to them.

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%].

HMCL actively engages with its suppliers through its BR initiatives. Currently, percentage of suppliers under the Green Vendor Development Program (GVDP) is more than 66% of total Tier - I supplier universe and suppliers are continuously added to this program.

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:

S. 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: **Businesses 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 wellbeing 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)

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: Businesses should 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 wellbeing 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 http://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:

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
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)									

Not Applicable

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 regularly monitors the BR initiatives and a complete assessment is done at the end of financial year.

- (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 HMCL's sixth Business Responsibility Report and is published annually as part of the Annual Report. The same can be accessed at <http://www.heromotocorp.com/en-in/responsibility-report/business-responsibility-report.html>

Sustainability Report - HMCL has released its first 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 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.

16 complaints were received with regard to violation of the Code of Conduct in 2018-19. 13 of these cases in FY 2018-19 have been investigated and appropriate actions were taken and remaining cases are currently 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:

- i3S Technology** : Horizontal Deployment of i3S technology in selected models (Destini 125, HF Deluxe, Super Splendor, Passion Pro and Glamour etc.) to enhance the fuel consumption optimisation in the models by automatically switching Off the Vehicle in static condition & instantaneously switching On the Engine enabling the Rider to move at his will.
- Anti Lock Braking System (ABS)** : Horizontal deployment of ABS in 150 CC and above models for enhanced stability while braking to prevent the wheel from locking up and helps to retain steering control under different road surface conditions.
- Removal of Hazardous Substances / Processes (RoHS / ELV)** : Removal of hazardous substances (RoHS / ELV compliance) and processes for hexa free chromate pre-treatment and platings to enhance health and safety norms socially and environmentally.
- Integrated Braking System (IBS)** : Implementation of IBS (Integrated Braking System) successfully implemented across the models to enhance rider safety.

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) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Standardization of Supply chain partners achieved with the procurement of standard components for i3S and IBS technology.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Implementation of i3S technology optimises fuel consumption in the above models by automatically switching Off the Vehicle in static condition

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Yes. The Company has taken few initiatives in past years, wherein sustainable sourcing has ensured its sustainable procurement guidelines. Following are the key initiatives taken during the FY 2018-19.

- Leveraging Industry experts (ACMA & CII) to upgrade the current supply chain to be future ready through inclusive learning by means of Basic & Advance Hero Supplier Excellence cluster program. Through this initiative we have touched upon 100 Tier1, Tier 2 suppliers & achieved remarkable improvement in Productivity, Quality and Delivery aspect of the business. On this front, efforts taken by Hero were recognized by ACMA and awarded Hero MotoCorp for "Driving Transformation In Indian Automotive Industry"
- 20 new Suppliers plant were added in Green Vendor Development Program (GVDP) on World Environment Day i.e. June 5, 2018. A new initiative was also undertaken under GVDP i.e. De-Risking of Supply Chain Partners (SCP) from major fire & Safety hazards. 20 SCPs were covered in the first phase & safety audit is in Process .
- 10 new suppliers were enrolled for new parts quality upgradation for direct on line supplies in Program SCOPE (Supplier Certification of Parts Excellence), in FY 2018- 19. Sustenance of these suppliers will be carried forward in F.Y. 2019-20 also.
- Returnable Packaging concepts introduced for Halol, Gujarat for better volumetric utilization which helps to reduce number of return trips by 50% for A class parts delivered from NCR.
- Reduction in Carbon Footprint in In-bound vehicles & reduction in trucks requirement with better utilization
 - o New Packing implemented for long haul transportation for parts like cylinder block and other items resulting in higher volume utilization of inbound vehicle and reducing trucks requirement.
 - o Logistics integration for outbound and inbound vehicles has helped organization to being more cost efficient in long haul operation.
 - o New truck designing concepts like side unloading and double decking implemented in logistics

which benefitted in better loading / unloading turnaround time & vehicle volume utilization.

- o Alternate fuel usage is being encouraged in the inbound logistics operation. CNG vehicles introduced in IBL operation in Dharuhera.
- o Network designing and packing improvement has resulted in 12 % cost reduction in inbound logistics cost in Neemrana plant.
- o Redesigned "Global Part center supply chain" by implementing pre-packed incoming material from selected supply chain partners for close to 10000 Parts leading to increase in productivity & leaner supply chain.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Localisation is paramount to sourcing strategy and the Company is procuring goods and services from 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%).

Yes, the Company has a mechanism for recycling its waste. HMCL has installed Zero Liquid Discharge (ZLD) Plants comprising of Primary, secondary, tertiary, Reverse osmosis and Multi-effect evaporators for its trade effluent where 100% of its trade effluent is recycled back to the process. About 40% of the treated domestic effluents is recycled and converted to soft water, used in cooling towers and remaining is re-used in green belt maintenance. 90% of the paint sludge is co-processed as energy source to cement kilns. Remaining portion is either recycled and re-used as primer on the product or incinerated to recover waste heat for process heating. Other hazardous waste like ETP sludge, phosphating sludge, grinding sludge are also co-processed as resource to the cement kilns.

Principle 3: Employee Wellbeing

At Hero employee wellbeing continues to be our priority & we keep exploring opportunities to cater to the changing needs of our employees. Various initiatives have been taken in the last year to further foster culture of well-being.

Key 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

Through these initiatives, we are putting efforts in making Hero a global employer of choice.

1. Total number of employees: 8551
2. Total number of employees hired on temporary/contractual/casual basis: 22992
3. Number of permanent women employees: 279
4. Number of permanent employees with disabilities: 57
5. Number of employees (permanent/temporary/contractual/casual basis) with disabilities: 61
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.

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 total 4 complaints were received, 2 were disposed off, 1 withdrawn. One of the complaint was disposed off on 09.04.2019.

9. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - (a) Permanent Employees : 62.51%
 - (b) Permanent Women Employees : 67.74%
 - (c) Casual/Temporary/Contractual Employees : 70.44%
 - (d) Employees with Disabilities : 72.41%

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: HMCL is an equal opportunity employer and provide equal opportunities to differently-abled, marginalized and people from economically weaker backgrounds. All employees have equal opportunity on career growth, coaching and mentoring.

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 literary 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 organisation, the Company is committed to protect and safeguard human rights. The Company has put in place a Code of Conduct and expect its stakeholders to adhere 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?

16 complaints were received with regard to violation of the Code of Conduct in FY 2018-19. 13 of these cases in FY 2018-19 have been investigated and requisite actions have been taken and remaining 3 cases are currently 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 policy on environment extends to the suppliers and dealers through "Green Dealer Development Program", "Green Vendor Development Programme" and "Green Charter". HMCL is in the process of finalising its comprehensive Sustainable procurement guidelines which are under final review. These guidelines will be part of agreements with our value chain partners.

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.

At Hero MotoCorp, we believe in sound and sustainable environmental practices. Since inception we have cared for the environment and our environment management aims toward ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations. Some of the initiatives taken are briefly explained below:

1. Our commitment towards sustainability efforts to demonstrate Garden factory theme "Sustainable Plant - Sustainable Planet" & "Manufacturing Happiness" is fulfilled by using Zero Waste to Landfill approach, which was taken up by Neemrana plant as a challenge in April 2018. The effort of ZWL underwent certification process benchmarked with international practices which focused on Reduction of waste at source, Regulatory compliance, Mass

balance & Mass flow cost accounting. Neemrana Plant achieved Zero Waste to Landfill for diversion rates more than 99% after pre-assessment and final certification audit from source generation to end disposal.

2. HMCL has installed Water-Maker at its Vadodara Plant, Gujarat. The Water-Maker solution uses a unique technology of optimized dehumidification to extract and condense moisture present in the air to produce purified drinking water. Unlike RO and desalination systems that waste 70% of the water as reject water, there is no water wastage and each unit can generate about 19.2 KL RO quality water.
3. Flue gases coming from baking oven of paint shop contains large amount of VOCs, which although non-toxic in nature but inhaling for long time can cause various health problems such as respiration, skin irritation. The flue gases are treated in an RT0 (Regenerative thermal oxidizer) system by passing them through combustion chamber at a high temperature of 850°C approx. and then converted into non-harmful CO₂ and water vapour which is then released into the atmosphere. RT0 system is energy efficient as the fuel consumption is low.

The other details can be accessed on the website of the Company at: <http://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 plant 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 gradually upgrading the new ISO:45001.

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, HMCL 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.

Yes, HMCL has undertaken several environment protection related initiatives on clean technology, energy efficiency and renewable energy. In our operations, a good energy indicator of energy consumption is determined by the number of vehicles produced or by the sales. Hence, 'energy intensity' of our production processes is determined in terms of sales or units produced. Our energy consumption has reduced from 1.40 PJ in FY18 to 1.39 PJ in FY 19. Some of the energy saving projects are as under:

1. **Solar Powered SmarTree:** HMCL has installed solar panels arranged in tree styled arrangement, with Azimuth Tracking system, where solar panels rotates in the sun's daily movement path and hence is 20% more efficient than fixed type solar panels. This initiative has resulted in CO2 reduction of about 9.5 Tons/annum.
2. **Canteen Dish Washing Machine using Solar Thermal:** Hot water generated from Solar Thermal installation at Gurgaon plant is being used for supplying hot water to the Canteen Dish Washing Machine. The installed solar dish has low aperture area which results into higher thermal efficiency in comparison to a single big dish has led to CO2 reduction of almost 50.3 Tons/annum.
3. **Energy Efficient Heat Pump:** The existing electric heaters in the Crankshaft Washing machine were replaced by energy efficient compression type heat pump, which releases more heat and consumes less amount of energy, hence the calculated energy savings was approximated at 0.87 LKWH/Annum (9.2 Lakh/Annum Approx.).

A more detailed list of such initiatives is available on the website of the Company at: <http://www.heromotocorp.com/en-in/wecare/greenmanufacturing.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.

The names of major associations are as follows:

- Confederation of Indian Industry
- PHD Chamber of Commerce and Industry
- Society of Indian Automobile Manufacturers
- 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)

Road Safety is the most important though often neglected aspect of driving. HMCL strongly champions the cause of road safety through several initiatives and we steadily works with associations along with a cross-section of other stakeholders that include governing/enforcement agencies, commuters, corporates, schools/colleges and special groups on aspects germane to road safety.

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 various aspects as per requirements of the Companies Act, 2013. The Policy has been developed considering the requirements of Companies Act, 2013, the organization's focus as well as international best practices. It's fundamentals are based on inputs from top management and all stakeholders.

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.

HMCL's efforts during the year were focussed on the following project or activities:

S. No.	Project or activity identified	Project Details
1	Environment - Tree Plantation, Solar Lights, LED Lights	7.6 Lakh tree plantation at Delhi NCR, Indore, Chandigarh, Uttarakhand, Chennai, Ahmedabad and near to our Offices PAN India. 7,332 Solar street lights and 57,538 LED lights installed.
2	Promoting preventive health care and sanitation	Preventive health care camps in rural area and schools. Free Medical facility to 1,03,016 patients. 308 toilets built in 41 Government schools in Haryana, Rajasthan, Uttarakhand and Gujarat.
3	Education promotion and vocational skill development for children and women and Promoting Road Safety Awareness	Construction and Renovation of schools infrastructures at Haryana, Rajasthan, Uttarakhand and Gujarat. Education promotion program in Delhi, Haryana, Rajasthan, Uttarakhand and Gujarat. Road Safety Education at PAN India.
4	Promoting Sports	Promoting rural sports, Khel Mahakumbh of states, sports academy for underprivileged and Paralympic sports.
5	Women Empowerment and Community Development	Women Empowerment, Community development and Promoting socio economic development awareness through all media.
6	Army Wives Welfare	Supporting Army Wives Welfare Association and CRPF Wives Welfare Association.
7	CM Relief Fund	Contribution to CM Relief Fund.
8	Rural development projects.	Supporting various rural development projects i.e. water management, waste management, awareness of government schemes etc.

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 specialized 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 specialized agencies/NGOs and government departments.

Project	(₹ in crores) for FY 18-19
Environment- Tree Plantation, Solar Lights, LED Lights	26.24
Promoting preventive health care and sanitation	3.47
Education promotion and vocational skill development for children and women and Promoting Road Safety Awareness	61.01
Promoting Sports	2.63
Women Empowerment and Community Development	5.36
Army Wives Welfare	0.51
CM Relief Fund	1.00
Rural development projects.	1.73

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, adoption of project by community to ensure sustenance is a key focus area for our CSR Projects. We work very closely with communities ensure that our projects are not only adopted but they are continued and sustained within communities beyond the initial support by HMCL.

While doing the projects, we involve relevant stake holders like gram sarpanch, ex panchayat members, opinion makers, school principal, teachers and others while executing and monitoring. We also involve beneficiaries and make them responsible for making project self-sustainable in long term. Just to give some examples:

- LED lights that we gave in various villages are repairable – and the local people (mainly ladies and children) are trained to assemble and repair them. This ensure not only the fact that LED lights are working at all times but people earn some money in repairing and even assembling and selling new LEDs.
- When we form Self Help Groups (SHGs) while we provide initial support and training, we work with them to make them self-sustainable.
- Fruit tree planted at community are maintained by community with our support for initial three years.
- While we provide or build physical infrastructure in schools or carry out repairs etc., we ensure there is ownership of school principal, teachers and students so that maintenance is taken care. Our

teams do regular audit and monitoring and provide support as may be required.

- When we put solar lights, we work with sarpanch and even residents of nearby houses to own them – we provide them with details of maintenance agency whom they can contact in case of issues.

Similar actions are done in other projects. This all is supplemented by regular audits, monitoring and behaviour change sessions with community.

Principle 9: Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As on the end of FY 2018-19, 1.12% of total customer complaints are pending. The complaints are insignificant in comparison to the number of customers.

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. HMCL 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 email 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 MRP label of the spare part. HMCL 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?

HMCL 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. Also, a brand track study was conducted on a monthly basis to gauge health of the product brands as well as corporate brand vis-a-vis competition.

ANNEXURE - XI

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I REGISTRATION & 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 Limited - Limited by Shares
v	Address of the Registered Office & contact details	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057 Tel: 011-4604 4100, 2614 2451 Fax: 011-2614 3321, 2614 3198
vi	Whether listed company (Yes/No)	Yes
vii	Name, address & contact details of the Registrar & Transfer Agent, if any	Karvy Fintech Private Limited Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 Tel: 040-23420818, 67162222; Fax: 040-23420814, 23001153 Toll Free No: 1-800-3454-001; E-mail: einward.ris@karvy.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name & 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	2910	100

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Hero FinCorp Limited 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110 057	U74899DL1991PLC046774	Associate	41.18%	2(6)
2	HMC MM Auto Limited 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110 057	U35923DL2013PLC260142	Subsidiary	60%	2(87)
3	HMCL (NA) Inc. 222 Delaware Avenue, Suite 1200, Wilmington, New Castle County Delaware 19801, USA	N.A.	Subsidiary	100%	2(87)
4	Erik Buell Racing Inc. 2799, Buell Drive, Unit C East Troy, Wisconsin 53120, USA	N.A.	Associate	49.20%	2(87)
5	HMCL Americas Inc. 222 Delaware Avenue, Suite 1200, Wilmington, New Castle County Delaware 19801, USA	N.A.	Subsidiary	100%	2(87)
6	HMCL Netherlands B.V. Hoogoorddreef 15 1101 BA Amsterdam, The Netherlands	N.A.	Subsidiary	100%	2(87)
7	HMCL Columbia SAS Free Trade Zone (ZF), Conjunto Industrial Parque Sur Lt 6 Kilometro 24, Villa Rica, Colombia	N.A.	Step Down Subsidiary	68%	2(87)
8	HMCL Niloy Bangladesh Limited Nitol Niloy Towers Plot 69, Nikunja 02, Khilkhet, Dhaka 1229, Bangladesh	N.A.	Step Down Subsidiary	55%	2(87)
9	Ather Energy Private Limited No.1, Victoria Road Extension, Victoria Layout, 6th Cross, Bangalore - 560 047, Karnataka	U40100KA2013PTC093769	Associate	32.31%	2(6)
10	Hero Tech Center Germany GmbH Feringastraße 6, 85774 Unterföhring, Germany	N.A.	Subsidiary	100%	2(87)

IV SHAREHOLDING PATTERN

(i) Category-wise Shareholding

Category Code	Category of shareholder	No. of shares held at the beginning of the year 31/03/2018				No. of shares held at the end of the year 31/03/2019				% Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individual / HUF	28347708	0	28347708	14.19	28347708	0	28347708	14.19	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	40818374	0	40818374	20.44	40818374	0	40818374	20.44	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	69166082	0	69166082	34.63	69166082	0	69166082	34.63	0.00
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	69166082	0	69166082	34.63	69166082	0	69166082	34.63	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	12715890	52310	12768200	6.39	13203032	52310	13255342	6.64	0.24
(b)	Financial Institutions / Banks	1996127	13965	2010092	1.01	3618139	14235	3632374	1.82	0.81
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	9280812	0	9280812	4.65	15228681	0	15228681	7.62	2.98
(f)	Foreign Institutional Investors	83727111	210	83727321	41.92	76280431	210	76280641	38.19	-3.73
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others (Qualified Institutional Buyer)	0	0	0	0.00	25	0	25	0.00	0.00
	Sub-Total B(1) :	107719940	66485	107786425	53.97	108330308	66755	108397063	54.27	0.30
(2)	Non-Institutions									
(a)	Bodies Corporate	7463476	16621	7480097	3.75	4189140	16505	4205645	2.11	-1.64
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	9406811	1869159	11275970	5.65	11245590	1460603	12706193	6.36	0.72
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	330850	70000	400850	0.20	211250	70000	281250	0.14	-0.06
(c)	Others									
	Clearing Members	246321	0	246321	0.12	635379	0	635379	0.32	0.19
	Foreign Nationals	221	0	221	0.00	50	0	50	0.00	0.00
	Investor Education Protection Fund	978772	0	978772	0.49	1000068	0	1000068	0.50	0.01
	NBFC	4844	0	4844	0.00	8158	0	8158	0.00	0.00
	Non Resident Indians	159467	680	160147	0.08	258991	680	259671	0.13	0.05
	NRI Non-Repatriation	251643	0	251643	0.13	344426	0	344426	0.17	0.05
	Trusts	1960083	0	1960083	0.98	2722899	0	2722899	1.36	0.38
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	20802488	1956460	22758948	11.40	20615951	1547788	22163739	11.10	-0.30
	Total B=B(1)+B(2) :	128522428	2022945	130545373	65.37	128946259	1614543	130560802	65.37	0.00
	Total (A+B) :	197688510	2022945	199711455	100.00	198112341	1614543	199726884	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	197688510	2022945	199711455	100.00	198112341	1614543	199726884	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 shareholding during the year
			No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Bahadur Chand Investments Pvt. Ltd.	Promoter	39943238	20.0	0	39943238	20.0	0	0
2	Pawan Munjal, Renu Munjal and Suman Munjal (On behalf of Brijmohan Lal Om Parkash, Partnership Firm)	Promoter	27927058	14.0	0	27927058	14.0	0	0
3	Hero InvestCorp Private Limited	Promoter	873766	0.4	0	873766	0.4	0	0
4	Renu Munjal	Promoter	111483	0.1	0	111483	0.1	0	0
5	Suman Kant Munjal	Promoter	71250	0.0	0	71250	0.0	0	0
6	Pawan Kant Munjal	Promoter	43354	0.0	0	43354	0.0	0	0
7	Vasudha Dinodia	Promoter Group	32500	0.0	0	32500	0.0	0	0
8	Sunil Kant Munjal	Promoter Group	32500	0.0	0	32500	0.0	0	0
9	Aniesha Munjal	Promoter Group	32500	0.0	0	32500	0.0	0	0
10	Pawan Munjal (As Karta of HUF)	Promoter	32500	0.0	0	32500	0.0	0	0
11	Renuka Munjal	Promoter	32480	0.0	0	32480	0.0	0	0
12	Suman Kant Munjal (As Karta of HUF)	Promoter	10833	0.0	0	10833	0.0	0	0
13	Abhimanyu Munjal	Promoter Group	10620	0.0	0	10620	0.0	0	0
14	Rahul Munjal	Promoter Group	10620	0.0	0	10620	0.0	0	0
15	Hero FinCorp Limited	Promoter Group	1370	0.0	0	1370	0.0	0	0
16	Santosh Munjal	Promoter	10	0.0	0	10	0.0	0	0
Total			69166082	34.6	0	69166082	34.6	0	0

(iii) Change in Promoters' Shareholding (specify if there is no change)

Sl. No.	Shareholder's Name	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	39943238	20.00	39943238	20.00
	Date wise increase/decrease in Promoters 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			39943238	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	27927058	13.98	27927058	13.98
	Date wise increase/decrease in Promoters 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			27927058	13.98
3	HERO INVESTCORP PRIVATE LIMITED				
	At the beginning of the year	873766	0.44	873766	0.44
	Date wise increase/decrease in Promoters 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			873766	0.44
4	RENU MUNJAL				
	At the beginning of the year	111483	0.06	111483	0.06
	Date wise increase/decrease in Promoters 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			111483	0.06
5	SUMAN KANT MUNJAL				
	At the beginning of the year	71250	0.04	71250	0.04
	Date wise increase/decrease in Promoters 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			71250	0.04

Sl. No.	Shareholder's Name	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
6	PAWAN KANT MUNJAL				
	At the beginning of the year	43354	0.02	43354	0.02
	Date wise increase/decrease in Promoters 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			43354	0.02
7	VASUDHA DINODIA				
	At the beginning of the year	32500	0.02	32500	0.02
	Date wise increase/decrease in Promoters 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			32500	0.02
8	SUNIL KANT MUNJAL				
	At the beginning of the year	32500	0.02	32500	0.02
	Date wise increase/decrease in Promoters 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			32500	0.02
9	ANIESHA MUNJAL				
	At the beginning of the year	32500	0.02	32500	0.02
	Date wise increase/decrease in Promoters 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			32500	0.02
10	PAWAN MUNJAL (AS KARTA OF HUF)				
	At the beginning of the year	32500	0.02	32500	0.02
	Date wise increase/decrease in Promoters 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			32500	0.02
11	RENUKA MUNJAL				
	At the beginning of the year	32480	0.02	32480	0.02
	Date wise increase/decrease in Promoters 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			32480	0.02
12	SUMAN KANT MUNJAL (AS KARTA OF HUF)				
	At the beginning of the year	10833	0.01	10833	0.01
	Date wise increase/decrease in Promoters 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			10833	0.01
13	ABHIMANYU MUNJAL				
	At the beginning of the year	10620	0.01	10620	0.01
	Date wise increase/decrease in Promoters 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			10620	0.01
14	RAHUL MUNJAL				
	At the beginning of the year	10620	0.01	10620	0.01
	Date wise increase/decrease in Promoters 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			10620	0.01
15	HERO FINCORP LIMITED				
	At the beginning of the year	1370	0.00	1370	0.00
	Date wise increase/decrease in Promoters 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			1370	0.00
16	SANTOSH MUNJAL				
	At the beginning of the year	10	0.00	10	0.00
	Date wise increase/decrease in Promoters 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	0.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/ Decrease in shareholding	Reason for increase/decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	LIC OF INDIA HEALTH PROTECTION PLUS FUND							
	Shareholding at the beginning of the year	8186114	4.10	31/03/2018			8186114	4.10
				06/04/2018	451792	Transfer	8637906	4.33
				13/04/2018	142817	Transfer	8780723	4.40
				20/04/2018	43379	Transfer	8824102	4.42
				27/04/2018	367206	Transfer	9191308	4.60
				04/05/2018	106352	Transfer	9297660	4.66
				11/05/2018	644841	Transfer	9942501	4.98
				18/05/2018	615021	Transfer	10557522	5.29
				25/05/2018	502060	Transfer	11059582	5.54
				01/06/2018	197998	Transfer	11257580	5.64
				08/06/2018	282351	Transfer	11539931	5.78
				15/06/2018	344246	Transfer	11884177	5.95
				22/06/2018	383654	Transfer	12267831	6.14
				29/06/2018	450451	Transfer	12718282	6.37
				06/07/2018	165655	Transfer	12883937	6.45
	Shareholding at the end of the year	12883937	6.45	31/03/2019			12883937	6.45
2	OPPENHEIMER INTERNATIONAL GROWTH FUND							
	Shareholding at the beginning of the year	7407409	3.71	31/03/2018			7407409	3.71
				18/05/2018	-69240	Transfer	7338169	3.67
				25/05/2018	-235887	Transfer	7102282	3.56
				08/06/2018	509419	Transfer	7611701	3.81
				05/10/2018	-581533	Transfer	7030168	3.52
				12/10/2018	-87481	Transfer	6942687	3.48
				15/02/2019	-955301	Transfer	5987386	3.00
				01/03/2019	-119626	Transfer	5867760	2.94
				08/03/2019	-454971	Transfer	5412789	2.71
				15/03/2019	-420136	Transfer	4992653	2.50
				22/03/2019	-514451	Transfer	4478202	2.24
				29/03/2019	-494019	Transfer	3984183	1.99
	Shareholding at the end of the year	3984183	1.99	31/03/2019			3984183	1.99
3	LAZARD EMERGING MARKETS EQUITY PORTFOLIO							
	Shareholding at the beginning of the year	3514953	1.76	31/03/2018			3514953	1.76
				20/04/2018	-73966	Transfer	3440987	1.72
				01/06/2018	-50330	Transfer	3390657	1.70
				22/06/2018	-122246	Transfer	3268411	1.64
				31/08/2018	-135260	Transfer	3133151	1.57
				05/10/2018	-97849	Transfer	3035302	1.52
				12/10/2018	82856	Transfer	3118158	1.56
				21/12/2018	-112747	Transfer	3005411	1.50
				29/03/2019	-21379	Transfer	2984032	1.49
	Shareholding at the end of the year	2984032	1.49	31/03/2019			2984032	1.49
4	SBI MAGNUM EQUITY FUND							
	Shareholding at the beginning of the year	3352074	1.68	31/03/2018			3352074	1.68
				06/04/2018	19324	Transfer	3371398	1.69
				06/04/2018	-24027	Transfer	3347371	1.68
				13/04/2018	3277	Transfer	3350648	1.68
				20/04/2018	18942	Transfer	3369590	1.69

