

Hero Electric Vehicles Private Limited
Balance Sheet as at March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-Current Assets			
a) Property, Plant & Equipment	4(i)	3,749.41	1,968.26
b) Capital Work in Progress	4(i)	1,709.33	31.00
c) Other Intangible Assets	4(ii)	275.62	205.60
d) Right-of-Use Assets	4(iii)	1,575.49	1,337.20
e) Intangible Assets Under Development	4(ii)	295.37	250.51
f) Financial Assets			
(i) Investments	5	-	-
(ii) Loans	6	68.25	-
(iii) Others Financial Assets	7	888.32	248.71
g) Deferred Tax Asset (Net)	8	7,087.69	2,317.19
h) Other Non Current Assets	9	832.63	484.89
i) Non Current Tax Assets (Net)	16	119.61	89.12
Total Non-Current Assets		16,601.72	6,932.48
Current Assets			
a) Inventories	10	16,480.37	23,403.52
b) Financial Assets			
(i) Investments	11	144.20	4,759.46
(ii) Trade Receivable	12	6,142.98	1,661.11
(iii) Cash & Cash Equivalents	13	4,823.98	584.85
(iv) Other Bank Balances	14	11,288.33	16,329.83
(v) Loans	6	28.50	108.65
(vi) Other Financial Assets	7	51,670.94	6,585.06
c) Other Current Assets	15	14,506.15	15,578.70
Total Current Assets		105,085.45	69,011.18
TOTAL ASSETS		121,687.17	75,943.66
EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	17	3,934.20	3,934.20
b) Instruments Entirely Equity in Nature	18	907.33	907.33
c) Other Equity	19	13,291.54	24,447.08
Total Equity		18,133.07	29,288.61
Liabilities			
Non-Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	20	2,082.60	792.91
(ii) Lease Liability	21	1,619.40	1,402.40
(iii) Other Financial Liabilities	22	5.10	-
b) Provisions	23	3,650.23	1,908.40
Total Non-Current Liabilities		7,357.33	4,103.71
Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	20	25,848.73	20,815.74
(ii) Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises	24	7,581.76	499.85
- Total outstanding dues of trade payable other than micro enterprises and small enterprises	24	34,175.46	14,172.48
(iii) Lease Liability	21	233.17	134.11
(iv) Other Financial Liabilities	22	3,459.34	2,029.28
b) Other Current Liabilities	25	24,502.43	4,753.00
c) Provisions	23	395.88	146.88
Total Current Liabilities		96,196.77	42,551.34
TOTAL EQUITY AND LIABILITIES		121,687.17	75,943.66

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants,
ICAI Firm Registration No. 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

Place : Gurugram
Date : 23-04-2024



For and on behalf of board of directors

Vijay Munjal
Director
DIN 00002782
Place: Ludhiana

Sohinder Singh
Chief Executive Officer
Place : Gurugram

Date : 23-04-2024

Naveen Munjal
Managing Director
DIN 00084789
Place : Gurugram



Hero Electric Vehicles Private Limited
Statement of Profit and Loss for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
INCOME			
Revenue From Contract with Customers	26	98,266.25	84,100.47
Other Income	27	1,084.34	1,138.81
Total Income		99,350.59	85,239.28
EXPENSES:			
Cost of Raw Materials Consumed	28	88,039.94	71,827.82
Purchases of Stock-in-Trade		320.89	94.91
Change in Inventories of Finished Goods, Stock in Trade and Work-in-Progress	29	(391.28)	(261.85)
Employee Benefits Expense	30	5,119.19	4,341.73
Finance Cost	31	4,416.31	1,682.11
Depreciation and Amortization Expense	32	640.92	393.56
Other Expenses	33	17,639.40	11,233.21
Total Expenses		115,785.37	89,311.49
Profit before tax		(16,434.78)	(4,072.21)
Tax Expenses:			
Current tax		-	-
Tax with Respect to Earlier Year		(3.20)	-
Deferred Tax Expense/(credit)	36	(4,770.49)	(1,075.98)
Total Tax Expenses:		(4,773.69)	(1,075.98)
(Loss) for the Year		(11,661.09)	(2,996.23)
Other Comprehensive Income/(Expense)			
Items that will not be Reclassified Subsequently to Profit or Loss			
Re-measurement gains/ (losses) on Defined Benefit Plan		49.63	(48.31)
Re-measurement gains/ (losses) on Defined Benefit Plans - Income Tax Effect		(14.72)	12.56
Total Comprehensive Income for the year, net of Income tax		(11,626.18)	(3,031.98)
-Basic	39	(24.23)	(6.69)
-Diluted	39	(24.23)	(6.69)
Significant Accounting Policies	1		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants,
ICAI Firm Registration No. 301003E/E300005


per Pravin Tulsyan
Partner
Membership Number: 108044



For and on behalf of board of directors


Vijay Munjal
Director
DIN 00002782
Place: Ludhiana

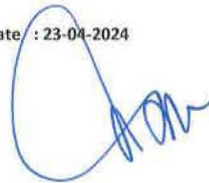
Sohinder Singh
Chief Executive Officer
Place : Gurugram