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/ Decrease in shareholding	Reason for increase/ decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				20/04/2018	-16000	Transfer	3353590	1.68
				27/04/2018	14136	Transfer	3367726	1.69
				04/05/2018	27072	Transfer	3394798	1.70
				11/05/2018	12217	Transfer	3407015	1.71
				18/05/2018	14090	Transfer	3421105	1.71
				18/05/2018	-5800	Transfer	3415305	1.71
				25/05/2018	70969	Transfer	3486274	1.75
				25/05/2018	-6400	Transfer	3479874	1.74
				01/06/2018	10178	Transfer	3490052	1.75
				08/06/2018	18423	Transfer	3508475	1.76
				15/06/2018	71686	Transfer	3580161	1.79
				22/06/2018	8344	Transfer	3588505	1.80
				22/06/2018	-29332	Transfer	3559173	1.78
				29/06/2018	8071	Transfer	3567244	1.79
				29/06/2018	-1118	Transfer	3566126	1.79
				06/07/2018	15708	Transfer	3581834	1.79
				13/07/2018	10964	Transfer	3592798	1.80
				13/07/2018	-209250	Transfer	3383548	1.69
				20/07/2018	6859	Transfer	3390407	1.70
				27/07/2018	8945	Transfer	3399352	1.70
				27/07/2018	-18	Transfer	3399334	1.70
				03/08/2018	23531	Transfer	3422865	1.71
				03/08/2018	-215	Transfer	3422650	1.71
				10/08/2018	14259	Transfer	3436909	1.72
				17/08/2018	4325	Transfer	3441234	1.72
				24/08/2018	11627	Transfer	3452861	1.73
				31/08/2018	19141	Transfer	3472002	1.74
				31/08/2018	-118	Transfer	3471884	1.74
				07/09/2018	18849	Transfer	3490733	1.75
				07/09/2018	-16	Transfer	3490717	1.75
				14/09/2018	15669	Transfer	3506386	1.76
				14/09/2018	-365	Transfer	3506021	1.76
				21/09/2018	4130	Transfer	3510151	1.76
				21/09/2018	-24600	Transfer	3485551	1.75
				28/09/2018	148	Transfer	3485699	1.75
				28/09/2018	-45376	Transfer	3440323	1.72
				05/10/2018	28959	Transfer	3469282	1.74
				12/10/2018	14869	Transfer	3484151	1.74
				19/10/2018	2586	Transfer	3486737	1.75
				19/10/2018	-20680	Transfer	3466057	1.74
				26/10/2018	226286	Transfer	3692343	1.85
				02/11/2018	80376	Transfer	3772719	1.89
				09/11/2018	8486	Transfer	3781205	1.89
				16/11/2018	23010	Transfer	3804215	1.90
				16/11/2018	-3314	Transfer	3800901	1.90
				23/11/2018	2541	Transfer	3803442	1.90
				23/11/2018	-28464	Transfer	3774978	1.89
				30/11/2018	6304	Transfer	3781282	1.89
				07/12/2018	22300	Transfer	3803582	1.90
				07/12/2018	-17894	Transfer	3785688	1.90
				14/12/2018	3109	Transfer	3788797	1.90
				14/12/2018	-248326	Transfer	3540471	1.77
				21/12/2018	9322	Transfer	3549793	1.78

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/ Decrease in shareholding	Reason for increase/ decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				21/12/2018	-1312	Transfer	3548481	1.78
				28/12/2018	6506	Transfer	3554987	1.78
				28/12/2018	-5542	Transfer	3549445	1.78
				31/12/2018	3596	Transfer	3553041	1.78
				04/01/2019	47224	Transfer	3600265	1.80
				04/01/2019	-49	Transfer	3600216	1.80
				11/01/2019	23204	Transfer	3623420	1.81
				11/01/2019	-173	Transfer	3623247	1.81
				18/01/2019	17365	Transfer	3640612	1.82
				18/01/2019	-60	Transfer	3640552	1.82
				25/01/2019	19796	Transfer	3660348	1.83
				25/01/2019	-16	Transfer	3660332	1.83
				01/02/2019	20139	Transfer	3680471	1.84
				08/02/2019	173091	Transfer	3853562	1.93
				15/02/2019	937429	Transfer	4790991	2.40
				15/02/2019	-33	Transfer	4790958	2.40
				22/02/2019	8236	Transfer	4799194	2.40
				22/02/2019	-1306	Transfer	4797888	2.40
				01/03/2019	54342	Transfer	4852230	2.43
				01/03/2019	-3704	Transfer	4848526	2.43
				08/03/2019	17130	Transfer	4865656	2.44
				08/03/2019	-13091	Transfer	4852565	2.43
				15/03/2019	24075	Transfer	4876640	2.44
				22/03/2019	20516	Transfer	4897156	2.45
				22/03/2019	-29	Transfer	4897127	2.45
				29/03/2019	47351	Transfer	4944478	2.48
	Shareholding at the end of the year	4944478	2.48	31/03/2019			4944478	2.48
5	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD							
	Shareholding at the beginning of the year	3080272	1.54	31/03/2018			3080272	1.54
				06/04/2018	26307	Transfer	3106579	1.56
				13/04/2018	13318	Transfer	3119897	1.56
				20/04/2018	-3693	Transfer	3116204	1.56
				27/04/2018	7213	Transfer	3123417	1.56
				27/04/2018	-8953	Transfer	3114464	1.56
				04/05/2018	-2739	Transfer	3111725	1.56
				11/05/2018	-222	Transfer	3111503	1.56
				18/05/2018	-102764	Transfer	3008739	1.51
				25/05/2018	-26524	Transfer	2982215	1.49
				01/06/2018	61328	Transfer	3043543	1.52
				01/06/2018	-5068	Transfer	3038475	1.52
				08/06/2018	22748	Transfer	3061223	1.53
				15/06/2018	18382	Transfer	3079605	1.54
				22/06/2018	-12578	Transfer	3067027	1.54
				29/06/2018	-40346	Transfer	3026681	1.52
				06/07/2018	20267	Transfer	3046948	1.53
				13/07/2018	-14423	Transfer	3032525	1.52
				20/07/2018	72298	Transfer	3104823	1.55
				27/07/2018	38674	Transfer	3143497	1.57
				03/08/2018	11214	Transfer	3154711	1.58
				10/08/2018	17734	Transfer	3172445	1.59
				24/08/2018	-28537	Transfer	3143908	1.57

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/ Decrease in shareholding	Reason for increase/ decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				31/08/2018	6789	Transfer	3150697	1.58
				31/08/2018	-5177	Transfer	3145520	1.58
				07/09/2018	-15137	Transfer	3130383	1.57
				14/09/2018	-79774	Transfer	3050609	1.53
				21/09/2018	-7992	Transfer	3042617	1.52
				28/09/2018	46306	Transfer	3088923	1.55
				28/09/2018	-18279	Transfer	3070644	1.54
				05/10/2018	20000	Transfer	3090644	1.55
				05/10/2018	-37277	Transfer	3053367	1.53
				12/10/2018	-19409	Transfer	3033958	1.52
				19/10/2018	10862	Transfer	3044820	1.52
				26/10/2018	36168	Transfer	3080988	1.54
				02/11/2018	78074	Transfer	3159062	1.58
				09/11/2018	25766	Transfer	3184828	1.59
				16/11/2018	-6335	Transfer	3178493	1.59
				23/11/2018	-17612	Transfer	3160881	1.58
				30/11/2018	-29134	Transfer	3131747	1.57
				07/12/2018	10000	Transfer	3141747	1.57
				07/12/2018	-5548	Transfer	3136199	1.57
				14/12/2018	-248092	Transfer	2888107	1.45
				21/12/2018	-84269	Transfer	2803838	1.40
				28/12/2018	-3978	Transfer	2799860	1.40
				31/12/2018	990	Transfer	2800850	1.40
				04/01/2019	22000	Transfer	2822850	1.41
				04/01/2019	-14203	Transfer	2808647	1.41
				11/01/2019	-5398	Transfer	2803249	1.40
				18/01/2019	63	Transfer	2803312	1.40
				25/01/2019	-16434	Transfer	2786878	1.40
				01/02/2019	-48036	Transfer	2738842	1.37
				08/02/2019	-32793	Transfer	2706049	1.35
				15/02/2019	3580	Transfer	2709629	1.36
				22/02/2019	-16389	Transfer	2693240	1.35
				01/03/2019	9256	Transfer	2702496	1.35
				01/03/2019	-2137	Transfer	2700359	1.35
				08/03/2019	8515	Transfer	2708874	1.36
				15/03/2019	-26812	Transfer	2682062	1.34
				22/03/2019	-11468	Transfer	2670594	1.34
				29/03/2019	-20435	Transfer	2650159	1.33
	Shareholding at the end of the year	2650159	1.33	31/03/2019			2650159	1.33
6	GOVERNMENT PENSION FUND GLOBAL							
	Shareholding at the beginning of the year	2831993	1.42	31/03/2018			2831993	1.42
				01/06/2018	-32911	Transfer	2799082	1.40
				08/06/2018	-49334	Transfer	2749748	1.38
				15/06/2018	-11787	Transfer	2737961	1.37
				22/06/2018	271745	Transfer	3009706	1.51
				29/06/2018	-45667	Transfer	2964039	1.48
				06/07/2018	-28312	Transfer	2935727	1.47
				13/07/2018	-26400	Transfer	2909327	1.46
				20/07/2018	6398	Transfer	2915725	1.46
				27/07/2018	-235847	Transfer	2679878	1.34
				07/09/2018	25951	Transfer	2705829	1.35
				05/10/2018	41965	Transfer	2747794	1.38

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/ Decrease in shareholding	Reason for increase/ decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				14/12/2018	-52940	Transfer	2694854	1.35
				21/12/2018	42911	Transfer	2737765	1.37
				22/03/2019	29821	Transfer	2767586	1.39
	Shareholding at the end of the year	2767586	1.39	31/03/2019			2767586	1.39
7	WGI EMERGING MARKETS FUND, LLC							
	Shareholding at the beginning of the year	0	0.00	31/03/2018			0	0.00
				23/11/2018	142784	Transfer	142784	0.07
				30/11/2018	287278	Transfer	430062	0.22
				07/12/2018	302471	Transfer	732533	0.37
				14/12/2018	736879	Transfer	1469412	0.74
				21/12/2018	953895	Transfer	2423307	1.21
				04/01/2019	29688	Transfer	2452995	1.23
				08/02/2019	58085	Transfer	2511080	1.26
				08/03/2019	319525	Transfer	2830605	1.42
	Shareholding at the end of the year	2830605	1.42	31/03/2019			2830605	1.42
8	ABERDEEN EMERGING MARKETS FUND							
	Shareholding at the beginning of the year	2165335	1.08	31/03/2018			2165335	1.08
				04/05/2018	-69318	Transfer	2096017	1.05
				11/05/2018	-97453	Transfer	1998564	1.00
				18/05/2018	-16346	Transfer	1982218	0.99
				08/06/2018	-162606	Transfer	1819612	0.91
				15/06/2018	-16777	Transfer	1802835	0.90
				29/06/2018	-209756	Transfer	1593079	0.80
				06/07/2018	-26744	Transfer	1566335	0.78
				02/11/2018	-182200	Transfer	1384135	0.69
				07/12/2018	-153500	Transfer	1230635	0.62
				21/12/2018	-126000	Transfer	1104635	0.55
				22/03/2019	-147100	Transfer	957535	0.48
	Shareholding at the end of the year	957535	0.48	31/03/2019			957535	0.48
9	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL							
	Shareholding at the beginning of the year	2128177	1.07	31/03/2018			2128177	1.07
				06/04/2018	-20287	Transfer	2107890	1.06
				13/04/2018	-2305	Transfer	2105585	1.05
				20/04/2018	-61415	Transfer	2044170	1.02
				27/04/2018	-58645	Transfer	1985525	0.99
				04/05/2018	-147985	Transfer	1837540	0.92
				11/05/2018	-82987	Transfer	1754553	0.88
				18/05/2018	-34058	Transfer	1720495	0.86
				25/05/2018	-105794	Transfer	1614701	0.81
				01/06/2018	-22829	Transfer	1591872	0.80
				08/06/2018	-25377	Transfer	1566495	0.78
				15/06/2018	-26760	Transfer	1539735	0.77
				22/06/2018	-23441	Transfer	1516294	0.76
				29/06/2018	-27974	Transfer	1488320	0.75
				06/07/2018	7000	Transfer	1495320	0.75
				20/07/2018	-63893	Transfer	1431427	0.72
				27/07/2018	8912	Transfer	1440339	0.72
				10/08/2018	-16667	Transfer	1423672	0.71
				17/08/2018	-24622	Transfer	1399050	0.70
				24/08/2018	-68915	Transfer	1330135	0.67

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/ Decrease in shareholding	Reason for increase/ decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				31/08/2018	-186307	Transfer	1143828	0.57
				07/09/2018	-38381	Transfer	1105447	0.55
				14/09/2018	-107222	Transfer	998225	0.50
				21/09/2018	-88000	Transfer	910225	0.46
				28/09/2018	16065	Transfer	926290	0.46
				05/10/2018	6735	Transfer	933025	0.47
				12/10/2018	-51481	Transfer	881544	0.44
				02/11/2018	4076	Transfer	885620	0.44
				01/02/2019	-1159	Transfer	884461	0.44
				15/02/2019	106132	Transfer	990593	0.50
				22/02/2019	8458	Transfer	999051	0.50
	Shareholding at the end of the year	999051	0.50	31/03/2019			999051	0.50
10	TEMPLETON GROWTH FUND, INC.							
	Shareholding at the beginning of the year	1932181	0.97	31/03/2018			1932181	0.97
	Shareholding at the end of the year	1932181	0.97	31/03/2019			1932181	0.97
11	KUWAIT INVESTMENT AUTHORITY FUND 221							
	Shareholding at the beginning of the year	1622503	0.81	31/03/2018			1622503	0.81
				06/04/2018	36928	Transfer	1659431	0.83
				13/04/2018	40287	Transfer	1699718	0.85
				20/04/2018	-34150	Transfer	1665568	0.83
				27/04/2018	-99933	Transfer	1565635	0.78
				15/06/2018	-36742	Transfer	1528893	0.77
				13/07/2018	51638	Transfer	1580531	0.79
				20/07/2018	-6515	Transfer	1574016	0.79
				27/07/2018	-55726	Transfer	1518290	0.76
				17/08/2018	60401	Transfer	1578691	0.79
				31/08/2018	-36452	Transfer	1542239	0.77
				07/09/2018	-37159	Transfer	1505080	0.75
				02/11/2018	148378	Transfer	1653458	0.83
				30/11/2018	102009	Transfer	1755467	0.88
				15/02/2019	106182	Transfer	1861649	0.93
				22/02/2019	8461	Transfer	1870110	0.94
				01/03/2019	44554	Transfer	1914664	0.96
	Shareholding at the end of the year	1914664	0.96	31/03/2019			1914664	0.96
12	KOTAK MAHINDRA 50 UNIT SCHEME							
	Shareholding at the beginning of the year	1891908	0.95	31/03/2018			1891908	0.95
				06/04/2018	2	Transfer	1891910	0.95
				06/04/2018	-21671	Transfer	1870239	0.94
				13/04/2018	-5350	Transfer	1864889	0.93
				20/04/2018	23200	Transfer	1888089	0.95
				20/04/2018	-2719	Transfer	1885370	0.94
				27/04/2018	22600	Transfer	1907970	0.96
				27/04/2018	-65761	Transfer	1842209	0.92
				04/05/2018	2434	Transfer	1844643	0.92
				11/05/2018	3400	Transfer	1848043	0.93
				11/05/2018	-703	Transfer	1847340	0.93
				18/05/2018	-1691	Transfer	1845649	0.92
				25/05/2018	800	Transfer	1846449	0.92
				25/05/2018	-116	Transfer	1846333	0.92
				01/06/2018	52	Transfer	1846385	0.92
				01/06/2018	-46400	Transfer	1799985	0.90

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/ Decrease in shareholding	Reason for increase/ decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				08/06/2018	10801	Transfer	1810786	0.91
				15/06/2018	1616	Transfer	1812402	0.91
				22/06/2018	201	Transfer	1812603	0.91
				22/06/2018	-1603	Transfer	1811000	0.91
				29/06/2018	29600	Transfer	1840600	0.92
				29/06/2018	-32	Transfer	1840568	0.92
				06/07/2018	20161	Transfer	1860729	0.93
				06/07/2018	-1	Transfer	1860728	0.93
				13/07/2018	44	Transfer	1860772	0.93
				13/07/2018	-26200	Transfer	1834572	0.92
				20/07/2018	41655	Transfer	1876227	0.94
				20/07/2018	-35000	Transfer	1841227	0.92
				27/07/2018	182800	Transfer	2024027	1.01
				27/07/2018	-13259	Transfer	2010768	1.01
				03/08/2018	17536	Transfer	2028304	1.02
				03/08/2018	-151800	Transfer	1876504	0.94
				10/08/2018	17	Transfer	1876521	0.94
				10/08/2018	-61200	Transfer	1815321	0.91
				17/08/2018	118	Transfer	1815439	0.91
				17/08/2018	-52800	Transfer	1762639	0.88
				24/08/2018	34	Transfer	1762673	0.88
				24/08/2018	-3600	Transfer	1759073	0.88
				31/08/2018	14428	Transfer	1773501	0.89
				07/09/2018	95	Transfer	1773596	0.89
				07/09/2018	-5400	Transfer	1768196	0.89
				14/09/2018	165	Transfer	1768361	0.89
				14/09/2018	-82412	Transfer	1685949	0.84
				21/09/2018	85	Transfer	1686034	0.84
				21/09/2018	-30400	Transfer	1655634	0.83
				28/09/2018	-170012	Transfer	1485622	0.74
				05/10/2018	8821	Transfer	1494443	0.75
				12/10/2018	8436	Transfer	1502879	0.75
				12/10/2018	-200	Transfer	1502679	0.75
				19/10/2018	212	Transfer	1502891	0.75
				19/10/2018	-1600	Transfer	1501291	0.75
				26/10/2018	3481	Transfer	1504772	0.75
				26/10/2018	-4200	Transfer	1500572	0.75
				02/11/2018	37117	Transfer	1537689	0.77
				09/11/2018	1017	Transfer	1538706	0.77
				09/11/2018	-13	Transfer	1538693	0.77
				16/11/2018	239	Transfer	1538932	0.77
				16/11/2018	-400	Transfer	1538532	0.77
				23/11/2018	56	Transfer	1538588	0.77
				23/11/2018	-46600	Transfer	1491988	0.75
				30/11/2018	1000	Transfer	1492988	0.75
				30/11/2018	-1033	Transfer	1491955	0.75
				07/12/2018	114	Transfer	1492069	0.75
				07/12/2018	-3200	Transfer	1488869	0.75
				14/12/2018	2422	Transfer	1491291	0.75
				21/12/2018	4565	Transfer	1495856	0.75
				21/12/2018	-4	Transfer	1495852	0.75

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/Decrease in shareholding	Reason for increase/decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				28/12/2018	84	Transfer	1495936	0.75
				28/12/2018	-15	Transfer	1495921	0.75
				31/12/2018	-89	Transfer	1495832	0.75
				04/01/2019	147	Transfer	1495979	0.75
				11/01/2019	23800	Transfer	1519779	0.76
				18/01/2019	70235	Transfer	1590014	0.80
				25/01/2019	11000	Transfer	1601014	0.80
				25/01/2019	-17	Transfer	1600997	0.80
				01/02/2019	103	Transfer	1601100	0.80
				01/02/2019	-3000	Transfer	1598100	0.80
				08/02/2019	103200	Transfer	1701300	0.85
				08/02/2019	-121	Transfer	1701179	0.85
				15/02/2019	513	Transfer	1701692	0.85
				15/02/2019	-44800	Transfer	1656892	0.83
				22/02/2019	42234	Transfer	1699126	0.85
				01/03/2019	11933	Transfer	1711059	0.86
				08/03/2019	13851	Transfer	1724910	0.86
				15/03/2019	20515	Transfer	1745425	0.87
				22/03/2019	521	Transfer	1745946	0.87
				22/03/2019	-2800	Transfer	1743146	0.87
				29/03/2019	34643	Transfer	1777789	0.89
				29/03/2019	-9	Transfer	1777780	0.89
	Shareholding at the end of the year	1777780	0.89	31/03/2019			1777780	0.89
13	UTI - LONG TERM EQUITY FUND (TAX SAVING)							
	Shareholding at the beginning of the year	1119647	0.56	31/03/2018			1119647	0.56
				06/04/2018	6729	Transfer	1126376	0.56
				06/04/2018	-9000	Transfer	1117376	0.56
				13/04/2018	879	Transfer	1118255	0.56
				13/04/2018	-255	Transfer	1118000	0.56
				20/04/2018	4972	Transfer	1122972	0.56
				27/04/2018	5553	Transfer	1128525	0.57
				27/04/2018	-22886	Transfer	1105639	0.55
				04/05/2018	1728	Transfer	1107367	0.55
				04/05/2018	-95	Transfer	1107272	0.55
				11/05/2018	5652	Transfer	1112924	0.56
				18/05/2018	1560	Transfer	1114484	0.56
				18/05/2018	-778	Transfer	1113706	0.56
				25/05/2018	4643	Transfer	1118349	0.56
				01/06/2018	3191	Transfer	1121540	0.56
				08/06/2018	3113	Transfer	1124653	0.56
				08/06/2018	-3659	Transfer	1120994	0.56
				15/06/2018	2879	Transfer	1123873	0.56
				22/06/2018	2214	Transfer	1126087	0.56
				22/06/2018	-154	Transfer	1125933	0.56
				29/06/2018	1929	Transfer	1127862	0.56
				06/07/2018	14960	Transfer	1142822	0.57
				06/07/2018	-3000	Transfer	1139822	0.57
				13/07/2018	5240	Transfer	1145062	0.57
				13/07/2018	-9666	Transfer	1135396	0.57
				20/07/2018	32482	Transfer	1167878	0.58
				20/07/2018	-349	Transfer	1167529	0.58

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of Change	Increase/ Decrease in shareholding	Reason for increase/ decrease	Cumulative shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				27/07/2018	2610	Transfer	1170139	0.59
				27/07/2018	-4362	Transfer	1165777	0.58
				03/08/2018	20924	Transfer	1186701	0.59
				03/08/2018	-2000	Transfer	1184701	0.59
				10/08/2018	2672	Transfer	1187373	0.59
				10/08/2018	-35998	Transfer	1151375	0.58
				17/08/2018	1416	Transfer	1152791	0.58
				17/08/2018	-23819	Transfer	1128972	0.57
				24/08/2018	3756	Transfer	1132728	0.57
				24/08/2018	-15078	Transfer	1117650	0.56
				31/08/2018	6647	Transfer	1124297	0.56
				07/09/2018	28985	Transfer	1153282	0.58
				14/09/2018	32012	Transfer	1185294	0.59
				21/09/2018	56101	Transfer	1241395	0.62
				28/09/2018	23710	Transfer	1265105	0.63
				28/09/2018	-46785	Transfer	1218320	0.61
				05/10/2018	113052	Transfer	1331372	0.67
				12/10/2018	230363	Transfer	1561735	0.78
				12/10/2018	-1200	Transfer	1560535	0.78
				19/10/2018	1445	Transfer	1561980	0.78
				26/10/2018	36185	Transfer	1598165	0.80
				26/10/2018	-49132	Transfer	1549033	0.78
				02/11/2018	4224	Transfer	1553257	0.78
				02/11/2018	-589	Transfer	1552668	0.78
				09/11/2018	2769	Transfer	1555437	0.78
				16/11/2018	13608	Transfer	1569045	0.79
				23/11/2018	2560	Transfer	1571605	0.79
				30/11/2018	1456	Transfer	1573061	0.79
				07/12/2018	393	Transfer	1573454	0.79
				14/12/2018	611	Transfer	1574065	0.79
				21/12/2018	12498	Transfer	1586563	0.79
				28/12/2018	1714	Transfer	1588277	0.80
				28/12/2018	-8227	Transfer	1580050	0.79
				31/12/2018	1288	Transfer	1581338	0.79
				04/01/2019	5504	Transfer	1586842	0.79
				11/01/2019	42206	Transfer	1629048	0.82
				11/01/2019	-9200	Transfer	1619848	0.81
				18/01/2019	52529	Transfer	1672377	0.84
				25/01/2019	24640	Transfer	1697017	0.85
				01/02/2019	17177	Transfer	1714194	0.86
				08/02/2019	68146	Transfer	1782340	0.89
				15/02/2019	3567	Transfer	1785907	0.89
				22/02/2019	13507	Transfer	1799414	0.90
				01/03/2019	15583	Transfer	1814997	0.91
				01/03/2019	-12200	Transfer	1802797	0.90
				08/03/2019	6870	Transfer	1809667	0.91
				15/03/2019	7030	Transfer	1816697	0.91
				15/03/2019	-205	Transfer	1816492	0.91
				22/03/2019	23488	Transfer	1839980	0.92
				22/03/2019	-282	Transfer	1839698	0.92
				29/03/2019	37272	Transfer	1876970	0.94
	Shareholding at the end of the year	1876970	0.94	31/03/2019			1876970	0.94

(v) Shareholding of Directors & Key Managerial Personnel

Sl. No.	Name of Directors / 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 2018-19	
		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	9384876*	4.70	There is no change in the shareholding during the financial year 2018-2019.				
	Shareholding at the end of the year	9384876*	4.70					
2	Mr. Suman Kant Munjal							
	Shareholding at the beginning of the year	9391101 [§]	4.70	There is no change in the shareholding during the financial year 2018-2019.				
	Shareholding at the end of the year	9391101 [§]	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 2018-2019.				
	Shareholding at the end of the year	0	0.00					
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 2018-2019.				
	Shareholding at the end of the year	160 [§]	0.00					
5	Gen. (Retd.) V. P. Malik *							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2018-2019.				
	Shareholding at the end of the year	0	0.00					
6	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 2018-2019.				
	Shareholding at the end of the year	0	0.00					
7	Mr. M. Damodaran							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2018-2019.				
	Shareholding at the end of the year	0	0.00					
8	Dr. Pritam Singh *							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2018-2019.				
	Shareholding at the end of the year	0	0.00					
9	Mr. Ravi Nath							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2018-2019.				
	Shareholding at the end of the year	0	0.00					
10	Ms. Shobana Kamineni							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2018-2019.				
	Shareholding at the end of the year	0	0.00					
11	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 2018-2019.				
	Shareholding at the end of the year	0	0.00					
12	Mr. Vikram S. Kasbekar							
	Shareholding at the beginning of the year	2210	0.00	16/10/2018	Increase	Allotted under ESOP	3020	0.00
		3020	0.00	31/01/2019	Increase	Allotted under ESOP	3974	0.00
	Shareholding at the end of the year	3974	0.00				3974	0.00
13	Mr. Niranjan Gupta							
	Shareholding at the beginning of the year	0	0.00	31/01/2019	Increase	Allotted under ESOP	1596	0.00
	Shareholding at the end of the year	1596	0.00				1596	0.00
14	Ms. Neerja Sharma							
	Shareholding at the beginning of the year	162	0.00	26/07/2018	Increase	Purchased from market	182	0.00
		182	0.00	16/10/2018	Increase	Allotted under ESOP	344	0.00
	Shareholding at the end of the year	344	0.00				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 March 31, 2019.

^ Appointed as Director effective November 15, 2018.

V INDEBTEDNESS (Indebtedness of the Company including interest outstanding/accrued but not due for payment)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year	0	0	0	0
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	0	0	0	0
Addition	0	0	0	0
Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year	0	0	0	0
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 Director, Whole-time Director 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	77.64	5.56	83.20
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.44	0.31	1.75
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock option	-	0.06	0.06
3.	Sweat Equity	-	-	-
4.	Commission			
	Less: as % of profit - 17-18 paid included above	(51.72)	-	(51.72)
	Add: as % of profit provided not included above	51.75	-	51.75
	others	-	-	-
5.	Others (PF & Gratuity)	1.30	0.25	1.55
	Total (A)	80.41	6.19	86.59
	Ceiling as per the Act			517.53

B. Remuneration to other directors:

(₹ in crore)

Sl. No.	Particulars of Remuneration	Name of Directors									Total
1.	Independent Directors	Mr. Pradeep Dinodia	Gen. (Retd.) Ved Prakash Malik	Dr. Pritam Singh	Mr. M. Damodaran	Mr. Ravi Nath	Dr. Anand C. Burman	Ms. Shobana Kamineni	Mr. Paul Edgerley	Prof. Jagmohan Singh Raju	
	a. Fee for attending board committee meetings	0.23	0.17	0.12	0.16	0.15	0.02	0.04	0.03	0.02	0.94
	b. Commission	0.72	0.58	0.48	0.63	0.36	0.07	0.13	0.11	0.06	3.12
	c. Others	-	-	-	-	-	-	-	-	-	-
	Total (1)	0.95	0.75	0.60	0.79	0.51	0.09	0.17	0.14	0.08	4.06
2.	Other Non-Executive Directors	Mr. Suman Kant Munjal									
	a. Fee for attending board committee meetings	0.04	-	-	-	-	-	-	-	-	0.04
	b. Commission	0.14	-	-	-	-	-	-	-	-	0.14
	c. Others	-	-	-	-	-	-	-	-	-	-
	Total (2)	0.18	-	-	-	-	-	-	-	-	0.18
	Total B = (1+2)	1.13	0.75	0.60	0.79	0.51	0.09	0.17	0.14	0.08	4.24
	Total Managerial Remuneration										90.83
	Overall Ceiling as per the Act										569.28

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(₹ in crore)

Sl. No.	Particulars of Remuneration	Mr. Niranjana Gupta, Chief Financial Officer	Ms. Neerja Sharma, Company Secretary & Chief Compliance Officer	Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3.81	1.60	5.41
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.17	0.10	0.27
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock option	0.42	0.01	0.43
3.	Sweat Equity	-	-	-
4.	Commission			
	as % of profit	-	-	-
	others	-	-	-
5.	Others (PF & Gratuity)	0.13	0.08	0.21
	Total	4.53	1.79	6.32

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					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Not Applicable

ANNEXURE – XII

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

CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy:

- Approx. annual savings on vehicles produced in FY 2018-19: ₹ 20 million

Installation of Energy Efficient (IE4) motors, HPFC (Hybrid Power Factor Correction) Panels, Next Generation VFDs (Variable Frequency Drives), LEDs, Energy Efficient Building Envelope (as per solar path), enhancing natural day light harvesting.

(ii) Steps taken by the Company for utilising alternate sources of energy:

- Solar Photovoltaic Power Plants (7.0 MW across HMCL Manufacturing Plants – Local & Global)
- Solar Thermal Generation System
- Solar Smart Tree
- Heat Pump (utilizing cooling tower waste heat) installation
- Wind-Solar Hybrid Street Lights
- Natural wind ventilators

(iii) Capital investment on energy conservation equipment:

- Approx. capital investments on energy conservation equipment in FY 2018-19: ₹ 250 million

TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

- 70 patents filed in 2018-19 towards development of new technologies
- Low cost Bluetooth enabled Navigation System

(ii) Benefits derived, like product improvement, cost reduction, product development or import substitution

Product Development – In-house design and development of

- New 200 cc FI motorcycle Engine & Vehicle
- New 125 cc FI scooter Engine and Scooter

(iii) In case of imported technology (imported during last three years reckoned from the beginning of the financial year)

- Details of technology imported
FI System for two-wheelers
- Year of import
Under progress, will be completed by 2019

- Whether the technology been fully absorbed

Yes

- 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, 2019	March 31, 2018
Capital	132.22	126.79
Recurring	417.49	366.72
Total R&D expenditure as a percentage of total revenue (as per Statement of Profit & Loss)	1.60%	1.48%

FOREIGN EXCHANGE EARNINGS AND OUTGO

Export Activities / Initiatives to Increase Exports / Development of New Export Markets / Export Plans

- **Export performance for FY 2018-19:** The Company achieved 208,056 units in exports for FY 2018-19, a growth of 2% over FY 2017-18.
- **Capacities:** Bangladesh – 150,000 / annum
Colombia – 80,000 / annum

Key initiatives in FY 2018-19:

1. South Asia:

- Bangladesh market grew by over 15% in FY 2018-19 riding on the back of robust economic growth and conducive fiscal policy of the government. The Company's market share in Bangladesh was 23 % during FY 2018-19 on the back of a successful festive season and retail financing initiative.
- Sri Lankan market had a de-growth of 7%. The Company launched refreshes of Hunk 150, Maestro Edge 110. Amongst new products, Destini 125 was launched.
- Nepal market grew in FY 2018-19 by 7.3%. New product launches included Xtreme 200R and Destini 125. Refresh of Maestro Edge 110 and Duet 110 were launched.

2. Africa:

- Nigeria industry started growing again in FY 2018-19 and had a robust growth rate of 62%.

- The Company appointed new distributors in Uganda, Tanzania which are key markets in East Africa. Sales in these markets will commence from Q1 of FY 2019-20. Sales to several new trading markets commenced in FY 2018-19.
- The Company is planning a relaunch in Kenya and Angola and also explore new countries in Africa in FY 2019-20.
- The Company will be revamping its complete product portfolio in Africa in FY 2019-20 to provide products more suited for Africa. Major thrust is planned in Nigeria with new products, revamped distribution and ensuring adequate after sales coverage in key geographies.

3. Middle East:

- Market in Turkey contracted due to devaluation of currency. Iran market closed due to sanctions.
- New distributor appointed for GCC countries and relaunch expected in Q1 FY 2019-20.
- Euro IV products launched in Turkey. More new Euro IV products planned in FY 2019-20.

4. Latin America:

- Colombian market grew by 15% whilst Argentina and Central American Cluster showed de-growth of 34% and 2.6% respectively.
- Hunk 200R launched in all key markets in Latin America to a very positive reception. Refreshes for Eco Deluxe launched in Colombia and a new variant – Eco 100 – launched in Colombia to strengthen the entry segment share. Dash 125 launched in Colombia to mark entry in the large 125 cc scooter segment.

5. FY 2018-19 saw the Company participating in Auto Shows in global markets like Sri Lanka, Nepal, Turkey, Colombia, Argentina, Bolivia, Bangladesh and Italy (EICMA).
6. The Company would strive to deliver environmental friendly, safe, fuel efficient and cost effective transport to customers across all regions, while complying with all local mandates on regulations.
7. The year also saw the Company associating with various sporting events around the globe: Hero Indian Open, British Masters, Hero World Challenge, Caribbean Premier

League, FIH Tournaments, ISL and many bilateral cricket tournaments across the globe.

8. Major campaigns of products, services and corporate:

- Impactful communication featuring Diego Simeone for Latin America during the FIFA World Cup.
- Push of Corporate Campaign of Bangladesh by making a huge digital campaign inviting UGC.
- 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 (stripes/colors) for Hunk and Maestro Edge.

Key initiatives of FY 2019-20 will include:

- i. Scale up Retail Financing across markets;
- ii. Launching new products and entering into new segments;
- iii. Scale up efforts on exploring new markets 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 inquiries.

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 FY 2018-19 were ₹ 832.01 crore, as compared to ₹ 737.64 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 2018-19 was ₹ 228.27 crore, as compared to ₹ 252.19 crore in the previous FY.

Outgo for import of components, spare parts, raw materials and capital goods during the FY 2018-19 was ₹ 1,620.58 crore, as compared to ₹ 1,011.15 crore in the previous financial year.

INDEPENDENT AUDITOR’S 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 31 March 2019, 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 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 31 March 2019, and its 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements 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.	Key Audit Matters	Auditor’s Response
1.	<p>Government Grants</p> <p>The Company obtains various grants from Government authorities in connection with manufacturing and sales of two wheelers. There are certain specific conditions attached to the grants, which are subject to formal approval process.</p> <p>Management evaluates, on a periodic basis, 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 recognized in the financial statements.</p> <p>We identified the recognition of Government grants as a key audit matter because the amount of grants recorded is material to the financial statements and due to existence of significant management judgement applied in assessing whether the conditions attached to grants have been met and whether there is reasonable assurance that Grants will be received.</p>	<p>Audit procedures</p> <p>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:</p> <ul style="list-style-type: none">• inspecting, on a sample basis, documentation relating to the grants given by the various Government authorities and identifying the specific conditions attached to the respective grants and respective application and approval procedures;• evaluated the basis of management’s judgement about whether the conditions attached to the grants have been met and whether reasonable assurance has been obtained that grants will be received and evaluating management’s judgement by examining the terms of the underlying documentation and the information used by them to form such judgements;• assessing the appropriate classification of grants with reference to the terms of the underlying documentation;• in respect of grants related to income recorded during the current year, sales actually incurred for which the grants are to receive in the relevant documents and correspondence from the government authorities to assess whether the criteria for recognition of the grants had been met.

2. Intangible assets under development

The Company incurs significant internal and external costs in respect of the development of new models and technology of two wheelers.

The accounting for these costs as either intangible assets or expense items recorded in the statement of profit and loss involves judgment and is dependent on the nature of the related development.

We identified the intangible asset under development as a key audit matter due to risk of inappropriate recognition of costs either as an expenditure or capital item.

Audit procedures

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:

- evaluated the design of internal controls relating to identification and classification of expenditure related to the development of new models and technology
- for selected samples, tested the operating effectiveness of the internal control identification and classification of expenditure related to the development of new models and technology.
- tested on a sample basis, costs incurred on such development, and agreed these to underlying documentation.

Information Other than the Standalone Financial Statements and Auditor's 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 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 judgments and estimates that are reasonable and

prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.
 - 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 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 31 March 2019 on its financial position in its standalone financial statements - Refer Note 34 to the standalone financial statements;
- ii) According to the information and explanation given to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) According to the information and explanation given to us, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the

period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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's registration No.: 101248W/W-100022

Jiten Chopra

Partner

Membership No.: 092894

Place: New Delhi

Date: 26 April 2019

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 2019

- (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 assets. In accordance with this programme, certain fixed assets were physically verified during the year. As informed to us, no material discrepancies were noted on such verification.
 - (c) According to the information and explanations given to us and 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. For stocks lying with third parties at the year-end, written confirmations have been obtained. According to the information and explanations given to us, the procedures for physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted 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 2019 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 2019, other than those mentioned as follows:

Name of Statute	Nature of Dues	Amount* (₹ in crores)	Amount paid (₹ in crores)	Financial year to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	691.57	321.18	2008-09 to 2013-14	Supreme Court
		2.35	0.10	2014-15 to 2017-18	Commissioner Appeal
		863.10	415.30	2002-03 to 2017-18	("Customs Excise, Service Tax Appellate Tribunal") CESTAT
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	3163.55 [§]	-	2008-09	Income Tax Appellant Tribunal ("ITAT")
		2343.27 [#]	280.00	2004-05 and 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.

§ Interim stay granted by ITAT.

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	21.82	2009-10 to 2010-11, 2013-14	CESTAT
Income-tax Act, 1961	Income-tax	4.10	-	2005-06	Supreme Court
		7,358.07	-	1987-88, 1992-93, 1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2006-07, 2009-10, 2010-11, 2011-12 and 2012-13	High Court
		71.71	-	2003-04, 2004-05, 2005-06 and 2007-08	Income Tax Appellate Tribunal

(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 2019. 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's registration No.: 101248W/W-100022

Jiten Chopra

Partner

Membership No.: 092894

Place: New Delhi

Date: 26 April 2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

on the standalone financial statements of Hero MotoCorp Limited for the year ended 31 March 2019

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 financial statements of Hero MotoCorp Limited ("the Company") as of 31 March 2019 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 financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to 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 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 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 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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's registration No.: 101248W/W-100022

Jiten Chopra

Partner

Place: New Delhi

Date: 26 April 2019

Membership No.: 092894

BALANCE SHEET

AS AT MARCH 31 2019

(Amount in crores of INR)

Particulars	Note	As at March 31, 2019	As at March. 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	4,477.53	4,485.89
(b) Capital work-in-progress	6	360.67	203.78
(c) Intangible assets	7	141.05	168.65
(d) Intangible assets under development	8	181.19	114.61
(e) Financial assets			
(i) Investments	9	2,801.51	1,934.08
(ii) Loans	10	59.96	45.68
(f) Income tax assets (net)	12	839.26	379.26
(g) Other non-current assets	13	664.38	558.67
Total Non - Current Assets		9,525.55	7,890.62
Current assets			
(a) Inventories	14	1,072.37	823.58
(b) Financial assets			
(i) Investments	9	3,167.10	5,591.12
(ii) Trade receivables	15	2,821.57	1,520.18
(iii) Cash and cash equivalents	16	40.68	34.38
(iv) Bank balances other than (iii) above	17	95.78	106.96
(v) Loans	10	25.03	27.56
(vi) Others	11	653.89	539.37
(c) Other current assets	13	239.22	205.03
Total Current Assets		8,115.64	8,848.18
Total Assets		17,641.19	16,738.80
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	18	39.95	39.94
(b) Other equity	19	12,817.17	11,728.94
Total equity		12,857.12	11,768.88
LIABILITIES			
Non-current liabilities			
(a) Provisions	20	117.20	114.94
(b) Deferred tax liabilities (net)	21	536.51	511.66
Total Non - Current Liabilities		653.71	626.60
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	22	3,355.28	3,318.81
(ii) Other financial liabilities	23	220.87	202.14
(b) Other current liabilities	24	495.18	762.58
(c) Provisions	20	59.03	59.79
Total Current Liabilities		4,130.36	4,343.32
Total Equity and Liabilities		17,641.19	16,738.80
The notes referred to above form an integral part of the financials statements	1-45		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 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

Jiten Chopra
Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjan Kumar Gupta
Chief Financial Officer
Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

STATEMENT OF PROFIT AND LOSS

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in crores of INR)

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	25	33,650.54	32,871.82
Other income	26	691.25	525.82
Total Income		34,341.79	33,397.64
Expenses			
Cost of raw materials consumed	27	23,346.10	21,857.79
Change in inventories of finished goods and work-in-progress	28	(28.38)	(23.15)
Excise duty on sale of goods		-	641.33
Employee benefit expenses	29	1,730.24	1,540.13
Finance costs	30	8.60	6.25
Depreciation and amortisation expenses	5 & 7	602.01	555.60
Other expenses	31	3,672.49	3,575.53
Total expenses		29,331.06	28,153.48
Profit before tax		5,010.73	5,244.16
Tax expense	32		
Current tax		1,601.02	1,446.95
Deferred tax		24.84	99.85
Total tax expense		1,625.86	1,546.80
Profit for the year		3,384.87	3,697.36
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:-			
Re-measurement losses on defined benefit plans		(27.38)	(7.24)
Income tax effect		9.57	2.53
Net other comprehensive income not to be reclassified to profit or loss		(17.81)	(4.71)
Total Comprehensive income for the year, net of income tax		3,367.06	3,692.65
Earnings per share (Nominal value of ₹ 2 each) in ₹	33		
(a) Basic		169.48	185.14
(b) Diluted		169.47	185.13
The notes referred to above form an integral part of the financials statements	1-45		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 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

Jiten Chopra
Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjn Kumar Gupta
Chief Financial Officer
Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

(Amount in crores of INR)

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit after tax		3,384.87	3,697.36
Adjustments for:			
Add: Depreciation and amortisation expense		602.01	555.60
Income tax expense		1,625.86	1,546.80
Loss on property, plant and equipment sold/ discarded		6.49	25.34
Finance cost		8.60	6.25
Employee Stock Compensation Cost		6.55	5.35
		2,249.51	2,139.34
Less: Interest income on financial assets carried at amortised cost		281.29	154.17
Dividend income		83.88	76.31
Profit on sale of investments		144.09	216.09
Gain on investments carried at fair value through profit or loss		175.11	74.53
Profit on sale of property, plant and equipment		0.65	0.52
		685.02	521.62
Operating profit before working capital changes		4,949.36	5,315.08
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets:			
Inventories		(248.79)	(167.27)
Trade receivables		(1,301.39)	41.69
Loans-Current		2.53	(3.38)
Loans-Non-Current		(14.28)	2.68
Other financial assets		(114.52)	(394.42)
Other current assets		(34.19)	183.26
Other non-current assets		46.51	69.27
		(1,664.13)	(268.17)
Adjustment for increase/(decrease) in operating liabilities:			
Trade payables		36.47	71.54
Other financial liabilities-Current		2.08	(12.04)
Other current liabilities		(267.40)	308.30
Short-term provisions		(0.76)	20.78
Long-term provisions		(25.12)	39.64
		(254.73)	428.23
Cash generated from operations activities		3,030.50	5,475.14
Less: Direct taxes paid		2,051.45	1,494.28
Net cash generated from operating activities		979.05	3,980.86
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant & equipment and intangible assets including capital advances		(922.01)	(801.84)
Proceeds from sale of property, plant & equipment		4.08	2.61
Sale of investments		38,476.69	33,599.38

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of investments		(35,919.01)	(34,780.58)
Investment in associates		(628.30)	(90.09)
Investment in subsidiaries		(53.57)	(73.44)
Interest income on financial assets carried at amortised cost		279.47	152.43
Dividend income		83.88	76.31
Net cash generated from / (used) in investing activities		1,321.23	(1,915.22)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(8.60)	(6.25)
Dividends paid		(1,897.35)	(1,697.50)
Tax on dividend		(390.01)	(345.57)
Proceeds from issue of equity share capital (including securities premium)		1.98	2.66
Net cash (used) in financing activities		(2,293.98)	(2,046.66)
D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		6.30	18.98
Cash and cash equivalents at the beginning of the year		34.38	15.40
Cash and cash equivalents at the end of the year		40.68	34.38
The notes referred to above form an integral part of the financials statements	1-45		

Refer note 31 and 42 for the disclosure related to corporate social responsibility expense

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 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

Jiten Chopra
Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjn Kumar Gupta
Chief Financial Officer
Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

(Amount in crores of INR)

A. Equity share capital

	Number of shares	Amount
Balance as at March 31, 2017	199,696,838	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹29,234) (Note 40)	14,617	#
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

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, 2017	#	3.13	2,645.79	3.90	7,418.53	10,071.35
Profit for the year	-	-	-	-	3,697.36	3,697.36
Other comprehensive income for the year, net of income tax	-	-	-	-	(4.71)	(4.71)
Total Comprehensive Income for the year	-	-	-	-	3,692.65	3,692.65
Charge against share-based payments	-	-	-	5.35	-	5.35
Transferred to share premium on issue of shares	-	2.51	-	(2.51)	-	-
Payment of dividends	-	-	-	-	(1,697.50)	(1,697.50)
Tax on dividend	-	-	-	-	(345.57)	(345.57)
Issue of equity shares under employee share option plan	-	2.66	-	-	-	2.66
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

*Purpose of each reserve within Other Equity has been disclosed under Note 19.

on shares forfeited (₹4,250) and share premium account on forfeited share reissued (₹25,500)

The notes referred to above form an integral part of the financials statements

1-45

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 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

Jiten Chopra
Partner
Membership No:092894

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

Place : New Delhi
Date : April 26, 2019

Place : New Delhi
Date : April 26, 2019

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

1. General Information

Hero MotoCorp Limited (the Company) is a public company domiciled and incorporated under the provisions of the Companies Act, 1956 on January 19, 1984. The Company's registered office and principal place of business is 34, Community Centre Basant Lok, Vasant Vihar, New Delhi-110057, 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, 2019 were approved by the Board of Directors and authorised for issue on April 26, 2019.

2. Basis of preparation and presentation

2.1 Statement of Compliance

The 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 crores, 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 realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. Significant Accounting Policies

3.1 Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for

determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 3.1– Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18. There were no adjustments required to the retained earnings as at April 01, 2018. Also the application of IND AS-115 did not have any significant impact on recognition and measurement of revenue and related items in the financials statement of the company.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services

- Revenue from sale of goods is recognised when the goods are dispatched and titles have passed
- Revenue from providing services is recognized 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.

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.

3.2 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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.

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 related to income taxes levied by the same tax authority. Current and deferred tax for the year.

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.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

use. 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 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 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 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 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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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 company'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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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 intends either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

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

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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

A. Ind AS 116, Leases

Ind AS 116 Leases will replace the existing leases standard, Ind AS 17 Leases. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use (ROU) asset representing its right to use the underlying asset on lease and a lease liability representing its obligation to make lease payments. The standard is applicable from 1 April 2019.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments using the lessee's incremental borrowing rate as at 1 April 2019 and corresponding ROU asset is measured at an amount equivalent to lease liability. Therefore, there will be no effect of adopting Ind AS on retained earnings as at 1 April 2019, with no restatement of comparative information. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Company has used the following practical expedients:

- Contracts where the remaining term was less than 12 months on transition date, the Company did not consider the same for computing its ROU asset and a corresponding lease liability.

- On initial application, Ind AS 116 will only be applied to contracts that were previously classified as leases.
- The lease term has been determined with the use of hindsight where the contract contains options to extend the lease.

The nature of expenses presently presented under rent and lease rent under other expenses as per Ind AS 17 will now be presented as per Ind AS 116 in the form of:

- Amortization charge for the ROU asset
- Finance cost from interest accrued on lease liability

There will be consequent reclassification in the cash flow categories in the statement of cash flows.

Certain office premises and others, which are taken on operating lease will now be capitalised under Ind AS 116. However the impact of adoption of this new standard is not considered material.

B. Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of

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all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

C. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:-

Amendments to Ind AS 19, Employee Benefits

Amendments to Ind AS 109, Financial Instruments

Amendments to Ind AS 23, Borrowing Costs

Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Amendments to Ind AS 103, Business Combinations

Amendments to Ind AS 111, Joint Arrangements

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 there are no factors which indicates that these assets have suffered any impairment loss.