Naveen Munjal
Managing Director
DIN 00084789
Place : Gurugram



Place : Gurugram
Date : 23-04-2024

Date : 23-04-2024



Hero Electric Vehicles Private Limited
Statement of Cash Flows for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the year ended March 31, 2023	For the Year ended March 31, 2022
A Cash Flow From Operating Activities		
(Loss) after exceptional item, tax as per statement of profit and loss	(16,434.78)	(4,072.21)
Adjustment for :		
Balance written back	-	(7.89)
Unrealised foreign exchange loss	224.09	20.63
Provision for doubtful debts	123.24	11.07
Provision for obsolete stock	790.87	(222.27)
Bad debts written off	-	237.78
Share Based Payment Expenses	70.64	-
Provision for claims written off	-	356.43
Depreciation and Amortization Expense	640.92	393.56
Finance Cost	4,416.31	1,682.11
Finance Income	(829.30)	(654.57)
Net Gain on fair valuation of Investments through Profit & Loss	(6.86)	(311.91)
Loss on sale of Property Plant and Equipment	3.41	-
Profit on sale of investments	(177.86)	(12.38)
Operating profit before working capital changes	(11,179.33)	(2,579.65)
Changes in working capital		
Adjustments for (increase)/decrease in operating assets:		
Inventories	6,132.29	(11,004.92)
Trade receivable	(4,622.94)	(1,750.32)
Loan & Advances	11.89	(54.55)
Other Financial Assets	(45,725.51)	(5,146.36)
Other Current Assets	1,072.55	(7,057.26)
Adjustments for increase/(decrease) in operating liabilities:		
Trade Payables	26,878.64	(521.28)
Other Financial Liabilities	1,435.16	643.28
Other Current Liabilities	19,749.43	976.47
Provisions	2,025.74	422.45
Cash generated from Operations	(4,222.06)	(26,072.14)
Direct taxes (paid) (net of refund)	(27.29)	(36.28)
Net cash flows (used in) Operating Activities	A	(26,108.42)
B Cash flow from Investing Activities		
Net Purchase of property plant and equipment (including intangibles and CWIP)	(3,670.26)	(663.22)
Capital advances	(347.74)	(360.18)
Sale of investments	4,799.99	(1,963.64)
Purchase of investments	-	(542.34)
Short-term deposits made (Net)	5,041.49	(6,075.95)
Interest received	829.30	654.57
Net cash flow from/(used) in Investing Activities	B	(8,950.76)
C Cash flow from Financing Activities		
Proceeds from issue of shares/Share Application Money	329.36	22,500.00
Proceeds from long-term borrowings	8,613.57	6,223.01
(Repayment) of long-term borrowings	(7,435.77)	(4,076.84)
Proceeds from short-term borrowings	5,144.87	11,973.88
Expenses on issue of share capital	70.64	(469.66)
Interest paid	(4,234.62)	(1,575.15)
Payment of lease liabilities	(652.34)	(240.03)
Net cash flow from Financing Activities	C	34,335.23
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	4,239.13	(723.97)
Cash and cash equivalents at the beginning of the year	584.85	1,308.82
Cash and cash equivalents at the end of the year	4,823.98	584.85
Cash and cash equivalents comprise of the following:		
Cash on hand	15.76	17.45
Balance with banks :		
On current accounts	1,162.50	567.40
On cash credits	11.62	-
Deposits with maturity of Less than 3 Months	3,634.10	-
Cash and cash equivalent as at year end (Refer Note No. 13)	4,823.98	584.85

Notes

- The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".
- Refer note 38 for reconciliation of movement of liabilities to cash flows arising from financing activities.
- There are no non cash items in Investing activities.
- Figures in bracket indicates cash outflows.

As per our report of even date

For S.R. Ratilni & Co. LLP
Chartered Accountants,
ICAI Firm Registration No. 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044

Place : Gurugram
Date : 23-04-2024

For and on behalf of board of directors

Vijay Munjal
Director
DIN 00002782
Place: Ludhiana

Naveen Munjal
Managing Director
DIN 00084789
Place : Gurugram

Sohinder Singh
Chief Executive Officer
Place : Gurugram



Hero Electric Vehicles Private Limited
Statement of Changes In Equity for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

A	Equity Share Capital	Notes	Amount
	As At April 1, 2021		3,163.10
	Changes in Equity share capital	17	771.10
	As At March 31, 2022		3,934.20
	Changes in Equity share capital	17	-
	As At March 31, 2023		3,934.20

B	Preference Share Capital	Notes	Amount
	As At April 1, 2021		-
	Changes in Preference share capital	17	907.33
	As At March 31, 2022		907.33
	Changes in Preference share capital	17	-
	As At March 31, 2023		907.33