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 recognized 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, 2019 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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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, 2017	79.85	1,929.49	4,472.38	37.72	44.35	42.80	166.54	6,773.13
Additions	6.45	212.10	426.58	3.74	10.15	15.03	26.51	700.56
Disposals	-	0.30	57.97	0.30	5.40	1.00	3.58	68.55
At 31 March 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 31 March 2019	86.30	2,263.46	5,131.66	45.20	52.36	65.73	209.07	7,853.78
Accumulated depreciation								
At April 1, 2017	-	241.21	2,062.56	14.35	15.68	23.42	105.18	2,462.40
Depreciation expense	-	60.32	416.54	3.55	4.92	6.79	22.09	514.21
Adjustments	-	0.17	49.71	0.28	2.98	0.95	3.27	57.36
At 31 March 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 31 March 2019	-	368.40	2,785.97	21.01	19.56	37.07	144.24	3,376.25
Net block								
At 31 March 2018	86.30	1,839.93	2,411.60	23.54	31.48	27.57	65.47	4,485.89
At 31 March 2019	86.30	1,895.06	2,345.69	24.19	32.80	28.66	64.83	4,477.53

6. Capital work-in-progress

	As at March 31, 2019	As at March 31, 2018
Capital work-in-progress	360.67	203.78
	360.67	203.78

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7. Intangible assets

	Model fee/ Product designs and development	Computer softwares	Technical know- how/export licenses	Total
Cost				
At 1 April 2017	596.83	111.59	2,895.67	3,604.09
Additions	114.43	10.76	-	125.19
Disposals	-	0.01	-	0.01
At 31 March 2018	711.26	122.34	2,895.67	3,729.27
Additions	30.47	14.71	-	45.18
At 31 March 2019	741.73	137.05	2,895.67	3,774.45
Accumulated amortisation				
At 1 April 2017	557.17	66.39	2,895.67	3,519.23
Amortisation expense	27.20	14.19	-	41.39
At 31 March 2018	584.37	80.58	2,895.67	3,560.62
Amortisation expense	58.33	14.45	-	72.78
At 31 March 2019	642.70	95.03	2,895.67	3,633.40
Net block				
At 31 March 2018	126.89	41.76	-	168.65
At 31 March 2019	99.03	42.02	-	141.05

8. Intangible assets under development

	As at March 31, 2019	As at March 31, 2018
Intangible assets under development	181.19	114.61
Total	181.19	114.61

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9. Investments

	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Category-wise investments						
Investment in equity instruments			-	1,571.75	-	1,020.90
Investment in preference shares			-	-	-	-
Investment in debentures / bonds			150.68	253.98	-	267.41
Investment in mutual funds			3,016.42	975.78	5,591.12	645.77
			3,167.10	2,801.51	5,591.12	1,934.08
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	-	-	19.57	-	-
HMCL Netherlands B.V (Face Value of USD 1 each)	40,601,241	37,091,550	-	262.46	-	238.39
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)	35,999,993	26,069,993	-	36.00	-	26.07
HMCL (N.A.), Inc (No par Value)	2,466	2,466	-	155.38	-	155.38
			-	495.63	-	442.06
Less: Provision for diminution/ impairment			-	(155.04)	-	(155.04)
			-	340.59	-	287.02
Investment in Associates						
Ather Energy Private Limited						
Equity Shares of Face Value of ₹ 1 each	100	100	-	0.20	-	0.20
Preference shares of Face Value of ₹10 each (Convertible into equity instruments)	99,186	99,186	-	200.38	-	200.38
			-	200.58	-	200.58
Hero FinCorp Limited						
Equity shares of Face Value of ₹ 10 each	47,032,574	40,388,576	-	1,026.29	-	527.99
			-	1,226.87	-	728.57
Quoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in equity instruments of Other Entities						
Bombay Stock Exchange Limited						
Face Value of ₹ 2 each	70,200	70,200	-	4.29	-	5.31
			-	4.29	-	5.31

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	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Investment in equity instruments			-	1,571.75	-	1,020.90
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	-	25.22	-	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	-	17.41
8.51% HUDCO Tax Free Bonds- Maturity-13.01.2024	250,000	250,000	-	25.44	-	25.44
8.18% PFC Tax Free Bonds- Maturity-16.11.2023	323,890	323,890	-	33.38	-	33.38
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	15.49	-	-	15.51
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited- Maturity-28.04.2020	138	138	-	7.61	-	7.64
10.70% Tata Motors Finance Limited- Maturity-10.04.2020	400	400	-	22.16	-	22.25
Face Value of ₹ 10,00,000 each						
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	5.19	-	-	5.19
Zero Coupon Bonds						
Rural Electrification Corporation Ltd NCD @₹ 13,578 maturity ₹ 30,000 per bond- Maturity-15.12.2020	37,000	37,000	-	96.91	-	89.54
			20.68	253.98	-	267.41
Investment in debentures / bonds			150.68	253.98	-	267.41

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	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
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	-	76.31	-	70.85
FMP -Series 82-1135 Days Plan U Direct Plan Cumulative	50,000,000	50,000,000	-	54.02	-	50.17
Blended Plan B- Direct Plan- Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	24,817,467	24,817,467	70.29	-	65.90	-
FMP Series 83-1105 Days Plan F Direct Plan Cumulative	50,000,000	-	-	54.20	-	-
Aditya Birla Sunlife Mutual Fund						
Fixed Term Plan-Series PB (1190 days)-Direct Growth	90,000,000	90,000,000	-	98.13	-	91.34
Fixed Term Plan-Series PZ (1120 days)-Direct Growth	35,000,000	-	-	37.84	-	-
Fixed Term Plan-Series QB (1113 days)-Direct Growth	50,000,000	-	-	54.32	-	-
Fixed Term Plan-Series RC (1295 days)-Direct Growth	50,000,000	-	-	53.27	-	-
Dynamic Bond Fund- Retail- Growth	-	76,684,191	-	-	229.92	-
Reliance Mutual Fund						
Fixed Horizon Fund -XXV-Series 15-Direct Plan Growth Plan	-	40,000,000	-	-	59.55	-
Fixed Horizon Fund -XXV-Series 20-Direct Plan Growth Plan	-	20,000,000	-	-	29.67	-
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	30,000,000	30,000,000	38.48	-	-	35.81
Fixed Horizon Fund -XXXI-Series 5-Direct Growth Plan	5,000,000	5,000,000	6.13	-	-	5.70
Fixed Horizon Fund -XXXVII-Series 10-Direct Growth Plan	25,000,000	-	-	27.09	-	-
Fixed Horizon Fund -XXXVII-Series 12-Direct Growth Plan	40,000,000	-	-	43.34	-	-

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	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Floating Rate-Short Term Plan -Direct Growth Plan	-	46,942,186	-	-	131.94	-
Strategic Debt Fund- Direct Growth Plan	53,163,841	53,163,841	81.63	-	76.98	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
FMP-Sr.26-Plan A (1098 Days)-Direct Sub Plan Growth	-	15,000,000	-	-	18.83	-
FMP-Sr.26-Plan C (1098 Days)-Direct Sub Plan Growth	-	10,000,000	-	-	12.44	-
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	-	10,000,000	-	-	11.99	-
FMP-Sr.29-Plan B (1150 Days)-Direct Growth	6,000,000	6,000,000	-	6.92	-	6.43
FMP-Sr.33-Plan D (1273 Days)-Direct Sub Plan Growth	20,000,000	-	-	20.85	-	-
L&T Mutual Fund						
Credit Risk Fund Direct Plan-Growth	43,776,843	43,776,843	95.10	-	89.23	-
BNP Paribas Mutual Fund						
Medium Term Income Fund Direct Plan Growth	-	25,000,000	-	-	35.84	-
SBI Mutual Fund						
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	-	10,000,000	-	-	12.52	-
Dual Advantage Fund -Series VIII- Direct-Growth	-	25,000,000	-	-	30.30	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	15,000,000	19.37	-	18.27	-
IDFC Mutual Fund						
Fixed Term Plan Series 140 Direct Plan -Growth (1145 Days)	50,000,000	50,000,000	-	54.18	-	50.46
Fixed Term Plan Series 144 Direct Plan -Growth (1141Days)	50,000,000	50,000,000	-	53.87	-	50.19
Kotak Mutual Fund						
FMP Series 219 Direct-Growth	75,000,000	75,000,000	-	81.47	-	75.63
FMP Series 221 Direct-Growth	48,000,000	48,000,000	-	51.83	-	48.17
FMP Series 228 Direct-Growth	50,000,000	-	-	54.29	-	-
 HDFC Mutual Fund						
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	15,000,000	15,000,000	19.24	-	-	17.90
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	75,000,000	75,000,000	-	81.15	-	75.52
FMP 1147 D March 2018(1) -Direct-Growth-Series-39	50,000,000	50,000,000	-	53.93	-	50.17

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	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Cash Management Fund - Treasury Advantage Plan - Direct Plan - Growth	-	93,610,205	-	-	355.46	-
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Flexible Income Plan-Direct Plan-Growth Option	-	4,897,295	-	-	164.10	-
Savings Fund-Direct Plan-Growth Option	-	8,409,451	-	-	227.35	-
Aditya Birla Sunlife Mutual Fund						
Savings Fund-Growth-Direct Plan	-	10,802,841	-	-	371.54	-
Floating Rate Fund -Long Term-Growth- Direct Plan	-	15,013,571	-	-	323.28	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Low Duration Fund -Direct Growth Plan Growth Option (Formerly Reliance Money Manager Fund-Direct Growth Plan Growth Option)	1,890,316	1,890,316	499.12	-	460.99	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Short Term Fund-Direct Plan Growth	1,299,935	1,299,935	332.54	-	309.61	-
Ultra Short Term Fund- Direct Plan Growth (Formerly Medium Term Bond Fund-Direct Plan Growth)	1,398,253	1,398,253	275.28	-	254.40	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Duration Fund -Series AE-Direct Plan- Growth	62,500	62,500	-	7.24	-	6.72
Fixed Duration Fund -Series AG-Direct Plan- Growth	100,000	100,000	-	11.53	-	10.71
Equity fund						
Units of the face value of ₹ 10 each						
Reliance Mutual Fund						
Arbitrage Fund-Direct Monthly Dividend Plan	182,893,206	163,714,610	201.12	-	177.78	-
IDFC Mutual Fund						
Arbitrage Fund -Monthly Dividend- Direct Plan	102,862,654	83,850,668	135.27	-	109.21	-

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	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Kotak Mutual Fund						
Equity Arbitrage Fund-Direct Plan -Monthly Dividend	-	281,442,341	-	-	309.34	-
Equity Arbitrage Fund-Direct Plan -Fortnight Dividend	-	42,072,844	-	-	99.12	-
ICICI Prudential Mutual Fund						
Equity Arbitrage Fund- Direct Plan- Dividend	115,635,024	200,901,478	167.57	-	290.18	-
Aditya Birla Sunlife Mutual Fund						
Arbitrage Fund- Dividend - Direct Plan (Formerly Enhanced Arbitrage Fund- Direct Plan- Dividend)	95,931,942	95,931,942	105.77	-	105.92	-
HDFC Mutual Fund						
Arbitrage Fund-Wholesale Plan-Monthly Dividend Direct Plan- Payout	-	233,040,385	-	-	245.25	-
Axis Mutual Fund						
Arbitrage Fund Direct Dividend	138,620,823	93,310,036	153.11	-	101.99	-
Liquid fund						
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	-	5,843,394	-	-	150.26	-
Aditya Birla Sunlife Mutual Fund						
Liquid Fund- Growth- Direct Plan (Formerly Cash Plus-Growth-Direct Plan)	3,258,811	-	97.91	-	-	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	-	687,290	-	-	179.91	-
IDFC Mutual Fund						
Cash Fund -Growth-(Direct Plan)	-	1,498,579	-	-	316.23	-
Axis Mutual Fund						
Liquid Fund-Direct Growth	1,495,644	1,119,693	310.13	-	215.82	-
Kotak Mutual Fund						
Liquid Direct Plan Growth	1,079,091	-	408.36	-	-	-
Investment in mutual funds			3,016.42	975.78	5,591.12	645.77
Total Investments			3,167.10	2,801.51	5,591.12	1,934.08

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	As at March 31, 2019		As at March 31, 2018	
	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	20.68	258.27	-	272.72
Aggregate market value of quoted investments	20.70	257.60	-	279.02
Aggregate carrying value of unquoted investments	3,146.42	2,698.28	5,591.12	1,816.40
Aggregate amount of impairment in value of investments	-	(155.04)	-	(155.04)

Category-wise investment as per Ind AS 109 classification

	As at March 31, 2019		As at March 31, 2018	
	Current	Non Current	Current	Non Current
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in equity instruments	-	-	-	-
Investment in preference shares	-	-	-	-
Investment in Mutual Funds	3,016.42	975.78	5,591.12	645.77
Investment in debentures / bonds	130.00	-	-	-
Quoted				
Investment in equity instruments	-	4.29	-	5.31
Financial assets carried at amortised cost				
Quoted				
Investment in debentures / bonds	20.68	253.98	-	267.41

Note: The above does not include investments in subsidiaries and associates amounting to ₹1567.46 crores (as at March 31, 2019) and ₹1015.59 crores (as at March 31, 2018) 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, 2019	As at March 31, 2018
Non - current		
Unsecured, considered good		
Loans to employees	21.92	22.30
Security deposits	38.04	23.38
Total	59.96	45.68
Current		
Unsecured, considered good		
Loans to employees	23.22	21.36
Security deposits	1.81	6.20
Total	25.03	27.56

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 41

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

11. Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Unsecured, considered good		
Interest accrued on deposits	0.28	0.23
Accrual of incentive from State Government	618.50	518.65
Other recoverables	35.11	20.49
Total	653.89	539.37

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 41

12. Income tax assets (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax assets		
Advance income tax	2,430.71	1,826.21
Less : Provision for taxation	1,591.45	1,446.95
Total	839.26	379.26

13. Other assets

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured, considered good		
Capital advances	344.81	192.59
Prepayment land leases*	245.22	244.17
Prepaid expenses	3.13	2.74
Balance with government authorities		
- Excise duty	28.87	47.09
- VAT/ sales tax	42.35	72.08
Total	664.38	558.67
Current		
Unsecured, considered good		
Prepayment land leases*	3.24	2.83
Prepaid expenses	48.79	42.52
Advance to suppliers	121.97	30.84
Other advances	4.79	4.05
Balance with Government authorities		
- Excise duty	-	17.96
- VAT/ sales tax	35.20	81.56
- Goods and service tax (GST)	5.62	5.41
- Export incentive receivable	19.61	19.86
Total	239.22	205.03

* Prepayment of land leases include net value of leasehold land as under:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Particulars	As at March 31, 2019		
	Gross value	Accumulated Amortisation	Net value
Halol (Gujarat)	83.71	4.65	79.06
Haridwar (Uttarakhand)	95.86	13.48	82.38
Neemrana (Rajasthan)	13.10	1.79	11.31
Kukas-Jaipur (Rajasthan)	83.05	7.34	75.71
Total	275.72	27.26	248.46

Particulars	As at March 31, 2018		
	Gross value	Accumulated Amortisation	Net value
Halol (Gujarat)	83.71	3.80	79.91
Haridwar (Uttarakhand)	95.86	12.42	83.44
Neemrana (Rajasthan)	13.10	1.66	11.44
Kukas-Jaipur (Rajasthan)	78.36	6.15	72.21
Total	271.03	24.03	247.00

14. Inventories

(lower of cost and net realisable value)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials and components	615.99	444.21
Goods in transit of raw materials and components	150.70	111.50
Work in progress (Two wheelers)	31.37	37.14
Finished goods		
Two wheelers	113.21	79.47
Spare parts	37.60	37.19
Stores and spares	98.91	90.02
Loose tools	24.59	24.05
Total	1,072.37	823.58

The mode of valuation of inventories has been stated in note no. 3.12.

15. Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Trade Receivables considered good- (Secured) **	35.22	29.62
Trade Receivables considered good- (Unsecured) **	2,786.35	1,490.56
Trade Receivables with significant increase in credit risk	20.28	28.68
	2,841.85	1,548.86
Less: Loss allowance	20.28	28.68
Total	2,821.57	1,520.18

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Particulars	As at March 31, 2019	As at March 31, 2018
Age of receivables		
Within the credit period	1,378.23	1,132.94
upto 6 months past due	1,422.32	374.72
More than 6 months past due	21.02	12.52
	2,821.57	1,520.18

** Include receivables from related parties (refer note 36)

16. Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.08	0.05
Balances with banks		
In current accounts	39.37	33.17
In deposit accounts	1.23	1.16
Cash and cash equivalents	40.68	34.38

17. Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In dividend current accounts (earmarked accounts)	60.86	73.86
In deposit accounts*	34.92	33.10
Total	95.78	106.96

* The Company had placed fixed deposits aggregating ₹25.00 crores 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 for a period (along with interest earned thereon).

18. (a) Equity Share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised		
250,000,000 (as at March 31, 2018 - 250,000,000) Equity shares of ₹ 2 each	50.00	50.00
Total	50.00	50.00
Issued, subscribed and fully paid up		
199,726,884 (as at March 31, 2018: 199,711,455) Equity shares of ₹ 2 each	39.95	39.94
Total	39.95	39.94

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

(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, 2019		As at March 31, 2018	
	Nos.	₹ in crores	Nos.	₹ in crores
Opening Balance	199,711,455	39.94	199,696,838	39.94
Issued during the year ₹ # Current year ₹30,858 (previous year ₹ 29,234)- Employee Stock Option Plan (refer note 40)	15,429	#	14,617	#
Closing Balance	199,726,884	39.95	199,711,455	39.94

(ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2019		As at March 31, 2018	
	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)

(iii) Shares options granted under the Company's employee share option plan

Plan	Share Options Outstanding (In Nos.)		
	As at March 31, 2019	As at March 31, 2018	Expiry Date
ESOP 2014	2,184	4,146	October 21, 2021
ESOP 2016	28,016	33,778	August 21, 2023
RSU 2016	4,047	7,083	August 21, 2023
ESOP 2017	27,016	29,800	October 31, 2024
RSU 2017	10,031	14,330	October 31, 2024
ESOP 2018	125,000	-	March 25, 2026
RSU 2018	17,760	-	January 31, 2026

Also refer details of the employee stock option plan are provided in Note 40.

(b) Preference share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised Preference share capital		
4,00,000 (as at 31 March 2018 - 4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00
4,00,000 (as at 31 March 2018 - 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

19. Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
Capital reserves	#	#
Securities premium	13.98	8.30
General reserve	2,645.79	2,645.79
Share options outstanding account	9.59	6.74
Retained earnings	10,147.81	9,068.11
Total	12,817.17	11,728.94

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.
- (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, 2019	For the year ended March 31, 2018
A. Capital Reserves		
On shares forfeited (# ₹ 4,250)	#	#
Securities premium account on forfeited shares reissued(## ₹ 25,500)	##	##
B. Securities premium		
Opening balance	8.30	3.13
Add : Premium on equity shares issued @	5.68	5.17
Closing balance	13.98	8.30
@ Addition in securities premium represents premium on equity shares under various schemes amounting to ₹1.98 crores (Previous year ₹2.66 crores) and ₹ 3.70 crores (Previous year ₹ 2.51 crores) transferred from share option outstanding account on 15,429 equity shares (Previous year 14,617 equity shares) issued and allotted during the year under ESOP scheme. Also refer Note 40.		
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	6.74	3.90
Add: Net charge during the year	6.55	5.35
Less: Transferred to securities premium on issue of shares	(3.70)	(2.51)
Closing balance	9.59	6.74

Also refer note 40

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

E. Retained earnings		
Opening balance	9,068.11	7,418.53
Add: Profit for the year	3,384.87	3,697.36
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(17.81)	(4.71)
Less: Appropriations		
Final dividend for Financial year 2017-18 [amount per share ₹ 40.0 (Financial Year 2016-17 : ₹ 30.0)]	798.85	599.09
Interim dividend for Financial year 2018-19 [amount per share ₹ 55.0 (Financial Year 2017-18 : ₹ 55.0)]	1,098.50	1,098.41
Corporate dividend tax	390.01	345.57
Balance at end of year	10,147.81	9,068.11

In respect of the year ended March 31, 2019, the directors propose that a dividend of ₹ 32 per share (March 31, 2018 : ₹ 40 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 ₹ 770.50 crores [(March 31, 2018 : ₹ 963.05 crores) including corporate dividend tax thereon of ₹ 131.37 crores] (March 31, 2018 : ₹ 164.20 crores)

20. Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Employee benefits (Refer note (i) below)		
Compensated absences	19.13	16.66
Other employee benefits	7.81	7.35
Sub-total (A)	26.94	24.01
Warranties (Refer note (ii) below)	90.26	90.93
Sub-total (B)	90.26	90.93
Total (A+B)	117.20	114.94
Current		
Employee benefits (Refer note (i) below)		
Compensated absences	5.09	4.66
Other employee benefits	0.37	0.42
Sub-total (A)	5.46	5.08
Warranties (Refer note (ii) below)	53.57	54.71
Sub-total (B)	53.57	54.71
Total (A+B)	59.03	59.79

(i) The provision for employee benefits includes sick leave and vested long term service reward.

(ii) Movement in warranties provisions

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	145.64	94.86
Additions during the year	85.12	112.49
Amount utilised during the year	(80.70)	(57.69)
Unwinding of discount and effect of changes in the discount rate	(6.23)	(4.02)
Closing balance	143.83	145.64

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 31 March 2019, this particular provision had a carrying amount of ₹ 143.83 crores (31 March 2018: ₹ 145.64 crores). Were claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated ₹14.38 crores higher or lower (31 March 2018- ₹ 14.56 Crores higher or lower).

21. Deferred tax (assets)/ liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities		
Property, plant and equipments and intangible assets	558.94	492.75
Financial assets carried at fair value through profit or loss	29.80	66.26
Others	12.38	18.67
Sub-total (A)	601.12	577.68
Less: Deferred tax assets		
Deferred revenue	43.22	43.88
Accrued expenses deductible on payment	9.35	10.09
Others	12.04	12.05
Sub-total (B)	64.61	66.02
Total (A-B)	536.51	511.66

Movement of Deferred tax (assets)/ liabilities

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
	66.01	(1.40)		64.61
Deferred tax liabilities (net)	511.66	24.84	-	536.51

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Particulars	For the Year ended March 31, 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities				
Property, plant and equipments and intangible assets	381.88	110.87	-	492.75
Financial assets carried at fair value through profit or loss	77.53	(11.27)	-	66.26
Others	17.38	1.29	-	18.67
Less: Deferred tax assets				
Accrued expenses deductible on payment	6.66	3.43	-	10.09
Deferred revenue	47.62	(3.74)	-	43.88
Remeasurement of Defined Benefit Obligations	-	(2.53)	2.53	-
Others	8.17	3.87	-	12.04
Deferred tax liabilities (net)	414.34	99.85	(2.53)	511.67

22. Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables		
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises ##	3,355.28	3,318.81
Total	3,355.28	3,318.81

Include payables to related parties (refer note 36)

According to the records available with the Company, dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is ₹ Nil (previous year ₹ Nil). Further no interest has been paid or was payable to such parties under the said Act during the year.

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 41.

23. Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Capital creditors	100.27	70.62
Security deposits dealers and others	59.73	57.65
Unclaimed dividend *	60.87	73.87
Total	220.87	202.14

* Does not include any amounts outstanding as at March 31, 2019 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

24. Other liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Statutory remittances (contributions to provident fund and employee state insurance, withholding taxes, GST etc.)	194.13	268.80
Advance from customers	43.53	236.69
Deferred revenue	252.14	254.04
Others	5.38	3.05
Total	495.18	762.58

25. Revenue From Operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Sale of products (Gross)		
Two wheelers [included excise duty of ₹ Nil (Previous year ₹ 641.33 crores)] (78,20,745 Nos. (previous year 75,87,154 Nos.))	29,693.52	29,422.60
Spare parts	2,835.97	2,578.06
	32,529.49	32,000.66
(b) Income from services		
Dealers support services	28.66	23.82
Goodlife program for customers	43.69	47.71
Services - others	522.69	158.65
	595.04	230.18
(c) Other operating revenue		
Duty drawback and other incentives	35.32	27.77
Incentive from State Government	419.30	550.15
Miscellaneous income	71.39	63.06
	526.01	640.98
Total	33,650.54	32,871.82

26. Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest income on financial assets carried at amortised cost		
Tax free bonds, debentures and other instruments classified as debt	19.77	24.89
Deposit with bank and others	261.52	129.28
(b) Dividend income		
Dividend received on investments carried at fair value through profit or loss	71.64	70.56
Dividend income from trade investment in an associate company	12.24	5.75
(c) Profit on sale of investments*	144.09	216.09
(d) Gain on investments carried at fair value through profit or loss	175.11	74.53
(e) Other non-operating income		
Exchange fluctuation	6.23	4.20
Profit on sale of property, plant and equipments	0.65	0.52
	691.25	525.82

* After adjusting loss on sale of current investments aggregating ₹ Nil crores (previous year ₹ 0.18 crores)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

27. Cost of materials consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw materials and components consumed:		
Opening stock	555.71	422.45
Add: Purchase of raw materials and components	23,614.06	22,045.99
	24,169.77	22,468.44
Less: closing stock	766.69	555.71
	23,403.08	21,912.73
Less: Cash discount	56.98	54.94
Consumption of raw materials and components	23,346.10	21,857.79
Net consumption	23,346.10	21,857.79

28. Changes in inventory of finished goods and work-in-progress

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Opening stock		
Two wheelers	79.47	55.85
Spare parts	37.19	42.91
Work in progress	37.14	31.89
	153.80	130.65
(b) Closing stock		
Two wheelers	113.21	79.47
Spare parts	37.60	37.19
Work in progress	31.37	37.14
	182.18	153.80
Net (increase)/ decrease	(28.38)	(23.15)

29. Employee benefits expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	1,491.81	1,334.38
Contribution to provident and other funds	129.34	102.29
Employee Stock Compensation Cost (refer note- 40)	6.55	5.35
Staff welfare expenses	102.54	98.11
Total	1,730.24	1,540.13

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, 2019	For the year ended March 31, 2018
a) Employer's contribution to provident fund and labour welfare fund	64.87	58.96
b) Employer's contribution to superannuation fund	17.56	18.07
c) Employer's contribution to gratuity fund	41.65	20.58
d) Employer's contribution to employee state insurance	5.26	4.68
	129.34	102.29

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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.