C	Other Equity	Reserve and Surplus					
Particulars	Securities Premium	Other Comprehensive Income	Equity Component of compound financial Instrument	Share application money to the extent not refundable*	Share Based Payment Reserve	Retained Earnings	Total
Balance as at April 1, 2021	32,304.10	(30.82)	796.32	-	-	(25,942.45)	7,127.15
(Loss) for the year	-	-	-	-	-	(2,996.23)	(2,996.23)
Addition/Redemption during the Year	21,617.89	-	(796.32)	-	-	-	20,821.57
Utilised for expense of issue of shares	(469.66)	-	-	-	-	-	(469.66)
Other Comprehensive Income for the Year (net of tax)	-	(35.75)	-	-	-	-	(35.75)
Balance as at 31st March, 2022	53,452.33	(66.57)	-	-	-	(28,938.68)	24,447.08
(Loss) for the year	-	-	-	-	-	(11,661.09)	(11,661.09)
Addition/Redemption during the Year	-	-	-	400.00	-	-	400.00
Share Based Payment Expense	-	-	-	-	70.64	-	70.64
Other Comprehensive Income for the Year (net of tax)	-	34.91	-	-	-	-	34.91
Balance as at 31st March, 2023	53,452.33	(31.66)	-	400.00	70.64	(40,599.77)	13,291.54

* Refer Note 17(f)

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants,
ICAI Firm Registration No. 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044



For and on behalf of board of directors
Vijay Munjal
Director
DIN 00002782
Place: Ludhiana

Sohinder Singh
Chief Executive Officer
Place: Gurugram

Naveen Munjal
Managing Director
DIN 00084789
Place: Gurugram



Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

4(ii) Property, Plant & Equipment

Particulars	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Leasehold Improvements	Computer	Total	Capital work In Progress*
Gross Carrying Amount									
As At April 1, 2021	609.14	339.16	136.39	118.26	381.13	851.77	101.92	2,537.77	-
Additions	4.93	150.53	7.91	16.71	73.37	-	85.21	338.66	31.00
As At March 31, 2022	614.07	489.69	144.30	134.97	454.50	851.77	187.13	2,876.43	31.00
Additions	19.11	1,892.68	16.93	90.80	19.66	-	90.95	2,130.13	1,678.33
Disposal	-	-	-	-	14.21	-	11.81	26.02	-
As At March 31, 2023	633.18	2,382.37	161.23	225.77	459.95	851.77	266.27	4,980.54	1,709.33
Accumulated Depreciation, Depletion, Amortisation And Impairment									
As At April 1, 2021	148.56	150.53	50.94	54.79	81.23	119.82	54.43	660.30	-
Charge for the year	19.28	32.78	12.81	19.39	45.48	89.86	28.27	247.87	-
As At March 31, 2022	167.84	183.31	63.75	74.18	126.71	209.68	82.70	908.17	-
Charge for the year	20.32	76.14	10.85	31.45	53.12	89.86	57.95	339.69	-
Disposal	-	-	-	-	4.92	-	11.81	16.73	-
As At March 31, 2023	188.16	259.45	74.60	105.63	174.91	299.54	128.84	1,231.13	-
Net Book Value as at March 31, 2022	446.23	306.38	80.55	60.79	327.79	642.10	104.43	1,968.26	31.00
Net Book Value as at March 31, 2023	445.02	2,122.92	86.63	120.14	285.04	552.23	137.43	3,749.41	1,709.33

Notes:-

1) On transition to Ind As (i.e. 1st April 2018) the company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use the carrying value as deemed cost of property, plant and equipment.

2) Refer to note 20 for information on property plant and equipment pledged as security by the Company.

4(ii) Intangible Asset

Particulars	Software & Licences	Intangible Assets Under Development*	Total
Gross Carrying Amount			
As At April 1, 2021	76.97	120.86	197.83
Additions	163.90	129.65	293.56
Disposal	-	-	-
As At March 31, 2022	240.87	250.51	491.39
Additions	97.04	44.86	141.89
Disposal	-	-	-
As At March 31, 2023	337.91	295.37	633.28
Accumulated Amortisation And Impairment			
As At April 1, 2021	23.17	-	23.17
Charge for the year	12.10	-	12.10
As At March 31, 2022	35.27	-	35.27
Charge for the year	27.02	-	27.02
As At March 31, 2023	62.29	-	62.29
Net Book Value as at March 31, 2022	205.60	250.51	456.12
Net Book Value as at March 31, 2023	275.62	295.37	570.99

* For Details related to Capital Work in progress and Intangible Assets under Development see Note No. 37

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

4(iii) Right of Use Asset

Particulars	Right of Use Asset	Total
Gross Carrying Amount		
As At April 1, 2021	764.40	764.40
Additions	886.49	886.49
Disposal	-	-
Adjustment	21.40	21.40
As At March 31, 2022	1,672.29	1,672.29
Additions	512.50	512.50
As At March 31, 2023	2,184.79	2,184.79
Accumulated Depreciation, Depletion, Amortisation And Impairment		
As At April 1, 2021	195.37	195.37
Charge for the year	133.59	133.59
Disposal	-	-
Adjustment	6.14	6.14
As At March 31, 2022	335.10	335.10
Charge for the year	274.20	274.20
As At March 31, 2023	609.30	609.30
Net Book Value as at March 31, 2022	1,337.19	1,337.19
Net Book Value as at March 31, 2023	1,575.49	1,575.49