The principal assumptions (demographic and financial) used for the purposes of the actuarial valuations were as follows :-

Principal assumptions:	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Discount rate	7.50%	7.90%
Future salary increase	6.50% p.a. for first year and 5.50% thereafter	6.00% p.a. for first year and 5% thereafter
Retirement age	58 years	58 years
Withdrawal rate	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%	Upto 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 recognized in statement of profit and loss in respect of this defined benefit plan are as follows :-

Particulars	For the year ended March 31, 2019 Gratuity	For the year ended March 31, 2018 Gratuity
Service cost:		
Current service cost	14.27	13.34
Components of defined benefit costs recognized in profit or loss	14.27	13.34
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	3.09	0.90
Actuarial (gains)/ losses arising from changes in financial assumptions	17.99	(11.10)
Actuarial (gains)/ losses arising from experience adjustments	6.30	17.44
Components of defined benefit costs recognized in other comprehensive income	27.38	7.24
Total	41.65	20.58

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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(Amount in crores 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 :

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Present Value of funded defined benefit obligation	265.59	220.52
Fair value of plan assets	265.59	220.52
Net liability arising from defined benefit obligation	-	-

Movements in the present value of the defined benefit obligation are as follows :-

	For the year ended March 31, 2019 Gratuity	For the year ended March 31, 2018 Gratuity
Opening defined obligation	220.52	202.13
Current service cost	14.27	13.34
Interest cost	17.01	14.00
Remeasurement (gains)/losses:		
Actuarial (gains)/ losses arising from changes in financial assumptions	17.99	(11.10)
Actuarial (gains)/ losses arising from experience adjustments	6.30	17.44
Benefits paid	(10.50)	(15.29)
Closing defined benefit obligation	265.59	220.52

Movements in the fair value of the plan assets are as follows

	Gratuity	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening fair value of plan assets	220.52	202.13
Interest income	17.01	14.00
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	(3.09)	(0.90)
Contribution	41.65	20.58
Benefit paid	(10.50)	(15.29)
Closing fair value of plan assets	265.59	220.52

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 Rs.8.98 crore (increase by Rs. 9.61 crore) (as at March 31, 2018: Decrease by Rs 7.33 crores (increase by Rs. 7.82crores)).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by Rs. 9.74 crores (decrease by Rs. 11.26 crores) (as at March 31, 2018: increase by Rs. 7.12 crores (decrease by Rs. 7.56 crores)).

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 recognized in the balance sheet.

Asset-Liability Matching Study

There is no (deficit)/Surplus of liability and funds, hence asset liability matching study not performed.

Other disclosures

Maturity profile of defined benefit obligation

Particulars	As at March 31, 2019	As at March 31, 2018
Average duration of the defined benefit obligation (in years)	8.77 years	9.03 years

The Company expects to make a contribution of Rs. 16.55 crore (as at March 31, 2018 Rs 14.27 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 31 March 2019	38.52	20.69	77.59	155.33	292.13
As at 31 March 2018	16.19	34.12	69.21	140.65	260.17

30. Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses at amortised cost		
-On dealers security deposits	2.23	2.05
-On others	0.14	0.18
-Unwinding of discount on provisions	6.23	4.02
Total	8.60	6.25

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

31. Other Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Stores and tools consumed	110.30	108.46
Packing, forwarding, freight etc.	1,196.21	1,126.10
Power and fuel	157.48	138.77
Rent (Refer note 35)	51.91	41.40
Lease rent (Refer note 35)	39.33	37.84
Repairs and maintenance		
- Buildings	21.47	24.12
- Plant and machinery	109.72	100.35
- Others	9.15	7.39
Insurance charges	47.14	44.92
Rates and taxes	10.22	69.91
Advertisement and publicity	804.17	837.65
Donations#	7.73	0.22
Expenditure on corporate social responsibility (Refer note 42)	101.95	84.34
Payment to auditors	1.37	1.28
Exchange fluctuation	0.59	4.42
Loss on sale of property, plant and equipments	6.47	9.10
Loss allowance on trade receivables	-	5.07
Miscellaneous expenses	997.28	934.19
Total	3,672.49	3,575.53

Donation includes ₹7.00 crores (previous year Nil) under section 182 of the Companies Act, 2013.

Payment to auditors

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) As Statutory Audit		
-Audit fee	0.65	0.65
-Limited Review of unaudited financial results	0.45	0.45
-Other certifications	0.15	0.06
b) Tax audit fees	0.05	0.05
c) Out of pocket expenses	0.07	0.07
	1.37	1.28

32. Income tax expense

(a) Income tax expense recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax:		
In respect of the current year	1,601.02	1,446.95
Deferred Tax		
In respect of the current year	24.84	99.85
Total income tax expense recognised in the statement of profit and loss	1,625.86	1,546.80

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

(b) Income tax on other comprehensive income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of Defined Benefit Obligations	(9.57)	(2.53)
Total income tax expenses recognised in other comprehensive income	(9.57)	(2.53)

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	5,010.73	5,244.16
Income tax expense calculated at 34.944% (2017-18: 34.608%)	1,750.95	1,814.90
Effect of deduction under section 80IC of the Income tax Act, 1961	-	(190.68)
Additional deduction on research and product development cost	(41.14)	(42.06)
Additional deduction on employment generation u/s 80JJAA	(1.18)	-
Effect of income exempt/ taxed on lower rate	(99.25)	(46.68)
Others	16.48	11.33
Income tax expense recognised in statement of profit and loss	1,625.86	1,546.80

33. Earnings per share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Basic earnings per share (in ₹)	169.48	185.14
Diluted earnings per share (in ₹)	169.47	185.13
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 crores)	3,384.87	3,697.36
Opening Balance	199,711,455	199,696,838
Effect of share options exercised	4,869	4,884
Weighted average number of equity shares for the purposes of basic earnings per share (in Nos)	199,716,324	199,701,722
Effect of share options	14,695	11,794
Weighted average number of equity shares for the purposes of diluted earnings per share (in Nos)	199,731,019	199,713,516

34. Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Contingent liabilities		
In respect of excise matters	104.14	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.		
The Company is 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.		

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹344.81 crores (March 31, 2018 ₹ 192.59 crores)	717.36	333.72

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
2018-19	32,691.83	958.71	33,650.54
2017-18	32,134.18	737.64	32,871.82

Disclosure as per the requirement of Ind AS 115, Revenue :

	India	Outside India	Total
Sale of products (Gross)	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

- Domestic segment includes sales and services to customers domiciled in India.
- Overseas segment includes sales and services rendered to customers domiciled outside India.
- There are no material non-current assets domiciled outside India.
- There are no major individual customer whose revenue exceeds more than 10% of the entity's revenue.

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

HMCL Americas Inc. USA

HMCL Netherlands BV

HMC MM Auto Limited

Hero Tech Center Germany GmbH (w.e.f October 25, 2018)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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. Niranjana Kumar Gupta - Chief Financial Officer
- Mrs. 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
- Dr Anand C. Burman
- Ms. Shobana Kamineni
- Mr. Paul B. Edgerley
- Dr. Jagmohan Singh Raju (Appointed w.e.f November 15, 2018)

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 Management Services Private Limited, Hero Solar Energy Private Limited, S.R Dinodia & Co. LLP, BML Munjal University, Serendepity Arts & Trust and Raman Kant Munjal Foundation

List of other related parties- Post employment benefit plan of the Company

Hero MotoCorp Limited Employees' Gratuity Fund Trust

Hero MotoCorp Limited Employees' Superannuation Fund Trust

Refer Note 29 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, 2019	For the year ended March 31, 2018
a) Parties in respect of which the Company is an associate		
Dividend paid		
Brijmohan Lall Om Prakash (Partnership firm)	265.31	237.38
Hero Investcorp Limited	8.30	7.43
Bahadur Chand Investments Private Limited	379.46	339.52

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

b) Parties over which the Company has control		
Investment in equity instruments during the year		
Subsidiaries		
HMCL Netherlands BV	24.07	70.44
HMC MM Auto Limited	9.93	3.00
Hero Tech Center Germany GmbH	19.57	-
Sales		
HMCL Colombia SAS	124.97	51.52
HMCL Niloy Bangladesh Limited	438.27	377.43
Other operating revenues		
HMCL Colombia SAS	2.98	2.24
HMCL Niloy Bangladesh Limited	14.93	10.49
Purchases of goods/services		
HMC MM Auto Limited	19.05	25.42
Expenses reimbursed		
HMCL Colombia SAS	14.98	11.91
HMCL Niloy Bangladesh Limited	5.66	-

Balance outstanding at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
-Trade Receivable		
HMCL Colombia SAS	12.36	2.34
HMCL Niloy Bangladesh Limited	95.89	124.96
-Trade Payable		
HMC MM Auto Limited	6.11	2.78

c) Associate of the Company

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Hero FinCorp Limited		
Lease rental expenses	25.35	30.36
Dividend received	12.24	3.83
Dividend paid	0.01	0.01
Investment in equity instruments during the year	498.30	70.03
Expenses reimbursed	2.05	0.53
Rent received	0.06	0.05
Ather Energy Private Limited		
Investment in Compulsory Convertible Preference shares	-	20.06
Investment in Compulsorily convertible debentures	130.00	-

Balance outstanding at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
- Payable		
Hero FinCorp Limited	1.84	0.65

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

d) Key management personnel and their relative.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Managerial Remuneration/Sitting fees		
Mr. Pawan Munjal	80.41	75.44
Mr. Vikram Sitaram Kasbekar	6.19	6.25
Mr. Suman Kant Munjal	0.18	0.18
Mr. Niranjan Kumar Gupta	4.53	2.63
Mrs Neerja Sharma	1.79	1.63
Commission/Sitting fees/expenses reimbursement to Non Executive and Independent Directors		
Mr. Pradeep Dinodia	0.95	0.91
Gen.(Retd) Ved Prakash Malik	0.75	0.76
Dr. Pritam Singh	0.60	0.58
Mr. M.Damodaran	0.79	0.79
Mr. Ravi Nath	0.51	0.56
Dr Anand C. Burman	0.09	0.20
Ms. Shobana Kamineni	0.17	0.09
Mr. Paul B. Edgerley	0.92	0.08
Dr. Jagmohan Singh Raju	0.08	-

Balance outstanding at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
-Payables (including commission)	55.08	55.07

Category-wise break up of compensation to key management personnel during the year is as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Managerial remuneration*		
Short-term benefits	90.66	84.20
Post-employment benefits	1.76	1.51
Share-based payments	0.49	0.24

* 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.

e) Enterprises over which key management personnel and their relatives are able to exercise control

	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of raw materials and components etc.	3,155.12	2,878.43
Purchase of property, plant and equipments	36.96	22.08
Payment towards services etc.	4.78	3.30
Expenditure towards Corporate Social Responsibility (CSR)	13.21	33.99

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Balance outstanding as at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
- Payables	282.19	351.85

Significant related party transactions included in the above are as under :-

	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	997.95	706.88
Rockman Industries Limited	1920.56	1,924.44
Purchase of Assets		
Rockman Industries Limited	13.06	16.20
A.G. Industries Private Limited	20.09	0.21
Hero Solar Energy Private Limited	3.81	5.67
Payment for services etc.		
BML Munjal University	1.65	-
Hero Management Services Private Limited	-	0.35
Hero Mindmine Institute Private Limited	0.74	1.80
Hero Solar Energy Private Limited	-	0.52
A .G. Industries Private Limited	1.11	-
Rockman Industries Limited	0.25	0.62
S.R Dinodia & Co. LLP	1.02	-
CSR		
Raman Kant Munjal Foundation	2.93	6.86
BML Munjal University	10.28	22.40
Serendepity Arts & Trust	-	4.73

Significant closing balances of related parties are as under :-

Particulars	As at March 31, 2019	As at March 31, 2018
- Trade Payables		
A .G. Industries Private Limited	48.32	53.51
Rockman Industries Limited	220.54	285.39

37. Disclosure in respect of operating leases:

The Company has entered into operating lease agreements for premises, motor vehicles, dies and data processing machines. These lease arrangements are cancellable and non-cancellable in nature. The aggregate lease rentals under these arrangements amounting to ₹ 91.24 crores (previous year ₹ 79.24 crores) have been charged under "Lease rent" and "Rent" in Note 31.

Future lease payments under operating leases non cancellable in nature is as follows:-

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	14.53	0.43
Later than one year and not later than five years	29.78	1.73
Later than five years	31.38	31.82

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores 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, 2019, 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	691.57	321.18	2008-09 to 2013-14	Supreme Court
		2.35	0.10	2014-15 to 2017-18	Commissioner Appeal
		863.10	415.30	2002-03 to 2017-18	Customs Excise Service Tax Appellate Tribunal (CESTAT)
	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	3,163.55**	-	2008-09	Income Tax Appellant Tribunal (ITAT)
		2,343.27***	280.00	2004-05 and 2010-11	Commissioner of Income Tax (Appeals)

* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid of ₹ 46.5 crore.

** Interim stay granted by ITAT

*** Balance demand of financial year 2010-11 has been stayed by Assessing Officer till the disposal of first appeal.

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	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	21.82	2009-10 to 2010-11, 2013-14	CESTAT
Income Tax Act, 1961	Income-tax	4.10	-	2005-06	Supreme Court
		7,358.07	-	1987-88, 1992-93, 1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2006-07, 2009-10, 2010-11, 2011-12 and 2012-13	High Court
		71.71	-	2003-04, 2004-05, 2005-06 and 2007-08	Income Tax Appellate Tribunal

39. Research and development expenses:

Expenses charged to revenue account

	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw material consumption	9.22	1.93
Consumables	3.41	3.16
Employee benefits	198.60	152.95
Depreciation and amortisation	126.35	77.59
Others*	79.91	131.08
Total	417.49	366.72

* Includes intangible asset under development amounting to ₹0.02 crores (previous year ₹16.24 crores) expensed off during the year.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Capital expenditure	For the year ended March 31, 2019	For the year ended March 31, 2018
Land	4.69	-
Building	0.04	7.43
Equipments	24.73	32.33
Furniture and fixtures	1.20	1.62
Software	8.12	2.31
Vehicles	4.25	6.10
Data processing equipments	3.67	6.34
	46.70	56.13
Capital work in progress	85.52	70.66
Total	132.22	126.79

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

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Inputs in to the pricing model	Option Plan			
	ESOP 2018	RSU 2018	ESOP 2017	RSU 2017
Weighted Average Fair value of option/RSU	1,138.18	2,671.89	1,615	3,663
Weighted Average share price	2,885.67	3,033.78	3,850	3,850
Exercise price	2,033.00	2.00	2,818	2
Expected average volatility	22.96%	23.17%	23.98%	107.92%
Option life	7 Years	7 Years	7 Years	7 Years
Dividend yield	2.78%	2.78%	2.56%	2.56%
Average risk-free interest rate	7.00%	7.23%	6.42%	6.42%

Movements in share options during the year

	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Number of options	Weighted average exercise price ₹	Number of options	Weighted average exercise price ₹
Outstanding at the beginning of the year	67,724	2,604	52,780	2,159
Granted during the year	125,000	2,033	29,800	2,818
Forfeited during the year	2,414	2,686	3,598	2,193
Exercised during the year	8,094	2,449	11,258	2,355
Outstanding at the end of year	182,216	2,218	67,724	2,604
Exercisable at the end of year	10,864	2,547	1,290	2,469

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	21,413	2	11,194	2.00
Granted during the year	17,760	2	15,769	2.00
Forfeited during the year	-	-	2,191	2.00
Exercised during the year	7,335	2	3,359	2.00
Outstanding at the end of year	31,838	2	21,413	2.00

Share options exercised during the year

Option Plan	For the year ended 31 March 2019		For the year ended 31 March 2018	
	No. of options exercised	Weighted Share price at exercise date ₹	No. of options exercised	Weighted Share price at exercise date ₹
ESOP 2014	1,962	2,660	4,146	3,853
ESOP 2016	4,848	2,883	7,112	3,796
RSU 2016	3,036	2,883	3,359	3,590
ESOP 2017	1,284	2,681	-	-
RSU 2017	4,299	2,685	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2019	Options outstanding as at March 31, 2018	Remaining contractual life (in Years) as on March 31, 2019	Remaining contractual life (in Years) as on March 31, 2018	Exercise Price ₹
ESOP 2014	2,184	4,146	2.56	3.56	2,159
ESOP 2016	28,016	33,778	4.39	5.39	2,469
RSU 2016	4,047	7,083	4.39	5.39	2
ESOP 2017	27,016	29,800	5.59	6.59	2,818
RSU 2017	10,031	14,330	5.59	6.59	2
ESOP 2018	125,000	-	6.84	-	2,033
RSU 2018	17,760	-	6.99	-	2
	214,054	89,137			

During the the year ended March 31, 2019, the Company recorded an employee stock compensation expense of ₹ 6.55 crores (previous year ₹ 5.35 crore) in the Statement of Profit and Loss and the balance in share options outstanding account as at 31 March 2019 is ₹ 9.59 crore (previous year ₹6.74 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, optimisation 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.

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 summarizes the capital of the Company:

	As at March 31, 2019	As at March 31, 2018
Share capital	39.95	39.94
Equity reserves	12,817.17	11,728.94
Total Equity	12,857.12	11,768.88

Categories of financial instruments

	As at March 31, 2019	As at March 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	980.07	651.08
Current		
Investments	3,146.42	5,591.12

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

	As at March 31, 2019	As at March 31, 2018
Financial assets at amortised cost		
Non-current		
Investments	253.98	267.41
Loans	59.96	45.68
Current		
Investments	20.68	-
Trade receivables	2,821.57	1,520.18
Cash and bank balances	136.46	141.34
Loans	25.03	27.56
Others	653.89	539.37
Total	8,098.06	8,783.75
Financial liabilities at amortised cost		
Current		
Trade payables	3,355.28	3,318.81
Other financial liabilities	220.87	202.14
Total	3,576.14	3,520.95

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, 2018		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	645.77	-
Investments in equity instruments	5.31	-	-
Current			
Investments in mutual funds	5,397.55	193.57	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

	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

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:

	March 31, 2019		March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Non-current				
Investments in bonds	253.98	257.60	267.41	273.71
Current				
Investments in bonds	20.68	20.70	-	-

	Fair value hierarchy	
	March 31, 2019 Level 2	March 31, 2018 Level 2
Financial assets at amortised cost		
Non-current		
Investments in bonds	257.60	273.71
Current		
Investments in bonds	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 and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.
- Management uses its best judgment 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 realized 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

- There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2019 and March 31, 2018

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 realizable 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 Millions			
Foreign currency exposure as at March 31, 2019	USD	EURO	JPY
Trade Receivable	20.85	-	-
Trade Payables	21.79	-	-
Forward cover-Bought	9.28	-	-

In Millions			
Foreign currency exposure as at March 31, 2018	USD	EURO	JPY
Trade Receivable	28.98	-	-
Trade Payables	15.13	-	646.92
Forward cover-Bought	-	-	-

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 10% 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Currency	2018-19		2017-18	
	5% increase	5% decrease	5% increase	5% decrease
Receivable- USD	7.21	(7.21)	9.39	(9.39)
Payable				
USD	(7.53)	7.53	(4.90)	4.90
JPY	-	-	(1.97)	1.97
Forward cover-Bought	3.21	(3.21)	-	-
Impact on profit or loss as at the end of the reporting period	2.89	(2.89)	2.52	(2.52)
Impact on total equity as at the end of the reporting period	1.88	(1.88)	1.64	(1.64)

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, 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 informations.

Movement in the expected credit loss allowance of financial assets

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at beginning of the year	28.68	23.61
Add: Provided during the year	-	5.07
Less: Amounts written back	8.40	-
Balance at the end of the year	20.28	28.68

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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:

- profit for the year ended March 31, 2019 would increase/decrease by ₹ 39.92 Crores (for the year ended March 31, 2018 ₹62.37 crores).

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.

Particulars	As at March 31, 2019		As at March 31, 2018	
	Less than 1 year	Total	Less than 1 year	Total
Current				
(i) Trade payables	3,355.28	3,355.28	3,318.81	3,318.81
(ii) Other financial liabilities	220.87	220.87	202.14	202.14

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, 2019	For the year ended March 31, 2018
(a) Gross amount required to be spent	93.72	82.60
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	101.95	84.34

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.
44. The financial statements were approved for issue by the board of directors on April 26, 2019.
45. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 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

Jiten Chopra
Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjan Kumar Gupta
Chief Financial Officer
Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

INDEPENDENT AUDITOR’S REPORT

To The Members of
Hero MotoCorp Limited

Report on the Audit of the 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 31 March 2019, 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 associates 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 31 March 2019, 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 in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.	Key Audit Matters	Auditor’s Response
1.	<p>Government Grants</p> <p>The Company obtains various grants from Government authorities in connection with its manufacturing and sales of two wheelers. There are certain specific conditions attached to the grants, which are subject to formal approval process.</p> <p>Management evaluates, on a periodic basis, 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 recognized in the Financial Statements.</p> <p>We identified the recognition of Government grants as a key audit matter because the amount of grants recorded is material to the financial statements and due to existence of significant management judgement applied in assessing whether the conditions attached to grants have been met and whether there is reasonable assurance that Grants will be received.</p>	<p>Audit procedures</p> <p>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:</p> <ul style="list-style-type: none">• inspecting, on a sample basis, documentation relating to the grants given by the various Government authorities and identifying the specific conditions attached to the respective grants and respective application and approval procedures;• evaluated the basis of management’s judgement about whether the conditions attached to the grants have been met and whether reasonable assurance has been obtained that grants will be received and evaluating management’s judgement by examining the terms of the underlying documentation and the information used by them to form such judgements;• assessing the appropriate classification of grants with reference to the terms of the underlying documentation;• in respect of grants related to income recorded during the current year, sales actually incurred for which the grants are to receive in the relevant documents and correspondence from the government authorities to assess whether the criteria for recognition of the grants had been met.

Sr. No. Key Audit Matters**Intangible assets under development**

The Company incurs significant internal and external costs in respect of the development of new models and technology of two wheelers.

The accounting for these costs as either intangible fixed assets or expense items recorded in the statement of profit and loss involves judgement and is dependent on the nature of the related development.

We identified the intangible asset under development as a key audit matter due to risk of inappropriate recognition of costs either as an expenditure or capital item.

Auditor's Response**Audit procedures**

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:

- evaluated the design of internal controls relating to identification and classification of expenditure related to the development of new models and technology
- for selected samples, tested the operating effectiveness of the internal control identification and classification of expenditure related to the development of new models and technology.
- tested on a sample basis, costs incurred on such development, and agreed these to underlying documentation.

Information Other than the Consolidated Financial Statements and Auditor's 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.