Reconciliation of Depreciation, Depletion, Amortisation And Impairment

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Depreciation, Depletion, Amortisation And Impairment		
Property, Plant & Equipment	339.69	247.87
Intangible Asset	27.02	12.10
Right of Use Asset	274.20	133.59
TOTAL	640.91	393.57

Movement in Lease Liabilities

Particulars	As At March 31, 2023	As At March 31, 2022
Opening Balance	1,536.51	767.81
Additions	512.50	886.49
Accretion of Interest	181.69	106.97
Deletion/Amendment	-	(39.56)
Payment of Lease Liabilities and finance cost accrued during the period	(378.14)	(185.20)
Closing Balance	1,852.56	1,536.51

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Hero Electric Vehicles Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

1 Corporate Information

Hero Electric Vehicles Private Limited (the company) is a private limited company domiciled in India and incorporated under the provisions of the Companies Act 1956 on July 31, 2010 with CIN No. U34200DL2010PTC206520. It is the leading manufacturer of E-Bikes and Spares.

2 Basis of Preparation and Presentation

Basis of Preparation

These financial statements have been prepared using presentation and disclosure requirements of Division-II of the Schedule III of the Companies Act 2013.

The financial statements of the company have been prepared to comply with the Indian Accounting Standards (IND AS) as notified by Ministry of corporate Affairs pursuant to Section 133 of the Companies Act 2013 ('Act') read with of the co's (Ind AS) Rules, 2015 and relevant amendment rules issued thereafter, including the rules notified under the relevant provisions of the companies Act, 2013. The Company's financial statements are presented in Indian Rupee which is also its functional currency and all the values are rounded off to nearest lakhs except when otherwise indicated.

These financial statements have been prepared in accordance with the accounting policies listed out below and were consistently applied to all periods presented unless otherwise stated.

The Company has a wholly owned subsidiary named Hero Eco Ltd. (British Virgin Island) incorporated in England and Wales. Vide notification number 35 issued by Ministry of Corporate Affairs (MCA) on January 16, 2015 MCA has provided exemption to prepare the consolidated financial statement to Companies having subsidiary or subsidiaries incorporated outside India only for the financial year commencing on or after April 1, 2014. The Company has availed the said exemption and has accordingly not prepared the consolidated financial statements of the Company.

Figures have been rounded off to the nearest rupee lakhs.

Basis of Measurement

The financial statements have been prepared on the going concern basis using historical cost convention and on an accrual method of accounting except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below (Refer Note 54).

3 Significant Accounting Policies

3.1 **Property Plant and Equipment and Depreciation including Amortisation**

(a) Property Plant and Equipment (PP&E) are stated at cost less accumulated depreciation and/or impairment loss, if any. Cost of acquisition includes purchase price, freight, duties and other expenses directly attributable to bringing the asset to its intended use. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

(b) Depreciation on PP&E is provided on straight-line method, based on estimated useful life of the assets, which is generally in accordance with that prescribed in Schedule II to the Companies Act, 2013. The estimated useful life & residual values are reviewed at the end of each reporting period with the effect of any changes in estimated accounted for on a prospective basis.

(c) In respect of assets added/disposed off during the year, depreciation is charged on pro-rata basis with reference to the month of addition but excluding the month of sale /disposal.

(d) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

Asset Class	Useful Life
Building	30 years
Plant & Machinery	8 to 15 years
Furniture & Fixture	10 years
Office Equipment's	5 years
Vehicles	8 to 10 years
Computer	3 to 6 years
Network & Servers	6 years



3 Significant Accounting Policies (Contd.)

3.2 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses (if any). Amortisation is recognised on a straight-line basis over their estimated useful lives. Intangible assets comprising of software etc. are amortised on a straight line method over a period of 1 to 10 years. The estimated useful life and amortisation methods are reviewed at the end of each reporting period.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

Intangible Assets under Development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. The amount includes significant investment in the development of an web-based and mobile-based platform for Sales automation, Dealer Portal, marketing automation & Mobile Applications.

3.3 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:-

(a) The cost of raw materials & components, stores & spares and includes duties, taxes net of recoverable taxes, wherever applicable, and other expenses incurred to bring the inventories to their present location and condition. The cost is arrived on the basis of weighted average method.

(b) The cost of finished goods includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on first in first out basis.

(c) Packing Material is valued at cost with weighted Average Method.

(d) Scrap is valued at the net realisable value.

(e) Goods in transit (sold) are valued at actual cost. Goods in transit (purchased) are valued at contract price.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.4 Retirement and other employee benefits

Short Term Employee benefits

Short term employees benefits are recognized as an expense at the undiscounted amount in the statement of profit & loss for the year in which the related services are rendered.

Retirement benefit Schemes

Defined Contribution Plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.



Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3 Significant Accounting Policies (Contd.)

Defined Benefit Plans

The Company operates or participates in a number of defined contribution schemes, the assets of which (where funded) are held in a separately administered funds. For defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation each year separately for each plan using the projected credit method by third party qualified actuaries.

Remeasurement including, effects of asset ceiling and return on plan assets (excluding amounts included in interest on the net defined benefit liability) and actuarial gains and losses arising in the year are recognised in full in other comprehensive income and are not recycled to the statement of profit and loss.

Past service costs are recognised in profit or loss on the earlier of

-The date of the plan amendment or curtailment, and

-The date that the Company recognises related restructuring costs

Net Interest is calculated by applying a discount rate to the net defined benefit liability or assets at the beginning of the period. Defined benefit costs are split into current service costs, past service costs, net interest expense or income and remeasurement and gain and loss on curtailments and settlements. Current service cost and past service costs are recognised within employee benefit expenses. Net interest expense or income is recognised within finance costs.

The retirement benefits recognised in the balance sheet represent 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 benefit available in the form of reduction in future contributions.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

3.5 Research and development

An internally generated intangible asset arising from development activities, which involves a plan or design for the production of new or substantially improved products and processes is recognised as an asset, if and only if all of the following have been demonstrated:

1. Development costs can be measured reliably;
2. The product or process is technically and commercially feasible;
3. Future economic benefits are probable; and
4. The Company intends to and has sufficient resources/ability to complete development and to use or sell the asset.

The expenditure to be capitalised include the cost of materials and other costs directly attributable to preparing the asset for its intended use.

3.6 Foreign Currency Transactions

The Company's financial statements are presented in INR, which is also the company's functional currency. 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 assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except in cases where they relate to long term foreign currency monetary items related to acquisition of fixed assets, in which case they are adjusted in the carrying cost of such assets. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



3 Significant Accounting Policies (Contd.)

3.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax 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 or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future profits will allow the deferred tax assets 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. Tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit and loss (either in OCI or equity).

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 deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and same taxable entity.

Further, Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

3.8 Revenue recognition

Sale of goods / rendering of services (including revenue from contract with customers)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Company receives advance payments from customers for the sale of E Bikes. The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.



3 Significant Accounting Policies (Contd.)

Warranty obligations

The Company provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Company provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of E- Bike. Contracts for bundled sales of equipment and a service-type warranty comprise two performance obligations because the equipment and service-type warranty are both sold on a stand-alone basis and are distinct within the context of contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

The services of warranty and Free Service Coupons are sold along with Sale of Product itself and no extended warranty in any case is given to the Customers beyond the standard terms as per the warranty policy.

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 Company accounts for the post-contract support / provision for warranty & service coupons on the basis of the information available with the Management duly taking into account the current and past technical estimates.

The long term provision are discounted to its present value and then is recognised in the books if the impact is material.

Contract balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs part of its obligation by transferring goods or services to the customers before the customer pays the consideration or before payment is due, a contract assets is recognised for the earned consideration when that right is conditional on the Company's future performance.

Trade Receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Interest Income is recognised on accrual basis on time proportion method, taking into account the amount outstanding and the effective interest rate.

3.9 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is calculated, as the higher of fair value less costs of disposal and the assets value in use.



Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

3 Significant Accounting Policies (Contd.)

3.9 Impairment of non-financial assets (Contd.)

Fair Value less cost of disposal is the price that would be received to sell the assets in an orderly transactions between market participants and does not reflect the effects of factors that may be specific to the company and not applicable to entities in general.

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. Value in use is determined by applying assumptions specific to the company's continued use and cannot take into account future development.

The Carrying amount of CGU is determined on the basis consistent with the way the recoverable amount of the CGU is determined. If the recoverable amount of asset or the CGU is estimated to be less than its carrying amount, the carrying amount of the assets or CGU is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

3.10 Current and Non- Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

All other liabilities are classified as non-current.

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

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.

3.11 Exceptional Items

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allow an understanding of the underlying performance of the business in the year, so as to facilitate comparison with the prior periods. Also tax charges related to exceptional items and certain one time tax effects are considered exceptional. Such items are material by nature or amount and require separate disclosure in accordance with Ind AS.

3.12 Provisions, contingent liabilities and contingent assets

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of its resources will be required to settle the obligation in respect of which reliable estimate can be made. When a provision is measured using the cashflows 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). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.



3 Significant Accounting Policies (Contd.)

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

3.13 Financial instruments

A financial instrument is any contract that give rise to financial asset of one entity and a financial liability or equity instrument of another entity.

A. Investment in subsidiary, joint venture and associates

These Investments are valued at cost (as per IND AS-27) net of impairment loss, if any.