Responsibilities of Management and Those Charged with Governance 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 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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 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 management 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 judgment 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 whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 (company and subsidiaries) as well as 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, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. 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 five subsidiaries, namely HMCL Niloy Bangladesh Limited, HMCL (NA) Inc., HMCL Americas Inc., HMCL Netherlands B.V. and HMCL Colombia S.A.S, whose financial statements/financial information reflect total assets of ₹ 789.44 crores as at 31 March 2019, total revenues of ₹ 923.32 crores and net cash flows amounting to ₹ 51.10 crores 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) of ₹ 34.73 crores for the year ended 31 March 2019, in respect of one associate, namely Ather Energy Private Limited, 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 associates 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 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 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 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:
- 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.
 - 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.
 - 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.
 - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company 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 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company 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:
- The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its associates - Refer Note 36 to the consolidated financial statements;
 - 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 31 March 2019;
 - 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 and its subsidiary companies and associate companies incorporated in India during the year ended 31 March 2019;
 - The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.
- 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 auditors 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 companies, 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 companies 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's registration No.: 101248W/W-100022

Jiten Chopra

Partner

Place: New Delhi

Date: 26 April 2019

Membership No.: 092894

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

on the consolidated financial statements of Hero MotoCorp Limited for the year ended 31 March 2019

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 31 March 2019, 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 consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to 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 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 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 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 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 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to 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 consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to 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's registration No.: 101248W/W-100022

Place: New Delhi
Date: 26 April 2019

Jiten Chopra
Partner
Membership No.: 092894

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2019

(Amount in crores of INR)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	4,792.50	4,771.39
(b) Capital work-in-progress	6	384.85	239.02
(c) Intangible assets	7	159.86	189.57
(d) Intangible assets under development	8	187.97	116.46
(e) Equity accounted investments in associates	9A	1,705.89	1,159.63
(f) Financial assets			
(i) Investments	9B	1,234.06	918.49
(ii) Loans	10	60.12	45.85
(iii) Others	11	33.82	-
(g) Income tax assets (net)	12	855.62	394.51
(h) Other non-current assets	13	676.46	559.58
Total Non - Current Assets		10,091.15	8,394.50
Current assets			
(a) Inventories	14	1,249.53	962.68
(b) Financial assets			
(i) Investments	9B	3,173.88	5,591.12
(ii) Trade receivables	15	2,745.11	1,426.97
(iii) Cash and cash equivalents	16	208.12	130.61
(iv) Bank balances other than (iii) above	17	95.78	106.96
(v) Loans	10	25.08	28.50
(vi) Others	11	654.19	543.28
(c) Other current assets	13	261.52	212.11
Total Current Assets		8,413.21	9,002.23
Total		18,504.36	17,396.73
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	39.95	39.94
(b) Other equity	19	13,080.46	11,931.52
Total Equity attributable to owners of the Company		13,120.41	11,971.46
Non-controlling interests	20	116.11	93.21
Total Equity		13,236.52	12,064.67
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	124.84	149.63
(b) Provisions	22	120.94	119.18
(c) Deferred tax liabilities (net)	23	612.88	581.89
Total Non - Current Liabilities		858.66	850.70
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	183.68	75.37
(ii) Trade payables	24	3,438.24	3,375.26
(iii) Other financial liabilities	25	226.73	205.49
(b) Other current liabilities	26	500.82	764.95
(c) Provisions	22	59.71	60.29
Total Current Liabilities		4,409.18	4,481.36
Total Equity and Liabilities		18,504.36	17,396.73

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 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

Jiten Chopra

Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjan Kumar Gupta

Chief Financial Officer
Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia

Non-Executive Director
DIN-00027995

Neerja Sharma

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(Amount in crores of INR)

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	27	33,972.23	33,100.94
Other income	28	686.73	523.17
Total Income		34,658.96	33,624.11
EXPENSES			
Cost of materials consumed	29	23,503.46	21,995.94
Change in inventories of finished goods and work-in-progress	30	(59.04)	(110.12)
Excise duty on sale of goods		1.41	642.57
Employee benefits expenses	31	1,778.03	1,583.71
Finance costs	32	37.18	30.80
Depreciation and amortisation expenses	5 and 7	624.44	574.98
Other expenses	33	3,729.94	3,663.79
Total expenses		29,615.42	28,381.67
Profit/(loss) from associates			
Share in profit/(loss) of associates, net of tax		60.76	49.66
		60.76	49.66
Profit before tax		5,104.30	5,292.10
Tax expense	34		
Current tax		1,608.81	1,450.99
Deferred tax		29.14	118.94
Total tax expense		1,637.95	1,569.93
Net profit after taxes and share of profit/(loss) of associates		3,466.35	3,722.17
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:-			
Re-measurement gains/ (losses) on defined benefit plans		(27.43)	(7.19)
Income tax effect		9.58	2.53
Share of Other comprehensive income of associate, to the extent not be reclassified to profit or loss		(0.58)	0.27
		(18.43)	(4.39)
Items that will be reclassified to profit or loss:-			
Exchange differences in translating the financial statements of foreign operations		5.30	(4.39)
Income tax effect		(1.85)	1.52
		3.45	(2.87)
Total other comprehensive income, net of tax		(14.98)	(7.26)
Total comprehensive income for the year, net of tax		3,451.37	3,714.91
Net Profit/(loss) for the year attributable to:			
-Owners of the Company		3,444.09	3,720.40
-Non-controlling interests		22.26	1.77
		3,466.35	3,722.17
Other Comprehensive income for the year attributable to:			
-Owners of the Company		(16.32)	(5.89)
-Non-controlling interests		1.34	(1.37)
		(14.98)	(7.26)
Total Comprehensive income for the year attributable to:			
-Owners of the Company		3,427.77	3,714.51
-Non-controlling interests		23.60	0.40
		3,451.37	3,714.91
Earnings per share (Nominal Value of Rs. 2 each) in Rs.	35		
(a) Basic		172.45	186.30
(b) Diluted		172.44	186.29
The notes referred to above form an integral part of the consolidated financial statements		1-47	

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 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

Jiten Chopra
Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjan Kumar Gupta
Chief Financial Officer

Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

(Amount in crores of INR)

PARTICULARS	Year ended March 31, 2019		Year ended March 31, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after tax and share in profit/(loss) of associates		3,466.35		3,722.17
Adjustments for:				
Add: Depreciation and amortisation	624.44		574.98	
Income tax expense	1,637.95		1,569.93	
Loss on property, plant and equipments sold/discarded	6.47		9.28	
Finance cost	37.18		30.80	
Employee Stock Compensation Cost	6.55		5.35	
		2,312.61		2,190.34
Less: Interest income on financial assets carried at amortised cost	288.03		157.19	
Dividend income	71.76		70.56	
Profit on sale of investments	144.61		216.09	
Gain on investments carried at fair value through profit or loss	175.11		74.59	
Share of profit in associates	60.19		49.66	
Profit on sale of property, plant and equipments	0.66		0.54	
Foreign currency translation (net)	(9.91)		11.13	
		730.45		579.76
Operating profit before working capital changes		5,048.51		5,332.75
Changes in working capital:				
Adjustment for (increase)/decrease in operating assets:				
Inventories	(286.86)		(254.10)	
Trade receivables	(1,318.14)		124.78	
Loans-Current	3.42		(3.57)	
Loans-Non-Current	(14.28)		2.67	
Other financial assets-current	(111.04)		(398.07)	
Other current assets	(49.41)		188.67	
Other non-current assets	46.88		70.39	
		(1,729.43)		(269.23)
Adjustment for increase/(decrease) in operating liabilities:				
Trade payables	62.98		109.06	
Other financial liabilities-Current	2.07		(11.97)	
Other current liabilities	(264.13)		308.32	
Short-term provisions	(19.01)		17.72	
Long-term provisions	1.76		43.56	
		(216.34)		466.69
Cash generated from operations		3,102.74		5,530.21
Less: Direct tax paid		2,070.46		1,513.00
Net cash generated from operating activities		1,032.27		4,017.21
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property, plant & equipment and intangible assets including capital advances		(979.56)		(824.16)
Proceeds from sale of property, plant & equipment		4.17		2.66
Deposits more than 12 months and other than cash and cash equivalents		(22.65)		-
Sale of investments		42,020.45		33,681.58
Purchase of investments		(39,456.26)		(34,854.02)

PARTICULARS	Year ended March 31, 2019		Year ended March 31, 2018	
Investment in associates (net of dividend received)		(628.30)		(90.09)
Interest income on financial assets carried at amortised cost		288.03		155.26
Dividend income		71.76		70.56
Net cash generated from / (used) in investing activities		1,297.63		(1,858.21)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid		(36.93)		(31.25)
Dividends paid		(1,928.60)		(1,697.50)
Tax on dividend		(390.01)		(345.57)
Additions to minority interest		17.55		1.93
Proceeds from issue of equity share capital (including securities premium)		1.98		2.66
Proceeds/ repayment of non current borrowings and finance lease obligation		(24.79)		(58.27)
Proceeds/ repayment of current borrowings		108.40		25.55
Net cash (used) in financing activities		(2,252.40)		(2,102.45)
D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		77.51		56.55
Cash and cash equivalents at the beginning of the year		130.61		74.06
Cash and cash equivalents at the end of the year		208.12		130.61

Movement in financial liabilities	Non current borrowings	Current borrowings (including current maturities)	Finance lease obligation	Interest expense on financial liabilities	Total
As on March 31, 2018	53.02	78.26	96.61	0.07	227.96
Cash flows	(18.08)	108.40	(6.72)	-	83.61
Interest Expenses	-	-	-	37.18	37.18
Interest Paid	-	-	-	(36.93)	(36.93)
As on March 31, 2019	34.94	186.66	89.90	0.33	311.82

The notes referred to above form an integral part of 1-47
the consolidated financials statements
Refer Note 33 for the disclosure selected to Corporate social responsibility expenses

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 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

Jiten Chopra
Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjan Kumar Gupta
Chief Financial Officer

Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

(Amount in crores of INR)

A. EQUITY SHARE CAPITAL

	Number of Shares	Amount
Balance as at March 31, 2017	199,696,838	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# Rs 29,234) (Note 42)	14,617	#
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 (# Rs 30,858) (Note 42)	15,429	#
Balance as at March 31, 2019	199,726,884	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, 2017	#	3.13	2,676.34	3.90	7,597.60	(5.40)	10,275.56	67.38	10,342.94
Addition during the year	-	-	-	-	-	-	-	1.93	1.93
Profit for the year	-	-	-	-	3,720.40	-	3,720.40	1.77	3,722.16
Adjustment on account change in controlling interest	-	-	-	-	(23.50)		(23.50)	23.50	-
Other comprehensive income for the year, net of income tax	-	-	-	-	(4.42)	(1.47)	(5.89)	(1.37)	(7.26)
Total Comprehensive Income for the year	-	-	-	-	3,692.49	(1.47)	3,691.02	25.83	3,716.85
Transaction with owners, recorded directly in equity									
Charge against share-based payments	-	-	-	5.35	-	-	5.35	-	5.35
Transferred to Securities premium on issue of shares	-	2.51	-	(2.51)	-	-	-	-	-
Payment of dividends	-	-	-	-	(1,697.50)	-	(1,697.50)	-	(1,697.50)
Tax on dividend	-	-	-	-	(345.57)	-	(345.57)	-	(345.57)
Issue of equity shares under employee share option plan	-	2.66	-	-	-	-	2.66	-	2.66
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

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	-	-	-	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

* Purpose of each reserve within Other Equity has been disclosed under Note 19.

on shares forfeited ₹ 4,250 and securities premium account on forfeited share reissued (₹ 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 number: 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

Jiten Chopra
Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjn Kumar Gupta
Chief Financial Officer
Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

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 34, Community Centre Basant Lok, Vasant Vihar, New Delhi-110057, 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, 2019 were approved by the Board of Directors and authorised for issue on April 26, 2019.

2. Basis of preparation and presentation

2.1 Statement of Compliance

The 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 Company's functional currency. All amounts have been rounded-off to the nearest crores, 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 realization 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

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.

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, 2019	March 31, 2018
HMCL (NA) Inc.	Subsidiary	United States of America	Company	100%	100%
HMCL Americas Inc.	Subsidiary	United States of America	Company	100%	100%
HMC MM Auto Limited	Subsidiary	India	Company	60%	60%
HMCL Netherlands BV	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%

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

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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, 2019	March 31, 2018
Hero FinCorp Limited	Associate	India	Company	41.18%	41.03%
Ather Energy Private Limited	Associate	India	Company	32.31%	32.31%
Erik Buell Racing Inc.	Associate	United States of America	HMCL (NA) Inc.	Equity holding 49.2% Voting rights 43.9%	Equity holding 49.2% Voting rights 43.9%

3. Significant Accounting Policies

3.1 Revenue Recognition

Effective April 1, 2018, the Group and its associates have applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Group and its associates have adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the

comparative information continues to be reported under Ind AS 18. Refer note 3.1– Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18. There were no adjustments required to the retained earnings as at April 01, 2018. Also the application of IND AS-115 did not have any significant impact on recognition and measurement of revenue and related items in the financials statement of the company.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

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- Revenue from sale of goods is recognised when the goods are dispatched and titles have passed
- Revenue from providing services is recognized 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.

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.

3.2 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor

is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the Liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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 except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially

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in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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.

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 benefit expenses'.

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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 rewards 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 42.

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. 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.

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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.

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.

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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;

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- 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

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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.

Interest income is recognised in profit or 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

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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 intends 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

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.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, option contracts, interest rate swaps and cross currency swaps.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and after tax is adjusted for the effects of transactions of non-cash nature

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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

A. Ind AS 116, Leases

Ind AS 116 Leases will replace the existing leases standard, Ind AS 17 Leases. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use (ROU) asset representing its right to use the underlying asset on lease and a lease liability representing its obligation to make lease payments. The standard is applicable from 1 April 2019.

The Group plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments using the lessee's incremental borrowing rate as at 1 April 2019 and corresponding ROU asset is measured at an amount equivalent to lease liability. Therefore, there will be no effect of adopting Ind AS on retained earnings as at 1 April 2019, with

no restatement of comparative information. In accordance with the standard, the Group will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Group has used the following practical expedients:

- Contracts where the remaining term was less than 12 months on transition date, the Group did not consider the same for computing its ROU asset and a corresponding lease liability.
- On initial application, IndAS 116 will only be applied to contracts that were previously classified as leases.
- The lease term has been determined with the use of hindsight where the contract contains options to extend the lease.

The nature of expenses presently presented under rent and lease rent under other expenses as per Ind AS 17 will now be presented as per Ind AS 116 in the form of:

- Amortization charge for the ROU asset
- Finance cost from interest accrued on lease liability

There will be consequent reclassification in the cash flow categories in the statement of cash flows.

Certain office premises and others, which are taken on operating lease will now be capitalised under Ind AS 116. However the impact of adoption of this new standard is not considered material.

B. Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income

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tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

C. The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:-

Amendments to Ind AS 19, Employee Benefits

Amendments to Ind AS 109, Financial Instruments

Amendments to Ind AS 23, Borrowing Costs

Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Amendments to Ind AS 103, Business Combinations

Amendments to Ind AS 111, Joint Arrangements

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 there are no factors which indicates that these assets have suffered any impairment loss.

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 recognized 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, 2019 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amount in crores 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 31 March 2017	101.60	2,037.55	4,531.51	40.32	48.01	44.77	167.31	6,971.07
Additions	6.45	272.75	476.30	4.55	10.60	15.66	26.70	813.01
Disposals	-	0.31	58.02	0.30	5.60	1.00	3.59	68.82
Foreign currency translation exchange difference	-	-	5.93	-	-	-	-	5.93
At 31 March 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 exchange difference	-	-	(5.95)	-	-	-	-	(5.95)
At 31 March 2019	108.05	2,450.46	5,268.36	48.82	56.80	71.17	212.50	8,216.16
Accumulated depreciation								
At 31 March 2017	-	246.48	2,068.19	15.15	16.40	24.32	105.50	2,476.04
Depreciation expense	-	66.20	424.82	4.19	5.30	7.50	22.28	530.29
Disposals	-	0.17	49.71	0.28	3.04	0.95	3.27	57.42
Foreign currency translation exchange difference	-	-	0.89	-	-	-	-	0.89
At 31 March 2018	-	312.51	2,444.19	19.06	18.66	30.87	124.51	2,949.80
Depreciation expense	-	73.14	431.65	4.24	5.63	8.85	24.13	547.64
Disposals	-	0.34	65.00	0.13	3.20	0.58	3.01	72.26
Foreign currency translation exchange difference	-	-	(1.52)	-	-	-	-	(1.52)
At 31 March 2019	-	385.31	2,809.32	23.17	21.09	39.14	145.63	3,423.66
Net block								
At 31 March 2018	108.05	1,997.48	2,511.53	25.51	34.35	28.56	65.91	4,771.39
At 31 March 2019	108.05	2,065.15	2,459.04	25.65	35.71	32.03	66.87	4,792.50

6. Capital work-in-progress

	As at March 31, 2019	As at March 31, 2018
Capital work-in-progress	384.85	239.02
Total	384.85	239.02

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For The Year Ended March 31, 2019

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7. Intangible assets

	Model fee/ Product designs and development	Computer softwares	Technical know-how/ export licenses	Total
Cost				
At 31 March 2017	602.72	114.42	2,909.28	3,626.42
Additions	114.43	12.74	3.22	130.39
Foreign currency translation exchange difference	0.10	-	-	0.10
At 31 March 2018	717.25	127.16	2,912.50	3,756.91
Additions	30.47	16.79	-	47.26
Foreign currency translation exchange difference	(0.29)	-	-	(0.29)
At 31 March 2019	747.43	143.95	2,912.50	3,803.88
Accumulated amortisation				
At 31 March 2017	558.16	66.82	2,897.62	3,522.60
Amortisation expense	28.38	14.84	1.47	44.69
Foreign currency translation exchange difference	0.05	-	-	0.05
At 31 March 2018	586.59	81.66	2,899.09	3,567.34
Amortisation expense	59.51	15.61	1.68	76.80
Foreign currency translation exchange difference	(0.12)	-	-	(0.12)
At 31 March 2019	645.98	97.27	2,900.77	3,644.02
Net block				
At 31 March 2018	130.66	45.50	13.41	189.57
At 31 March 2019	101.46	46.68	11.73	159.86

8. Intangible assets under development

	As at March 31, 2019	As at March 31, 2018
Intangible assets under development	187.97	116.46
Total	187.97	116.46

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9 A Equity accounted investment in Associates

	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
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 Value of ₹ 10 each (Convertible into equity instruments)	99,186	99,186	-	200.38	-	200.38
Add/(less) Group's share of profit/(loss) (including Goodwill on acquisition of interest ₹ 113.32 crores (Previous Year 113.32 Crores)			-	(47.97)	-	(13.23)
			-	152.61	-	187.35
Hero FinCorp Limited						
Equity shares of Face Value of ₹ 10 each	47,032,574	40,388,576	-	1,026.29	-	527.99
Add: Groups share of profit (net off dividend received) (including Goodwill on acquisition of interest ₹ 53.20 crores (Previous Year ₹ 46.67 Crores)				526.99		444.29
			-	1,553.28	-	972.28
			-	1,705.89	-	1,159.63

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(Amount in crores of INR)

9B Investments

	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Category-wise investments						
Investment in equity instruments			6.78	4.29	-	5.31
Investment in debentures / bonds			150.68	253.98	-	267.41
Investment in mutual funds			3,016.42	975.79	5,591.12	645.77
			3,173.88	1,234.06	5,591.12	918.49
Quoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in equity instruments of other entities						
Bombay Stock Exchange Limited (Face Value of ₹ 2 each)	70,200	70,200	-	4.29	-	5.31
Face Value of Bangladesh Takas 10 each						
Square Pharmaceuticals Ltd	62,583	-	1.38	-	-	-
United Power Generation & Distribution Company Ltd	39,250	-	1.33	-	-	-
Active Fine Chemicals Limited	500,000	-	1.09	-	-	-
IFAD Autos Limited	90,000	-	0.64	-	-	-
Nahee Aluminum Composite Panel Ltd	142,000	-	0.63	-	-	-
The City Bank Limited	200,000	-	0.44	-	-	-
BSRM Steels Limited	76,229	-	0.37	-	-	-
Orion Pharma Ltd	115,000	-	0.32	-	-	-
Mercantile Bank Limited	190,000	-	0.25	-	-	-
Shahjalal Islami Bank Ltd	50,000	-	0.11	-	-	-
Baraka Power Limited	40,000	-	0.10	-	-	-
Global Heavy Chemicals Limited	20,000	-	0.06	-	-	-
Western Marine Shipyard Limited	20,000	-	0.03	-	-	-
One Bank Limited	20,000	-	0.02	-	-	-
			6.78	4.29	-	5.31

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(Amount in crores of INR)

	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Investment in debenture						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in Associates						
Ather Energy Private Limited						
Compulsorily convertible debentures (Face Value of ₹ 100 each)	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	-	25.22	-	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	-	17.41
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	250,000	250,000	-	25.44	-	25.44
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	323,890	323,890	-	33.38	-	33.38
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	15.49	-	-	15.51
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	138	138	-	7.61	-	7.64
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	-	22.16	-	22.25
Face Value of ₹ 10,00,000 each						
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	5.19	-	-	5.19
Zero Coupon Bonds						

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(Amount in crores of INR)

	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Rural Electrification Corporation Ltd NCD @ ₹ 13,578 maturity ₹ 30,000 per bond- Maturity-15.12.2020	37,000	37,000	-	96.91	-	89.54
			20.68	253.98	-	267.41
Investment in debentures / bonds			150.68	253.98	-	267.41
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	-	76.31	-	70.85
FMP -Series 82-1135 Days Plan U Direct Plan Cumulative	50,000,000	50,000,000	-	54.02	-	50.17
Blended Plan B- Direct Plan- Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	24,817,467	24,817,467	70.29	-	65.90	-
FMP Series 83-1105 Days Plan F Direct Plan Cumulative	50,000,000	-	-	54.20	-	-
Aditya Birla Sunlife Mutual Fund						
Fixed Term Plan-Series PB (1190 days)-Direct Growth	90,000,000	90,000,000	-	98.13	-	91.34
Fixed Term Plan-Series PZ (1120 days)-Direct Growth	35,000,000	-	-	37.84	-	-
Fixed Term Plan-Series QB (1113 days)-Direct Growth	50,000,000	-	-	54.32	-	-
Fixed Term Plan-Series RC (1295 days)-Direct Growth	50,000,000	-	-	53.27	-	-
Dynamic Bond Fund-Retail- Growth	-	76,684,191	-	-	229.92	-

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	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Reliance Mutual Fund						
Fixed Horizon Fund -XXV- Series 15-Direct Plan Growth Plan	-	40,000,000	-	-	59.55	-
Fixed Horizon Fund -XXV- Series 20-Direct Plan Growth Plan	-	20,000,000	-	-	29.67	-
Fixed Horizon Fund -XXX- Series 4-Direct Growth Plan	30,000,000	30,000,000	38.48	-	-	35.81
Fixed Horizon Fund -XXXI- Series 5-Direct Growth Plan	5,000,000	5,000,000	6.13	-	-	5.70
Fixed Horizon Fund -XXXVII- Series 10-Direct Growth Plan	25,000,000	-	-	27.09	-	-
Fixed Horizon Fund -XXXVI I- Series 12-Direct Growth Plan	40,000,000	-	-	43.34	-	-
Floating Rate-Short Term Plan -Direct Growth Plan	-	46,942,186	-	-	131.94	-
Strategic Debt Fund- Direct Growth Plan	53,163,841	53,163,841	81.63	-	76.98	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
FMP-Sr.26-Plan A (1098 Days)-Direct Sub Plan Growth	-	15,000,000	-	-	18.83	-
FMP-Sr.26-Plan C (1098 Days)-Direct Sub Plan Growth	-	10,000,000	-	-	12.44	-
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	-	10,000,000	-	-	11.99	-
FMP-Sr.29-Plan B (1150 Days)-Direct Growth	6,000,000	6,000,000	-	6.92	-	6.43
FMP-Sr.33-Plan D (1273 Days)-Direct Sub Plan Growth	20,000,000	-	-	20.85	-	-
L&T Mutual Fund						
Credit Risk Fund Direct Plan-Growth	43,776,843	43,776,843	95.10	-	89.23	-
BNP Paribas Mutual Fund						
Medium Term Income Fund Direct Plan Growth	-	25,000,000	-	-	35.84	-

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(Amount in crores of INR)

	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
SBI Mutual Fund						
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	-	10,000,000	-	-	12.52	-
Dual Advantage Fund -Series VIII- Direct- Growth	-	25,000,000	-	-	30.30	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	15,000,000	19.37	-	18.27	-
IDFC Mutual Fund						
Fixed Term Plan Series 140 Direct Plan -Growth (1145 Days)	50,000,000	50,000,000	-	54.18	-	50.46
Fixed Term Plan Series 144 Direct Plan -Growth (1141Days)	50,000,000	50,000,000	-	53.87	-	50.19
Kotak Mutual Fund						
FMP Series 219 Direct- Growth	75,000,000	75,000,000	-	81.47	-	75.63
FMP Series 221 Direct- Growth	48,000,000	48,000,000	-	51.83	-	48.17
FMP Series 228 Direct- Growth	50,000,000	-	-	54.29	-	-
HDFC Mutual Fund						
FMP 1167 D January 2016(1) -Direct-Growth- Series-35	15,000,000	15,000,000	19.24	-	-	17.90
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	75,000,000	75,000,000	-	81.15	-	75.52
FMP 1147 D March 2018(1) -Direct-Growth-Series-39	50,000,000	50,000,000	-	53.93	-	50.17
Cash Management Fund - Treasury Advantage Plan - Direct Plan - Growth	-	93,610,205	-	-	355.46	-
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Flexible Income Plan- Direct Plan-Growth Option	-	4,897,295	-	-	164.10	-
Savings Fund-Direct Plan-Growth Option	-	8,409,451	-	-	227.35	-
Aditya Birla Sunlife Mutual Fund						
Savings Fund-Growth- Direct Plan	-	10,802,841	-	-	371.54	-

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	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
Floating Rate Fund -Long Term-Growth-Direct Plan	-	15,013,571	-	-	323.28	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Low Duration Fund -Direct Growth Plan Growth Option (Formerly Reliance Money Manager Fund- Direct Growth Plan Growth Option)	1,890,316	1,890,316	499.12	-	460.99	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Short Term Fund-Direct Plan Growth	1,299,935	1,299,935	332.54	-	309.61	-
Ultra Short Term Fund- Direct Plan Growth (Formerly Medium Term Bond Fund-Direct Plan Growth)	1,398,253	1,398,253	275.28	-	254.40	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Duration Fund -Series AE-Direct Plan- Growth	62,500	62,500	-	7.24	-	6.72
Fixed Duration Fund -Series AG-Direct Plan- Growth	100,000	100,000	-	11.54	-	10.71
Equity fund						
Units of the face value of ₹ 10 each						
Reliance Mutual Fund						
Arbitrage Fund-Direct Monthly Dividend Plan	182,893,206	163,714,610	201.12	-	177.78	-
IDFC Mutual Fund						
Arbitrage Fund -Monthly Dividend- Direct Plan	102,862,654	83,850,668	135.27	-	109.21	-
Kotak Mutual Fund						
Equity Arbitrage Fund- Direct Plan -Monthly Dividend	-	281,442,341	-	-	309.34	-
Equity Arbitrage Fund- Direct Plan -Fortnight Dividend	-	42,072,844	-	-	99.12	-