B. Other Financial Instruments

(i) Initial recognition & measurement

(a) Financial instruments comprising of financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

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

(ii) Classification & Subsequent measurement

(a) Financial Assets

For the purpose of subsequent measurement, financial assets are classified as:

Debt instrument at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

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

After initial measurement, such financial instruments are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets at fair value through profit or 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.

(b) 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. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximates fair value due to short maturity.



3 Significant Accounting Policies (Contd.)

(iii) Impairment of financial assets

In accordance with IND-AS 109, the company uses "Expected credit loss" (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). The Company follows 'simplified approach' for recognition of impairment loss allowances on trade receivables, contract assets and lease liabilities. The application of simplified approach does not require the Company to track changes in the credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL impairment loss allowance (or recovered) recognised during the year is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

a) **Financial assets measured at amortise costs:** ECL is presented as an allowance, i.e., as an integral part of measurement of those assets. The Company does not reduces impairment allowance from the gross carrying amount.

b) **Other Financial assets:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value

(iv) Derecognition of financial assets and financial liability

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. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of new liability. The differences in the respective carrying amount is recognised in the statement of profit and loss.

(v) De Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal rights to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(vi) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

(vii) Convertible Instruments:

Convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the convertible instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible instrument based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

3.14 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



3 Significant Accounting Policies (Contd.)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.15 Earning Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.16 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short term deposits as defined above.

3.17 Borrowing Costs:

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent they relate to the period till such assets are ready to be put to use, while other borrowing costs are recognized as expenses in the year in which they are incurred. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to statement of Profit and Loss in the period in which they occur. Borrowing cost consists of interest and other costs that any entity incurs in connection with the borrowing of funds.



3 Significant Accounting Policies (Contd.)

3.18 Applicability of new and amended standards

(A) Changes in accounting policies and disclosures

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which were effective from April 01, 2022. These amendments had no impact on the financial statement of the Company for the year ended March 31, 2023. Below is a summary of such amendments:

Ind AS 16, Property, Plant and Equipment	Proceeds before intended use of Property, Plant and equipment. The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment, any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).
Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts - Cost of fulfilling a contract The amendment explains that the cost of fulfilling a contract comprises of the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
Ind AS 103, Business combinations	References to the conceptual framework The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.
Ind AS 109, Financial Instruments	Fees included in the 10% test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the *10% test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
Ind AS 101, First-time adoption	Subsidiary as a first-time adopter Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Ind AS 41, Agriculture	Taxation in fair value measurements The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

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3 Significant Accounting Policies (Contd.)

(B) Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The Company is currently assessing the impact of the amendments.

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Hero Electric Vehicles Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

5 Financial Assets- Investments

Particulars	Units As on March 31, 2023	Units As on March 31, 2022	As at March 31, 2023	As at March 31, 2022
Unquoted (Fully Paid up Equity Shares) Equity instrument at cost Face value of US \$.1 per share Hero Eco Ltd.-BVI (Fully Owned Subsidiary Co.)	1	1	0.00	0.00
Less: Provision of investment in related party	1	1	(0.00)	(0.00)
Total	-	-	-	-

6 Financial Assets- Loans

Particulars	As at March 31, 2023	As at March 31, 2022
Non- current		
Unsecured, Considered Good		
Loan and Advance to Employees	68.25	-
Unsecured, Considered Credit Impaired		
*Loan to Related Party-Hero Eco Ltd. BVI (Subsidiary Company)	18,636.55	18,636.55
Less: Provision on loan receivable from related parties (Refer Note No:42(F))	(18,636.55)	(18,636.55)
(A) Total Non Current Financial Assets- Loans	68.25	-
Current		
Loan and Advance to Employees	28.50	108.65
(B) Total Current Financial Assets- Loans	28.50	108.65
TOTAL (A)+(B)	96.75	108.65

*Loans are non-derivative financial assets which generate a fixed or variable interest income for the group and are measured at amortised cost. The carrying value may be affected by changes in the credit risk of the counter parties. During the previous year 2020-21, the Company has submitted application with RBI for Writing off financial commitment. Considering this, company has provided for entire Loan outstanding including interest thereon in the current year.

7 Other Financial Assets

Particulars	As at March 31, 2023	As at March 31, 2022
Non- current		
Security Deposits	259.28	248.71
Deposits with Maturity More than 12 Months*	629.04	-
(A) Total Non Current Other Financial Assets	888.32	248.71
CURRENT		
Advance to Related Parties	12.32	458.12
Subsidy Receivable (Refer Note 52)	51,605.42	6,126.94
Security Deposits	53.20	-
(B) Total Current Other Financial Assets	51,670.94	6,585.06
TOTAL (A)+(B)	52,559.26	6,757.97

*Earmarked deposits against Letter of Credit

8 Deferred Tax Asset (Net)

The company has accrued significant amounts of deferred Tax. The majority of the deferred tax liability represent accelerated tax relief for the depreciation of Property, plant and equipment, net of losses carried forward and Unused tax Credit in the form of MAT credits carried forward. Significant components of Deferred tax (assets)/Liabilities recognised in the balance sheet are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Assets		
- Accrued Expenses deductible on payment	69.04	28.72
- Unabsorbed losses & depreciation	7,024.43	2,680.18
- MAT Credit Entitlement	44.32	44.32
Less:- Deferred Tax Liabilities		
- Property, Plant and Equipment, Intangible Asset and Rou Asset	46.64	96.57
- Financial Asset carried at fair value through profit or loss	3.46	339.46
Total Deferred Tax Assets (Net)	7,087.69	2,317.20

The Company has carried forward business losses of INR 21,282.16 Lakhs (March 31,2022 INR 7,845.62 Lakhs) and unabsorbed depreciation of INR 1,232.06 Lakhs (March 31,2022 INR 744.88 Lakhs). The Company has reviewed such losses and deductible temporary differences and determined that sufficient future taxable profits will be available against which such tax losses and deductible temporary differences can be utilised. Thus, the company has recognized a corresponding deferred tax asset on the same. Further, due to lack of evidence for generation of sufficient future taxable capital gain, the Company has not recognized deferred tax assets on provision for investment in subsidiary which will be claimed as capital loss after receipt of regulatory approvals and evaluation by the management.

9 Other Non Current Assets

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Advances	829.18	484.89
Others	3.45	-
Total Other Non Current Assets	832.62	484.89

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

10 Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Material and Components (at lower of cost and Net Realisable Value)	14,512.09	21,072.75
Goods in Transit- Raw Material & Components	3.10	978.32
Finished Goods (at Cost)	1,363.61	972.24
Stores, Spare Parts & Tools etc.	601.57	380.13
Scrap	-	0.08
Total Inventories	16,480.37	23,403.52

Note:

1. For Method of Valuation of each class of Inventory Refer Note No.3.3

2. During the year ended March 31, 2023, INR 790.88 Lakhs (March 31, 2022: INR (222.27) Lakhs) was recognized as an expense/(income) to inventories in respect of write-down of slow moving/non-moving inventories.

11 Investments

Particulars	Units As on March 31, 2023	Units As on March 31, 2022	As at March 31, 2023	As at March 31, 2022
At Fair Value through Profit and Loss				
HDFC Liquid Fund	9.09	9.09	0.40	0.38
ICICI Prudential Focused Blue-chip Equity Fund - Regular Plan -Growth	-	249,019.19	-	163.31
Birla Sun Life Front life Equity Fund Growth Reg	-	102,516.73	-	345.87
Mirae Asset Emerging Blue-chip Regular Plan G	-	340,749.79	-	324.05
Mirae Asset India Opportunities Fund	-	357,461.29	-	276.71
HDFC Midcap Opportunities Fund	-	103,004.39	-	93.52
HDFC Overnight fund Collection	-	30,585.80	-	959.17
Punjab National Bank - 8.98% BOND	-	50.00	-	534.36
ICICI Prudential Long Short Fund Series I	132,835.03	1,999,900.01	143.80	2,062.09
Total Investments	132,844.12	3,183,296.29	144.20	4,759.46

12 Financial Assets-Trade Receivable

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, Considered Good	6,033.35	1,661.11
Unsecured, Considered Credit Impaired	243.94	11.07
Gross Trade Receivables	6,277.29	1,672.18
Less: Provision for Expected Credit Loss	(134.31)	(11.07)
Total Net Trade Receivables	6,142.98	1,661.11

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Ageing of Trade Receivables as on March 31, 2023

Outstanding from due date of Payment						
Particulars	Less Than 6 Months	6 Months -1 Year	1-2 Years	2-3 Years	More than 3 years	Grand Total
Undisputed Trade Receivables Considered good	6,033.35	-	-	-	-	6,033.35
Undisputed Trade Receivables which has significant increase in credit risk	-	109.63	-	-	-	109.63
Undisputed Trade Receivables Credit Impaired	-	109.63	24.68	-	-	134.31
TOTAL	6,033.35	219.26	24.68	-	-	6,277.29

Ageing of Trade Receivables as on March 31, 2022

Outstanding from due date of Payment						
Particulars	Less Than 6 Months	6 Months -1 Year	1-2 Years	2-3 Years	More than 3 years	Grand Total
Undisputed Trade Receivables Considered good	1,566.94	92.10	2.07	-	-	1,661.11
Undisputed Trade Receivables Credit Impaired	-	11.07	-	-	-	11.07
TOTAL	1,566.94	103.17	2.07	-	-	1,672.18

13 Current Financial Assets-Cash & Cash Equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
a) Balances with Banks		
On Current Account	1,162.50	567.40
On Cash Credit Account	11.62	-
Deposits with maturity of Less than 3 Months*	3,634.10	-
b) Cash in hand	15.76	17.45
Total Cash and Cash Equivalents	4,823.98	584.85

* Earmarked deposits against Letter of Credit.