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	Units As at March 31, 2019	Units As at March 31, 2018	As at March 31, 2019		As at March 31, 2018	
			Current	Non Current	Current	Non Current
ICICI Prudential Mutual Fund						
Equity Arbitrage Fund- Direct Plan- Dividend	115,635,024	200,901,478	167.57	-	290.18	-
Aditya Birla Sunlife Mutual Fund						
Arbitrage Fund- Dividend - Direct Plan (Formerly Enhanced Arbitrage Fund- Direct Plan- Dividend)	95,931,942	95,931,942	105.77	-	105.92	-
HDFC Mutual Fund						
Arbitrage Fund- Wholesale Plan-Monthly Dividend Direct Plan- Payout	-	233,040,385	-	-	245.25	-
Axis Mutual Fund						
Arbitrage Fund Direct Dividend	138,620,823	93,310,036	153.11	-	101.99	-
Liquid fund						
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	-	5,843,394	-	-	150.26	-
Aditya Birla Sunlife Mutual Fund						
Liquid Fund- Growth- Direct Plan (Formerly Cash Plus-Growth-Direct Plan)	3,258,811	-	97.91	-	-	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	-	687,290	-	-	179.91	-
IDFC Mutual Fund						
Cash Fund -Growth- (Direct Plan)	-	1,498,579	-	-	316.23	-
Axis Mutual Fund						
Liquid Fund-Direct Growth	1,495,644	1,119,693	310.13	-	215.82	-
Kotak Mutual Fund						
Liquid Direct Plan Growth	1,079,091	-	408.36	-	-	-
Investment in mutual funds			3,016.42	975.79	5,591.12	645.77
Total Investments			3,173.88	1,234.06	5,591.12	918.49

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

	As at March 31, 2019		As at March 31, 2018	
	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	27.46	258.27	-	272.72
Aggregate market value of quoted investments	27.48	257.60	-	279.02
Aggregate carrying value of unquoted investments	3,146.42	2,681.68	5,591.12	1,805.40

Category-wise investment as per Ind AS 109 classification

	As at March 31, 2019		As at March 31, 2018	
	Current	Non Current	Current	Non Current
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in equity instruments	-	-	-	-
Investment in Mutual Funds	3,016.42	975.79	5,591.12	645.77
Investment in debentures / bonds	130.00	-	-	-
Quoted				
Investment in equity instruments	6.78	4.29	-	5.31
Financial assets carried at amortised cost				
Quoted				
Investment in debentures / bonds	20.68	253.98	-	267.41

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, 2019	As at March 31, 2018
Hero FinCorp Limited	Non-Banking Financial Company	India	41.18%	41.03%
Ather Energy Private Limited	Business of designing and manufacturing smart electric vehicles and associated charging infrastructure	India	32.31%	32.31%

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, 2019	As at March 31, 2018
Non-current assets	10,386.27	7,025.91
Current assets	10,669.47	6,539.49
Non-current liabilities	(9,503.03)	(5,875.54)
Current liabilities	(7,910.85)	(5,433.71)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Total revenue	2,518.47	1,806.08
Profit for the year	245.76	147.13
Other comprehensive income for the year	(1.36)	0.48
Total Comprehensive income for the year	244.39	147.61
Dividends received from the associate during the year	12.24	5.75

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, 2019	As at March 31, 2018
Net assets of the associate	3,641.85	2,256.15
Proportion of the Group's ownership interest in the associate	41.18%	41.03%
Group's ownership interest in the associate	1,500.08	925.61
Add: Goodwill on acquisition	53.20	46.67
Carrying amount of the Group's interest in the associate	1,553.28	972.28

Ather Energy Private Limited	As at March 31, 2019	As at March 31, 2018
Non-current assets	237.65	144.08
Current assets	134.95	115.02
Non-current liabilities	(69.76)	(13.71)
Current liabilities	(181.23)	(16.26)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue	11.72	9.03
Profit/ (loss) for the year	(107.47)	(36.65)
Other comprehensive income for the year	(0.05)	(0.11)
Total Comprehensive income for the year	(107.52)	(36.76)

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, 2019	As at March 31, 2018
Net assets of the associate	121.61	229.14
Proportion of the Group's ownership interest in the associate	32.31%	32.31%
Group's ownership interest in the associate	39.29	74.03
Add: Goodwill on acquisition	113.32	113.32
Carrying amount of the Group's interest in the associate	152.61	187.35

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

10. Loans (financial assets)

Particulars	As at March 31, 2019	As at March 31, 2018
Non - current		
Unsecured, considered good		
Loans to employees	21.92	22.30
Security deposits	38.20	23.55
Total	60.12	45.85
Current		
Unsecured, considered good		
Loans to employees	23.22	21.41
Security deposits	1.86	7.09
Total	25.08	28.50

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 43

11. Others (financial assets)

Particulars	As at March 31, 2019	As at March 31, 2018
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	0.30	-
Interest accrued on deposits	0.28	0.41
Accrual of incentives from State Governments	618.50	518.65
Other recoverables	35.11	24.22
Total	654.19	543.28

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 43

12. Income tax assets (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax	2,454.86	1,845.50
Less : Provision for taxation	1,599.24	1,450.99
Total	855.62	394.51

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

13. Other assets

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured, considered good		
Capital advances	356.56	192.80
Prepayment land leases*	245.22	244.17
Prepaid expenses	3.15	2.74
Balance with government authorities		
- Excise duty	29.18	47.79
- VAT/ sales tax	42.35	72.08
Total	676.46	559.58
Current		
Unsecured, considered good		
Prepayment land leases*	3.24	2.83
Prepaid expenses	49.52	43.05
Advance to suppliers	130.97	30.97
Other advances	5.73	4.95
Balance with Government authorities		
- Excise duty	3.60	21.28
- Sales tax	43.23	83.76
- GST/ Excise duty-current account	5.62	5.41
- Export incentive receivable	19.61	19.86
Total	261.52	212.11

* Prepayment of land leases include net value of leasehold land as under:

Particulars	As at March 31, 2019		
	Gross value	Accumulated Amortisation	Net value
Halol (Gujarat)	83.71	4.65	79.06
Haridwar (Uttarakhand)	95.86	13.48	82.38
Neemrana (Rajasthan)	13.10	1.79	11.31
Kukas-Jaipur (Rajasthan)	83.05	7.34	75.71
Total	275.72	27.26	248.46

Particulars	As at March 31, 2018		
	Gross value	Accumulated Amortisation	Net value
Halol (Gujarat)	83.71	3.80	79.91
Haridwar (Uttarakhand)	95.86	12.42	83.44
Neemrana (Rajasthan)	13.10	1.66	11.44
Kukas-Jaipur (Rajasthan)	78.36	6.15	72.21
Total	271.03	24.03	247.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

14. Inventories

(lower of cost and net realisable value)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials and components	619.86	447.08
Goods in transit of raw materials and components	151.11	111.78
Work in progress	31.73	37.44
Finished goods		
Two wheelers	278.78	215.68
Spare parts	38.84	37.19
Stores and spares	104.62	89.46
Loose tools	24.59	24.05
Total	1,249.53	962.68

- The mode of valuation of inventories has been stated in note no. 3.12

15. Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Trade Receivables considered good- (Secured) **	35.22	29.62
Trade Receivables considered good- (Unsecured) **	2,709.89	1,397.35
Trade Receivables with significant increase in credit risk	20.37	28.94
	2,765.48	1,455.91
Less: Loss allowance	20.37	28.94
Total	2,745.11	1,426.97

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 43

Age of receivables	As at March 31, 2019	As at March 31, 2018
Within the credit period	1,301.28	1,167.03
upto 6 months past due	1,422.81	247.42
More than 6 months past due	21.02	12.52
Total	2,745.11	1,426.97

** Include receivables from related parties (refer note 38)

16. Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.10	0.07
Balances with banks		
In current accounts	178.78	94.22
In deposit accounts	29.24	36.32
Cash and cash equivalents	208.12	130.61

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

17. Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In dividend current accounts (earmarked accounts)	60.86	73.86
In deposit accounts*	34.92	33.10
Total	95.78	106.96

* The Company had placed fixed deposits aggregating ₹ 25.00 crores 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 for a period (along with interest earned thereon).

18. Share capital

(a) Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised Equity shares capital		
250,000,000 (as at 31 March 2018 - 250,000,000) Equity shares of ₹ 2 each	50.00	50.00
Total	50.00	50.00
Issued, subscribed and fully paid up		
199,726,884 (as at March 31, 2018: 199,711,455) Equity shares of ₹ 2 each	39.95	39.94
Total	39.95	39.94

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, 2019		As at March 31, 2018	
	Nos.	₹ in crores	Nos.	₹ in crores
Opening Balance	199,711,455	39.94	199,696,838	39.94
Issued during the year - # Current year ₹ 30,858 (previous year ₹ 29,234) - Employee Stock Option Plans (ESOP) (refer note 42)	15,429	#	14,617	#
Closing Balance	199,726,884	39.95	199,711,455	39.94

(ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2019		As at March 31, 2018	
	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)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

(iii) Shares options/ Restricted stock units granted under the Company's employee share option plan

Option Series	Share Options Outstanding (In Nos.)		
	As at March 31, 2019	As at March 31, 2018	Expiry Date
ESOP 2014	2,184	4,146	21-Oct-21
ESOP 2016	28,016	33,778	21-Aug-23
RSU 2016	4,047	7,083	21-Aug-23
ESOP 2017	27,016	29,800	31-Oct-24
RSU 2017	10,031	14,330	31-Oct-24
ESOP 2018	125,000	-	25-Mar-26
RSU 2018	17,760	-	31-Jan-26

Also refer details of the employee stock option plan are provided in Note 42.

(b) Preference share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised Preference share capital		
4,00,000 (as at 31 March 2018 - 4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00
4,00,000 (as at 31 March 2018 - 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, 2019	As at March 31, 2018
Capital reserves	#	#
Securities premium	13.98	8.30
General reserve	2,676.34	2,676.34
Share options outstanding account	9.59	6.74
Foreign currency translation reserve	[4.76]	[6.87]
Retained earnings	10,385.31	9,247.01
Total	13,080.46	11,931.52

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

- (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.
- (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, 2019	For the year ended March 31, 2018
A. Capital reserves		
On shares forfeited (# ₹ 4,250)	#	#
Securities premium account on forfeited shares reissued(## ₹ 25,500)	##	##
B. Securities premium		
Opening balance	8.30	3.13
Premium on equity shares issued during the year @	5.68	5.17
Closing balance	13.98	8.30

@ Addition in securities premium account represents premium on equity shares under various schemes amounting to ₹ 1.98 crores (previous year ₹ 2.66 crore) and ₹ 3.70 crore (Previous year ₹ 2.51 crore) transferred from share option outstanding account on 15,429 equity shares (Previous year 14,617 equity shares) issued and allotted during the year under ESOP schemes. Also refer note 42.

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	6.74	3.90
Add: Net charge during the year	6.55	5.35
Less: Transferred to securities premium on issue of shares	(3.70)	(2.51)
Closing balance	9.59	6.74

Also refer note 42.

E. Foreign currency translation reserve		
Opening balance	(6.87)	(5.40)
Exchange differences in translating the financial statements of foreign operations	3.23	(2.25)
Income tax effect	(1.12)	0.78
Closing balance	(4.76)	(6.87)
F. Retained earnings		
Opening balance	9,247.01	7,597.60
Add: Profit for the year	3,444.09	3,720.40
Adjustment on account of change in controlling interest	-	(23.50)
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(18.43)	(4.42)
Less: Appropriations		
Interim dividend for Financial year 2018-19 (amount per share ₹ 55.0 (Financial Year 2017-18 : ₹ 55.0))	1,098.50	1,098.41
Final dividend for Financial year 2017-18 (amount per share ₹ 40.0 (Financial Year 2016-17 : ₹ 30.0))	798.85	599.09
Corporate dividend tax	390.01	345.57
Balance at end of year	10,385.31	9,247.01

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

In respect of the year ended March 31, 2019, the directors propose that a dividend of ₹ 32 per share (March 31, 2018 : Rs.40 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 Rs.770.50 crores (March 31, 2018 : Rs.963.05 crores) (including corporate dividend tax thereon of Rs. 131.37 crores (March 31, 2018 : Rs. 164.20 crores))

20. Non-controlling interests

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	93.21	67.38
Additions during the year	17.55	1.93
Adjustment on account of change in controlling interest *	-	23.50
Dividend paid during the year	(18.25)	-
Share of profit/(loss) for the year	23.60	0.40
Closing non-controlling interest	116.11	93.21

* During previous year, the Holding Company has increased its stake in HMCL Colombia SAS from 55% to 68%.

21. Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018	
Non-current			
Unsecured - at amortised cost			
Term loan			
- from Banks	34.61	42.81	
Long term maturities of finance lease obligation	89.90	96.61	
Secured - at amortised cost			
Term loan			
- from Banks	0.33	10.21	
	124.84	149.63	
Current			
Unsecured			
Loan repayable on demand			
-from banks	183.68	75.37	
	183.68	75.37	
Lender	As at March 31, 2019	As at March 31, 2018	Repayment terms
Unsecured - Non current			
Rupee Term Loans from ICICI Bank, India (Rate of Interest range - I-MCLR one year + 05 basis points to I-MCLR one year + 55 basis points (Previous year : I-MCLR one year + 55 basis points))	2.17	5.05	18 equal quarterly installments of ₹ 0.72 crores beginning from Sep 7, 2016

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Lender	As at March 31, 2019	As at March 31, 2018	Repayment terms
Rupee Term Loans from HDFC Bank, India (Rate of Interest range - I-MCLR one year + 05 basis points to I-MCLR one year + 55 basis points (Previous year : I-MCLR one year + 55 basis points))	10.00	-	14 equal quarterly installments of ₹ 0.71 crores beginning from Sep 26, 2021
Term loan from Bancolombia, Colombia (Rate of interest DTF + 5.40%)	22.44	37.76	Repayable by 2022 in 84 monthly installments
Total	34.61	42.81	
Finance lease obligation from Bancolombia, Colombia for vehicles, machinery and building (Rate of interest - DTF + 5%-6%)	89.90	96.61	Repayable by 21 oct, 2028 in 144 monthly installments
Total	89.90	96.61	
Secured - Non current			
Loan from ICICI Bank (Secured by charge on vehicles) (Rate of interest - 8.90%)	0.33	-	48 Monthly installments ₹ 0.01 crores beginning from April 01, 2019
Loan from HSBC Bangladesh Secured by charge on entity's plant and machinery, inventory and debtors (Rate of interest - LIBOR + 4%, for working capital facilities - 10.50%-11.50%)	-	10.21	Term loan - repayable over a period of 6 years with a moratorium period of one year
Total	0.33	10.21	
Unsecured - current			
Loan repayable on demand Rate of Interest - range I-MCLR six month + 60 basis points or Bank base rate + 50 basis points (Previous year:I-MCLR six month + 60 basis points to I-MCLR six month +105 basis points or Bank base rate + 50 basis points)	183.68	75.37	Repayable on demand

The Group has not defaulted in repayment of any loan and interest thereon.

22 Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Employee benefits (Refer note (i) below)		
Compensated absences	19.45	16.87
Gratuity	0.96	0.81
Other employee benefits	8.00	8.26
Sub-total (A)	28.41	25.94

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Particulars	As at March 31, 2019	As at March 31, 2018
Warranties (Refer note (ii) below)	92.53	93.24
Sub-total (B)	92.53	93.24
Total (A+B)	120.94	119.18
Current		
Employee benefits (Refer note (i) below)		
Compensated absences	5.20	4.74
Gratuity	0.27	0.21
Other employee benefits	0.37	0.42
Sub-total (A)	5.84	5.37
Warranties (Refer note (ii) below)	53.87	54.92
Sub-total (B)	53.87	54.92
Total (A+B)	59.71	60.29

(i) The provision for employee benefits includes compensated leaves, gratuity and vested long term service reward.

(ii) Movement in warranties provisions

	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	148.16	96.90
Additions during the year	85.99	112.97
Amount utilised during the year	(81.52)	(57.69)
Unwinding of discount on provisions	(6.23)	(4.02)
Closing balance	146.40	148.16

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, 2019, this particular provision had a carrying amount of ₹ 146.40 crores (March 31, 2018: ₹ 148.16 crores). Were claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated ₹ 14.64 crores higher or lower (31 March 2018- ₹ 14.81 Crores higher or lower).

23 Deferred tax (assets)/ liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities		
Property plant and equipments and intangible assets	558.94	492.75
Financial assets carried at fair value through profit and loss	29.80	66.26
Investments in associate	110.58	87.53
Others	13.04	19.95
Sub-total (A)	712.36	666.49
Less: Deferred tax assets		
Deferred revenue	43.22	43.88
Accrued expenses deductible on payment	9.35	13.08
Others	46.91	27.64
Sub-total (B)	99.48	84.60
Total (A-B)	612.88	581.89

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

A. Movement of Deferred tax (assets)/ liabilities

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

Particulars	For the year ended March 31, 2018			
	Opening balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing balance
Deferred tax liabilities				
Property plant and equipments and intangible assets	381.88	110.87	-	492.75
Financial assets carried at fair value through profit and loss	77.53	(11.27)	-	66.26
Investments in associate	65.06	22.47	-	87.53
Others	17.38	2.57	-	19.95
Deferred tax assets				
Deferred revenue	47.62	(3.74)	-	43.88
Accrued expenses deductible on payment	6.66	6.42	-	13.08
Re-measurement of defined benefit obligation	-	(2.53)	2.53	-
Others	18.67	7.45	1.52	27.64
Deferred tax liabilities (net)	468.90	117.03	(4.05)	581.88

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

B. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because 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 31 March 2019		As at 31 March 2018	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses from HMC MM Auto Limited (will expire from March 31, 2020 to March 31, 2028)	27.51	7.15	20.18	6.24
Unabsorbed depreciation losses from HMC MM Auto Limited (can be carried forward for indefinite period)	23.76	6.18	20.35	6.29
Tax losses from HMCL Colombia SAS (will expire upto 2030-31)	94.64	33.07	60.28	20.86

24 Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables ##	3,438.24	3,375.26
		-
Total	3,438.24	3,375.26

Include payables to related parties (refer note 38)

25 Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Current maturities of long-term borrowings	2.98	2.89
Capital creditors	102.93	70.97
Security deposits dealers and others	59.75	57.69
Interest accrued but not due on borrowings	0.20	0.07
Unclaimed dividend *	60.87	73.87
Total	226.73	205.49

* Does not include any amounts outstanding as at March 31, 2019 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 43.

26 Other liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Statutory remittances (contributions to provident fund, employee state insurance, withholding taxes, goods and service tax, excise duty, sales tax, service tax, etc.)	195.17	270.41
Advance from customers	48.08	237.39
Deferred revenue	252.14	254.04
Others	5.43	3.11
Total	500.82	764.95

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

27. Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Sale of products (Gross)		
Two wheelers [includes excise duty of ₹ 1.41 crores (Previous year ₹ 642.57 crores)]	30,005.18	29,669.10
Components	3.12	6.06
Spare parts	2,844.59	2,556.02
	32,852.89	32,231.18
(b) Income from services		
Dealers support services	28.66	23.82
Goodlife program for customers	43.69	47.71
Services - others	506.12	145.64
	578.47	217.17
(c) Other operating revenue		
Duty drawback and other incentives	35.32	27.77
Incentive from State Governments	419.30	550.15
Miscellaneous income	86.25	74.67
	540.87	652.59
Total	33,972.23	33,100.94

28. Other income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest income on financial assets carried at amortised cost		
Tax free bonds, debentures and other instruments classified as debt	19.77	24.89
Deposit with bank and others	268.26	132.30
(b) Dividend income		
Dividend received on investments carried at fair value through profit or loss	71.76	70.56
(c) Profit on sale of investments*	144.61	216.09
(d) Gain on investments carried at fair value through profit or loss	175.11	74.59
(e) Other non-operating income		
Exchange fluctuation	6.56	4.20
Profit on sale of property, plant and equipments	0.66	0.54
Total	686.73	523.17

*After adjusting loss on sale of current investments aggregating ₹ Nil (previous year ₹ 0.18 crore)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

29. Cost of materials consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw materials and components consumed:		
Opening stock	558.86	424.57
Add: Purchase of raw materials and components	23,772.56	22,185.17
	24,331.42	22,609.74
Less: closing stock	770.97	558.86
	23,560.45	22,050.88
Less: Cash discount	56.99	54.94
Consumption of raw materials and components	23,503.46	21,995.94
Net consumption	23,503.46	21,995.94

30. Changes in inventory of finished goods and work-in-progress

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Opening stock		
Two wheelers	215.68	104.78
Spare parts	37.19	43.40
Work in progress	37.44	32.01
	290.31	180.19
(b) Closing stock		
Two wheelers	278.78	215.68
Spare parts	38.84	37.19
Work in progress	31.73	37.44
	349.35	290.31
Net (increase)/ decrease in inventory	(59.04)	(110.12)

31. Employee benefits expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefits expenses		
Salaries and wages	1,528.68	1,368.93
Contribution to provident and other funds	137.61	110.01
Employee stock Compensation Cost (refer note no 42)	6.55	5.35
Staff welfare expenses	105.18	99.42
Total	1,778.03	1,583.71

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Employee Benefit Plans

The details of various employee benefits provided to employees are as under:

A. Defined Contribution and other plans

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Employer's contribution to provident fund and labour welfare fund	73.14	66.67
b) Employer's contribution to superannuation fund	17.56	18.08
c) Employer's contribution to gratuity fund	41.65	20.58
d) Employer's contribution to employee state insurance	5.26	4.68
	137.61	110.01

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.

The principal assumptions used for the purposes of the actuarial valuations were as follows :-

Principal assumptions:	Funded	
	Gratuity	Gratuity
	As at March 31, 2019	As at March 31, 2018
Discount rate	7.50%	7.90%
Future salary increase	6.50% p.a. for first year and 5.5% thereafter	6.00% p.a. for first year and 5% thereafter
Retirement age	58 years	58 years
Withdrawal rate	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%	Upto 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)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Principal assumptions:	Un-Funded	
	Gratuity	Gratuity
	As at March 31, 2019	As at March 31, 2018
Discount rate	7.65%	7.71%
Future salary increase	5.50%	5.50%
Retirement age	58 years	58 years
Withdrawal rate	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%	Upto 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)

Amounts recognized in statement of profit and loss in respect of this defined benefit plan are as follows :-

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
	Gratuity- funded		Gratuity- unfunded	
Service cost:				
Current service cost	14.27	13.34	0.71	0.06
Net Interest expense/(income)	-	-	0.04	0.03
Components of defined benefit costs recognized in profit or loss	14.27	13.34	0.75	0.09
Remeasurement on the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	3.09	0.90	-	-
Actuarial (gains)/ losses arising from changes in financial assumptions	17.99	(11.10)	0.00	(0.00)
Actuarial (gains)/ losses arising from experience adjustments	6.30	17.44	0.04	(0.04)
Components of defined benefit costs recognized in other comprehensive income	27.38	7.24	0.04	(0.04)
Total	41.65	20.58	0.80	0.05

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, 2019	As at March 31, 2018
Present Value of funded defined benefit obligation	265.59	220.52
Fair value of plan assets	265.59	220.52
Net liability arising from defined benefit obligation	-	-
Present Value of unfunded defined benefit obligation	1.23	0.45
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation	1.23	0.45

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Movements in the present value of the defined benefit obligation are as follows :-

	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
	Gratuity- funded		Gratuity- unfunded	
Opening defined obligation	220.52	202.13	0.45	0.35
Acquisition adjustment	-	-	-	0.07
Current service cost	14.27	13.34	0.71	0.06
Interest cost	17.01	14.00	0.04	0.03
Remeasurement (gains)/losses:				
Actuarial (gains)/ losses arising from changes in financial assumptions	17.99	(11.10)	0.00	(0.00)
Actuarial (gains)/ losses arising from experience adjustments	6.30	17.44	0.04	(0.04)
Benefits paid	(10.50)	(15.29)	(0.01)	-
Closing defined benefit obligation	265.59	220.52	1.23	0.45

Movements in the fair value of the plan assets are as follows

	Gratuity	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening fair value of plan assets	220.52	202.13
Interest income	17.01	14.00
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	(3.09)	(0.90)
Contribution	41.65	20.58
Benefit paid	(10.50)	(15.29)
Closing fair value of plan assets	265.59	220.52

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 ₹ 8.99 crore (increase by ₹ 9.63 crore) (as at March 31, 2018: Decrease by ₹ 7.33 crores (increase by ₹ 7.82crores)).
- If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by ₹ 9.76 crores (decrease by ₹ 11.28 crores) (as at March 31, 2018: increase by ₹ 7.12 crores (decrease by ₹ 7.56 crores)).

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 recognized in the balance sheet.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Asset-Liability Matching Study

There is no (deficit)/Surplus of liability and funds, hence asset liability matching study not performed.

Maturity profile of defined benefit obligation

Particulars	As at March 31, 2019	As at March 31, 2018
Average duration of the defined benefit obligation (in years)	8.77 years	9.03 years

The Group expects to make a contribution of ₹ 16.55 crore (as at March 31, 2018 ₹ 14.27 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 31 March 2019	38.79	20.70	77.64	155.63	292.75
As at 31 March 2018	16.19	34.12	69.21	140.65	260.17

32. Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest cost on financial liability at amortised cost		
- on dealers security deposits	2.23	3.94
- on borrowings	25.03	21.88
- on others	3.69	0.96
Unwinding of discount on provisions	6.23	4.02
Total	37.18	30.80

33. Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Stores and tools consumed	110.41	108.49
Packing, forwarding, freight etc.	1,199.92	1,128.83
Power and fuel	158.12	139.84
Rent (Refer note 39)	53.25	43.31
Lease rent (Refer note 39)	39.33	37.84
Repairs and maintenance		
- Buildings	21.51	24.12
- Plant and machinery	110.11	100.98
- Others	9.17	7.48
Insurance charges	47.57	45.57
Rates and taxes	10.43	71.03
Royalty	0.19	-
Advertisement and publicity	831.06	852.60
Donations [#]	7.85	0.41
Expenditure on corporate social responsibility	101.95	84.34
Payment to auditors	1.79	1.44
Exchange fluctuation	5.18	7.52
Loss on property, plant and equipment sold/discarded	6.47	9.28
Loss allowance on trade receivables	-	5.24
Miscellaneous expenses	1,015.63	995.47
Total	3,729.94	3,663.79

[#] Donation includes ₹ 7.00 crores (previous year Nil) under section 182 of the Companies Act, 2013.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Payment to auditors

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) As Statutory Audit		
-Audit fee (including audit fees for the auditors of other entities of Group)	1.03	0.81
-Limited Review of unaudited financial results	0.45	0.45
-Other certifications	0.16	0.06
b) Tax audit fees	0.07	0.05
c) Out of pocket expenses	0.08	0.07
	1.79	1.44

Expenditure on Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Gross amount required to be spent	93.72	82.60
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	101.95	84.34

34. Income tax expense

(a) Income tax expense recognised in the Statement of profit and loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax:		
In respect of the current year	1,608.81	1,450.99
Deferred Tax charge		
In respect of the current year	29.14	118.94
Total income tax expense recognised in the statement of profit and loss	1,637.95	1,569.93

(b) Income tax on other comprehensive income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of Defined Benefit Obligations	9.58	2.53
Others	(1.85)	1.52
Total income tax benefit recognised in other comprehensive income	7.72	4.05

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	5,104.30	5,292.10
Income tax expense calculated at 34.944% (previous year 34.608%)	1,783.65	1,831.49
Effect of deduction under section 80IC of the Income tax Act, 1961	-	(190.68)
Additional deduction on research and product development cost	(41.14)	(42.06)
Additional deduction on employment generation u/s 80JJAA	(1.18)	-
Effect of income exempt/ taxed on lower rate	(122.07)	(68.86)
Effect of unused tax losses of subsidiaries not recognised as deferred tax assets	7.85	23.90
Others	10.84	16.14
Income tax expense recognised in the Statement of profit and loss	1,637.95	1,569.93
Income Tax recognised in the Statement of profit and loss	1,637.95	1,569.93

35. Earnings per share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Basic earnings per share (in ₹)	172.45	186.30
Diluted earnings per share (in ₹)	172.44	186.29
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 crores)	3,444.09	3,720.40
Opening Balance	199,711,455	199,696,838
Effect of share options exercised	4,869	4,884
Weighted average number of equity shares for the purposes of basic earnings per share	199,716,324	199,701,722
Effect of share options	14,695	11,794
Weighted average number of equity shares for the purposes of diluted earnings per share	199,731,019	199,713,516

36. Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Contingent liabilities		
In respect of excise and other matters		
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.	121.84	104.32
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.		
The Group is 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 ₹ 359.04 crores (March 31, 2018 ₹ 194.99 crores))	753.33	339.73

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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 Group, 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:

	Domestic	Overseas	Total
Revenue from operations			
2018-19	32,698.71	1,273.52	33,972.23
2017-18	32,168.75	932.19	33,100.94

Disclosure as per the requirement of Ind AS 115, Revenue :

	India	Outside India	Total
Sale of products (Gross)	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, 2019	5,942.60	352.98	6,295.58
As at March 31, 2018	5,611.92	1,469.57	7,081.49

- Domestic segment includes sales and services to customers located in India.
- Overseas segment includes sales and services rendered to customers located outside India.
- Non-current segment assets includes property, plant and equipment, intangible assets including capital work in progress and intangible assets under development, non-current financial assets and non-current other assets.
- There are no major external customer where revenue exceeds more than 10% of the entity'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
 Magneti Marelli S.p.A, Italy
 Magnetti Marelli UM Electronics Systems Pvt. Ltd
 Magnetti Marelli India Pvt. Ltd
 Magnetti Marelli (China) Co. Ltd
 Niloy Motors Limited; Bangladesh
 Nitol Motors Limited; Bangladesh
 Nitol Electronics; Bangladesh

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Nitol Tours & Travels; Bangladesh
Nreach- Net (Pvt) Ltd; Bangladesh
Nitol Machineries Ltd; Bangladesh
Nitol Insurance Company Ltd; Bangladesh
Woven Holdings LLC USA
Velvet Management LLC USA

B. Associate of the Group

Hero FinCorp Limited
Ather Energy Private Limited
Eric Buell Racing Inc.

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 CEO
Mr. Suman Kant Munjal	-	Director
Mr. Vikram Sitaram Kasbekar-		Whole Time Director
Mr. Niranjana Kumar Gupta	-	Chief Financial Officer
Mrs. 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
Dr Anand C. Burman
Ms. Shobana Kamineni
Mr. Paul Edgerley
Dr. Jagmohan Singh Raju (Appointed w.e.f November 15, 2018)

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 Limited, Hero Solar Energy Private Limited, Hero Management Services Private Limited, BML Munjal University, S R Dinodia & Co. LLP, Serendepity Arts & Trust 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

Refer **Note 31** of information on transaction with the above mentioned post employment benefits plan.

Transactions with the above related parties:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Parties in respect of which the Group is an associate		
Dividend paid		
Brijmohan Lall Om Prakash (Partnership firm)	265.31	237.38
Hero Investcorp Limited	8.30	7.43
Bahadur Chand Investments Private Limited	379.46	339.52
Magneti Marelli S.p.A, Italy		
Investment in equity instruments during the year	6.62	1.93
Purchase of goods	12.30	10.80
Development Fee/Technical Know-how	1.19	3.22
Purchase of property and other assets	0.79	0.57
Royalty	0.18	0.31
Expenses reimbursed	1.48	0.49
Magnetti Marelli UM Electronics Systems Pvt. Ltd		
Purchase of goods	3.33	-
Magnetti Marelli India Pvt. Ltd		
Purchase of goods	0.65	-
Magnetti Marelli (China) Co. Ltd		
Purchase of goods	3.20	-
Niloy Motors Limited		
Investment in equity instruments during the year	-	0.07
Sale of goods	810.88	601.24
Nitol Motors Limited		
Sale of goods	0.53	-
Purchase of goods/services		
Niloy Motors Limited	26.88	15.87
Nitol Motors Limited	45.31	0.23
Nitol Machineries Ltd	27.67	25.24
Nitol Insurance Company Ltd	1.01	0.49
Nitol Tours & Travels	0.04	0.09
Woven Holdings LLC USA		
Investment in equity instruments during the year	14.06	-

Balance outstanding at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
- Trade Payable		
Magneti Marelli S.p.A, Italy	4.95	3.37
Magnetti Marelli UM Electronics Systems Pvt. Ltd	0.86	-
Magnetti Marelli India Pvt. Ltd	0.05	-
Magnetti Marelli (China) Co. Ltd	1.00	-
Nitol Machineries Ltd	1.70	1.61
Niloy Motors Limited	3.68	-
- Capital creditor		
Magneti Marelli S.p.A, Italy	1.20	-
- Trade Receivable		
Niloy Motors Limited	-	18.42

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

b) Associates of the Holding Company

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Hero FinCorp Limited		
Lease rental expenses	25.35	30.36
Dividend received	12.24	3.83
Dividend paid	0.01	0.01
Investment in equity instruments during the year	498.30	70.03
Expenses reimbursed	2.05	0.53
Rent received	0.06	0.05
Ather Energy Private Limited		
Investment in Compulsory Convertible Preference shares	-	20.06
Investment in Compulsory Convertible debentures	130.00	-

Balance outstanding at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
- Trade Payable		
Hero FinCorp Limited	1.84	0.65

d) Key management personnel and their relative.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Managerial Remuneration/Sitting fees		
Mr. Pawan Munjal	80.41	75.44
Mr. Vikram Sitaram Kasbekar	6.19	6.25
Mr. Suman Kant Munjal	0.18	0.18
Mr. Niranjan Kumar Gupta	4.53	2.63
Mrs Neerja Sharma	1.79	1.63
Commission/Sitting fees to Non Executive and Independent Directors		
Mr. Pradeep Dinodia	0.95	0.91
Gen.(Retd) Ved Prakash Malik	0.75	0.76
Dr. Pritam Singh	0.60	0.58
Mr. M.Damodaran	0.79	0.79
Mr. Ravi Nath	0.51	0.56
Dr Anand C. Burman	0.09	0.20
Ms. Shobana Kamineni	0.17	0.09
Mr. Paul B. Edgerley	0.92	0.08
Dr. Jagmohan Singh Raju	0.08	-

Balance outstanding at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
-Payables (including commission)	55.08	55.07

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Category-wise break up of compensation to key management personnel during the year is as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Managerial remuneration*		
Short-term benefits	90.66	84.20
Post-employment benefits	1.76	1.51
Share-based payments	0.49	0.24

* 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.

e) Enterprises over which key management personnel and their relatives are able to exercise control

	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of raw materials and components etc.	3,155.12	2,878.43
Purchase of property, plant and equipment	36.96	22.08
Payment towards services etc.	4.78	3.30
Expenditure towards Corporate Social Responsibility (CSR)	13.21	33.99

Balance outstanding as at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
- Payables	282.19	351.85

Significant related party transactions included in the above are as under :-

	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of raw materials and components etc.		
A.G. Industries Private Limited	997.95	706.88
Rockman Industries Limited	1,920.56	1,924.44
Purchase of property, plant and equipment		
Rockman Industries Limited	13.06	16.20
A.G. Industries Private Limited	20.09	0.21
Hero Solar Energy Private Limited	3.81	5.67
Payment for services etc.		
BML Munjal University	1.65	-
Hero Management Services Private Limited	-	0.35
Hero Mindmine Institute Private Limited	0.74	1.80
Hero Solar Energy Private Limited	-	0.52
A.G. Industries Private Limited	1.11	-
Rockman Industries Limited	0.25	0.62
S.R Dinodia & Co. LLP	1.02	-
CSR		
Raman Kant Munjal Foundation	2.93	6.86
BML Munjal University	10.28	22.40
Serendepity Arts & Trust	-	4.73

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amount in crores of INR)

Significant closing balances of related parties are as under :-

Particulars	As at March 31, 2019	As at March 31, 2018
- Payables		
A.G. Industries Private Limited	48.32	53.51
Rockman Industries Limited	220.54	285.39

39. Disclosure in respect of operating leases:

The Group has entered into operating lease agreements for premises, motor vehicles, dies and data processing machines. These lease arrangements are cancellable in nature and range between two to four years. The aggregate lease rentals under these arrangements amounting to ₹ 92.58 crores (previous year ₹ 81.15 crores) have been charged under "Lease rentals" and "Rent" in Note 33

Future lease payments under operating leases non-cancellable in nature is as follows:-

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	15.15	0.64
Later than one year and not later than five years	32.15	2.23
Later than five years	31.38	31.82

Finance leases:

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of minimum lease payments payable*		
not later than one year	-	0.13
later than one year and not later than five years	0.07	0.18
later than five years	89.82	96.31

* Future minimum lease payments are not determinable as these are computed on floating interest rate basis.

40. Research and development expenses:

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate ₹ 417.86 crores (previous year ₹ 368.55 crores). The capital expenditure incurred during the year for research and development purposes aggregate ₹ 142.55 crores (previous year ₹ 128.26 crores).

Capital expenditure	For the year ended March 31, 2019	For the year ended March 31, 2018
Land	4.69	-
Building	0.04	7.43
Equipments	26.66	32.61
Furniture and fixtures	1.26	1.62
Software	8.41	2.51
Vehicles	4.26	6.10
Data processing equipments	3.67	6.35
	48.98	56.63
Capital work in progress	93.56	71.63
Total	142.55	128.26

41. In the financial year 2014-15, Erik Buell Racing Inc. (EBR) (along with its subsidiary Erik Buell Racing, LLC), an associate of HMCCL (NA) Inc. a wholly owned subsidiary of the Holding Company ceased their operations and entered into Assignment for the Benefit of Creditors under Chapter 128 of the Wisconsin Statutes ("Chapter 128 Process"), which is a process similar to the bankruptcy

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

laws of U.S.A. The said filing was occasioned by inability of EBR to honour outstanding creditors. Consequently the net worth of HMCL (NA) Inc. got fully eroded. In view of the above, the Holding Company in 2014-15 made a provision of ₹ 150.09 crores being the diminution in value of its investment.

42. 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

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 2018	RSU 2018
Weighted Average Fair value of option/RSU	1,138	2,672
Weighted Average share price	2,886	3,034
Exercise price	2,033	2
Expected volatility	22.96%	23.10%
Option life	7 Years	7 Years
Dividend yield	2.78%	2.78%
Risk-free interest rate	7.00%	7.23%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Movements in share options during the year

	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Number of options	Weighted average exercise price ₹	Number of options	Weighted average exercise price ₹
Outstanding at the beginning of the year	67,724	2,604	52,780	2,159
Granted during the year	125,000	2,033	29,800	2,818
Forfeited during the year	2,414	2,686	3,598	2,193
Exercised during the year	8,094	2,449	11,258	2,355
Outstanding at the end of year	182,216	2,218	67,724	2,604
Exercisable at the end of year	10,864	2,547	1,290	2,469

Movements in RSU during the year

	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Number of RSU	Weighted average exercise price ₹	Number of RSU	Weighted average exercise price ₹
Outstanding at the beginning of the year	21,413	2	11,194	2
Granted during the year	17,760	2	15,769	2
Forfeited during the year	-	-	2,191	2
Exercised during the year	7,335	2	3,359	2
Outstanding at the end of year	31,838	2	21,413	2

Share options exercised during the year

Option Plan	No. of options exercised	Weighted Share price at exercise date ₹
ESOP 2014	1,962	2,660
ESOP 2016	4,848	2,883
RSU 2016	3,036	2,883
ESOP 2017	1,284	2,681
RSU 2017	4,299	2,685

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2019	Options outstanding as at March 31, 2018	Remaining contractual life (in Years) as on March 31, 2019	Remaining contractual life (in Years) as on March 31, 2018	Exercise Price ₹
ESOP 2014	2,184	4,146	2.56	3.56	2,159
ESOP 2016	28,016	33,778	4.39	5.39	2,469
RSU 2016	4,047	7,083	4.39	5.39	2
ESOP 2017	27,016	29,800	5.59	6.59	2,818
RSU 2017	10,031	14,330	5.59	6.59	2
ESOP 2018	125,000	-	6.84	-	2,033
RSU 2018	17,760	-	6.99	-	2
	214,054	89,137			

During the year ended March 31, 2019, the Group recorded an employee stock compensation expense of ₹ 6.55 crores (previous year ₹ 5.35 crore) in the Statement of Profit and Loss and the balance in share options outstanding account as at March 31, 2019 is ₹ 9.59 crore (previous year ₹ 6.74 crore).

43. Financial instruments

43.1 Capital Management

The Group manages its capital to ensure that the Group will be able to continue as 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 Group is not subject to any externally imposed capital requirements

The Management reviews the capital structure of the Group on a quarterly 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 summarizes the capital of the Group:

	As at March 31, 2019	As at March 31, 2018
Debt	311.40	227.89
Share capital	39.95	39.94
Equity reserves	13,080.46	11,931.52
Total Equity	13,120.41	11,971.46
Gearing Ratio	2.37%	1.90%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Categories of financial instruments

	As at March 31, 2019	As at March 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	980.08	651.08
Current		
Investments	3,153.20	5,591.12
Financial assets at amortised cost		
Non-current		
Investments	253.98	267.41
Loans	60.12	45.85
Others	33.82	-
Current		
Investments	20.68	-
Trade receivables	2,745.11	1,426.97
Cash and bank balances	303.90	237.57
Loans	25.08	28.50
Other financial assets	654.19	543.28
Total	8,230.15	8,791.78

Financial liabilities at amortised cost

	As at March 31, 2019	As at March 31, 2018
Non-current		
Long-term borrowings	124.84	149.63
Current		
Short-term borrowings	183.68	75.37
Trade payables	3,438.24	3,375.26
Other financial liabilities	226.73	205.49
Total	3,973.48	3,805.75

43.2 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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, 2018		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	645.77	-
Investments in equity instruments	5.31	-	-
Investments in other instruments	-	-	-
Current			
Investments in mutual funds	5,397.55	193.57	-
	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:

	March 31, 2019		March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Non-current				
Investments in bonds	253.98	250.82	267.41	273.71
Current				
Investments in bonds	20.68	27.48	-	-

	Fair value hierarchy	
	March 31, 2019	March 31, 2018
	Level 2	Level 2
Financial assets at amortised cost		
Non-current		
Investments in bonds	250.82	273.71
Current		
Investments in bonds	27.48	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

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 and other bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.
- Management uses its best judgment 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 realized 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, 2019 and March 31, 2018.

43.3 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 realizable 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.

(Amount in millions)				
Foreign currency exposure as at March 31, 2019	USD	EURO	JPY	Chinese Yuan (RMB)
Trade Receivables	20.85	-	-	-
Trade Payables	38.56	0.74	3.98	1.02
Forward cover-Bought	9.28	-	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

(Amount in millions)

Foreign currency exposure as at March 31, 2018	USD	EURO	JPY	Chinese Yuan (RMB)
Trade Receivables	28.98	-	-	-
Trade Payables	42.18	0.39	646.92	-
Forward cover-Bought	-	-	-	-

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, 2019		As at March 31, 2018	
	5% decrease	5% increase	5% decrease	5% increase
Receivable	7.21	(7.21)	9.39	(9.39)
Payable				
USD	(13.33)	13.33	(13.67)	13.67
JPY	(0.01)	0.01	(1.97)	1.97
Euro	(0.29)	0.29	(0.16)	0.16
RMB	(0.05)	0.05	-	-
Forward cover-Bought	3.21	(3.21)	-	-
Impact on profit or loss as at the end of the reporting period	(3.26)	3.26	(6.41)	6.41
Impact on total equity as at the end of the reporting period	(2.12)	2.12	(4.19)	4.19

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 credit worthy 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 certainty 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.

The Group has used a practical expedient and analysed the recoverable amount of the 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 informations.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores of INR)

Movement in the expected credit loss allowance of trade receivables

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at beginning of the year	28.94	23.70
Add: Provided during the year	-	5.24
Less: Amounts written back	8.57	-
Balance at the end of the year	20.37	28.94

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, 2019 would increase/decrease by ₹ 39.92 crores (for the year ended March 31, 2018: increase/decrease by ₹ 62.37 crores).

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. The Group is exposed to interest rate risk on the financial liabilities arising out of short term and long term borrowings. The profit for the year ended March 31, 2019 would increase/decrease by ₹ 2.67 crores (for the year ended March 31, 2018: increase/decrease by ₹ 2.59 crores) for a 1% increase/decrease in interest rate on average financial liabilities during the respective year.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date:

Particulars		As at March 31, 2019	As at March 31, 2018
Non current			
Borrowing	Less than 1 year	2.98	-
	1 year - 3 year	4.60	5.18
	3-5 year	28.28	0.18
	More than 5 year	91.96	144.27
		127.82	149.63

	As at March 31, 2019		As at March 31, 2018	
	Less than 1 year	Total	Less than 1 year	Total
Current				
(i) Borrowing	183.68	183.68	75.37	75.37
(ii) Trade payables	3,438.24	3,438.24	3,375.26	3,375.26
(iii) Other financial liabilities	226.73	226.73	205.49	205.49

The surplus funds with the Group and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2019

(Amount in crores 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. 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 (₹ in crores)	As % of other comprehensive income	Amount (₹ in crores)	As % of total comprehensive income	Amount (₹ in crores)
Parent	Hero MotoCorp Limited	84.36%	11,165.05	97.86%	3,370.27	-0.48%	(16.46)	97.38%	3,353.81
Subsidiaries	Indian								
	HMC MM Auto Limited	0.12%	16.34	-0.13%	(4.34)	0.00%	(0.03)	-0.13%	(4.37)
	Foreign								
	HMCL Netherlands BV	0.16%	20.96	0.56%	19.27	0.00%	0.07	0.56%	19.34
	HMCL Colombia SAS	0.41%	53.88	-0.68%	(23.45)	-0.03%	(1.10)	-0.71%	(24.55)
	HMCL Niloy Bangladesh Limited	0.93%	122.56	1.28%	44.24	0.07%	2.29	1.35%	46.53
	HMCL (NA) Inc.	0.00%	0.04	0.00%	(0.01)	0.00%	-	-0.00%	(0.01)
	HMCL Americas Inc.	0.16%	20.73	0.00%	0.09	0.02%	0.80	0.03%	0.90
	HMCL TechCenter Germany GmbH	0.11%	14.95	-0.01%	(0.48)	0.00%	0.03	-0.01%	(0.46)
	Non controlling interest	0.88%	116.11	-0.65%	(22.26)	-0.04%	(1.34)	-0.69%	(23.60)
Associates *	Indian								
	Hero FinCorp Limited	11.73%	1,553.28	2.77%	95.49	-0.02%	(0.56)	-0.02%	(0.56)
	Ather Energy Private Limited	1.15%	152.61	-1.01%	(34.73)	0.00%	(0.02)	-1.01%	(34.74)
Total		100.00%	13,236.52	100.00%	3,444.09	-0.47%	(16.32)	96.75%	3,332.29

* Investments accounted as per equity method

46. The consolidated financial statements were approved for issue by the board of directors on April 26, 2019.
47. 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, 2019.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 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

Jiten Chopra
Partner
Membership No:092894
Place : New Delhi
Date : April 26, 2019

Niranjan Kumar Gupta
Chief Financial Officer
Place : New Delhi
Date : April 26, 2019

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

(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 Associates¹

Part "A": Subsidiaries

Particulars	HMC MM Auto Limited		HMCL (INA) 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 ³	
	Year ended March 31, 2019	INR	Year ended March 31, 2019	USD	Year ended March 31, 2019	INR	Year ended March 31, 2019	USD	Year ended March 31, 2019	INR	Year ended March 31, 2019	BDT ⁴	Period ended March 31, 2019	INR
Reporting period														
Reporting Currency	1.00		69.16	1.00	69.16	1.00	69.16	1.00	0.02	1.00	0.83	1.00	77.58	1.00
Exchange Rate				USA		USA		Netherlands		Colombia		Bangladesh		Germany
Country of Registration														
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	60.00		173.42	25.08	24.21	3.50	280.79	40.60	131.34	60.36	81.12	981.29	19.59	2.53
Reserve	(37.52)		(173.38)	(25.07)	(2.77)	(0.40)	16.05	2.32	(69.63)	(32.00)	115.32	1,394.96	(0.40)	(0.05)
Total Assets	76.60		0.04	0.01	21.37	3.09	297.12	42.96	260.66	119.79	491.06	5,939.95	22.15	2.86
Total Liabilities ²	76.60		0.04	0.01	21.37	3.09	297.12	42.96	260.66	119.79	491.06	5,939.95	22.15	2.86
Investment	-		-	-	-	-	275.81	39.88	-	-	40.60	491.10	-	-
Turnover ⁶	26.39		-	-	-	-	-	-	158.04	72.63	730.28	8,833.72	1.70	0.22
Profit/(Loss) Before Taxation	(7.24)		(0.01)	(0.00)	(0.08)	(0.01)	19.23	2.78	(32.46)	(14.92)	87.40	1,057.16	(0.20)	(0.03)
Provision for Taxation	-		-	-	-	-	-	-	(0.11)	(0.05)	(7.49)	(90.64)	(0.25)	(0.03)
Profit/(Loss) after Taxation	(7.24)		(0.01)	(0.00)	(0.08)	(0.01)	19.23	2.78	(32.57)	(14.97)	79.91	966.52	(0.45)	(0.06)
Proposed Dividend	-		-	-	-	-	-	-	-	-	-	-	-	-
%age holding	60%		100%	100%	100%	100%	100%	100%	68%	68%	55%	55%	100%	100%

Notes

- 1 Financial information has been extracted from the standalone audited financial statements for the year ended March 31, 2019, and has been translated at the exchange rate prevailing on March 31, 2019
- 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 Investment made by HMCL (INA) 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 are no subsidiaries which have been liquidated or sold during the year

Part "B": Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

Sl. No.	Name of Associates	Hero FinCorp Limited	Erik Buell Racing Inc.***	Ather Energy Private Limited
1	Latest audited Balance Sheet Date	Year ended March 31, 2019	Year ended December 31, 2013	Year ended March 31, 2019
2	Shares of Associate held by the company on the year end			
	No.	47032574	9686	99286
	Amount of Investment in Associates (₹ in crore)	1,026.29	***	200.58
	Extent of Holding %	41.18%	49.20%	32.31%
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%	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)	1,500.08	***	39.29
6	Profit / (Loss) for the year*			
	i. Considered in Consolidation	95.49	-	(34.73)
	ii. Not considered in Consolidation**	150.27	-	(72.74)

* Profit/Loss include necessary adjustment on account of dividend distribution tax

** Represent portion of Profit attributable to other shareholders

*** Investment in Erik Buell Racing Inc., an associate of Company, of ₹ 150.09 crores (USD 25 million) has been fully provided for, on account of bankruptcy filing under Chapter 128 of the Wisconsin Statutes. There are no other associate or joint venture which have been liquidated or sold during the year.

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN-00004223

M. Damodaran
Chairman Audit Committee
DIN-02106990

Place: New Delhi
Date: April 26, 2019

Niranjan Kumar Gupta
Chief Financial Officer

Pradeep Dinodia
Non-Executive Director
DIN-00027995

Neerja Sharma
Company Secretary

Notes

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Notes

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Hero MotoCorp Ltd.
(CIN:L35911DL1984PLC017354)

Registered Office

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057, India
Tel.: 011-4604 4100, 2614 2451
Fax: 011-2614 3321, 2614 3198
www.heromotocorp.com