14 Current Financial Assets-Other Bank Balances

Particulars	As at March 31, 2023	As at March 31, 2022
Deposit with original Maturity for more than 3 months less than 12 months*(Incl. interest accrued thereon)	11,288.33	16,329.83
Total Other Bank Balances	11,288.33	16,329.83

* Earmarked deposits against Letter of Credit.

* Bank Deposits earn interest at fixed rate based on respective deposit rate.

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

15 Other Current Assets

Particulars	As at March 31, 2023	As at March 31, 2022
balance with Government Authorities	8,168.56	12,361.58
Advance Recoverable in cash or Kind*		
- Related Party (Refer Note 34)	156.17	253.74
- Others	5.74	20.09
Advance to Suppliers	1,072.87	682.49
Warranty Claim Receivable	4,960.07	2,126.10
Others	142.74	134.70
Total Other Current Assets	14,506.15	15,578.70

* Includes imprest Balances with Employees for business related expense

16 Non Current Tax Assets (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance Income tax (Net of Provision)	119.61	89.12
Total Current Tax Assets	119.61	89.12

17 Equity Share Capital

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	No. of shares (In Lakhs)			
Authorised Equity Share Capital				
Equity Shares of Rs.10 each with Voting rights	435.00	435.00	4,350.00	4,350.00
Total	435.00	435.00	4,350.00	4,350.00
Issued, Subscribed and fully paid up:				
Equity Shares of Rs.10 each with Voting rights	393.42	316.31	3,934.20	3,934.20
Total	393.42	316.31	3,934.20	3,934.20

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	39,342,045	3,934.20	31,631,016	3,163.10
Add: Shares issued during the Period	-	-	7,711,029	771.10
Shares outstanding at the end of the year	39,342,045	3,934.20	39,342,045	3,934.20

b) Rights, Preferences and Restrictions attached to Equity Shares.

The Company has only one class of Equity shares having a par value of Rs. 10 per share fully paid up. Each holder of equity shares is entitled to one vote per share held and will rank pari passu with each other in all respect. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation shareholders are entitled to receive the remaining assets of the company after distribution of all Preferential/ secured amounts in proportion to their shareholding.

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

Particulars	March 31, 2023		As at March 31, 2022	
	No. of shares held	% of Holding	No. of share held	% of Holding
Sh. Vijay Munjal	10,448,518	26.56%	10,448,518	26.56%
Sh. Naveen Munjal	10,045,881	25.53%	10,045,881	25.53%
Sh. Gaurav Munjal	10,303,262	26.19%	10,303,262	26.19%
Nominees of Oaks Assets Management Pvt. Ltd. (earlier Alpha Capitals)	5,026,966	12.78%	5,026,966	12.78%
V' Ocean Investments Limited	2,684,073	6.82%	2,684,073	6.82%

d) Shares held by promoters at the end of the year March 31, 2023

Particulars	March 31, 2023		
	No. of shares held	% of Holding	% Change during the Year
Sh. Vijay Munjal	10,448,518	26.56%	0.00%
Sh. Naveen Munjal	10,045,881	25.53%	0.00%
Sh. Gaurav Munjal	10,303,262	26.19%	0.00%
Munjal Investments Pvt. Ltd.	833,335	2.12%	0.00%

Shares held by promoters at the end of the year March 31, 2022

Particulars	As at March 31, 2022		
	No. of share held	% of Holding	% Change during the Year
Sh. Vijay Munjal	10,448,518	26.56%	0.00%
Sh. Naveen Munjal	10,045,881	25.53%	0.00%
Sh. Gaurav Munjal	10,303,262	26.19%	0.00%
Munjal Investments Pvt. Ltd.	833,335	2.12%	0.00%

e) The Company has not issued any shares pursuant to any contract without payment being received in cash or as fully paid up by way of bonus shares. The Company has not bought back any shares.

f) Subsequent to the year end, the Company has issued 38,02569 number of Compulsory convertible preference share (CCPS) at nominal value of Rs. 10 per share at a premium of Rs 238 per share, 1,65,99,990 number of Compulsory convertible preference share (CCPS) at nominal value of Rs. 10 per share at a premium of Rs 90 per share, 20 number of equity shares at nominal value of Rs. 10 per share at a premium of Rs 238 per share and 10 number of equity shares at nominal value of Rs. 10 per share at a premium of Rs 90 per share.

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Hero Electric Vehicles Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

18 Instruments Entirely Equity In Nature

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	No. of shares (In Lakhs)			
Authorised Share Capital				
Compulsory Convertible Preference Shares of Rs.10 each	90.73	90.73	907.33	907.33
Total	90.73	90.73	907.33	907.33
Issued, Subscribed and fully paid up:				
Compulsory Convertible Preference Shares of Rs.10 each	90.73	90.73	907.33	907.33
Total	90.73	90.73	907.33	907.33

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	9,073,317	907.33	-	-
Add: Shares issued during the Period	-	-	9,073,317	907.33
Shares outstanding at the end of the year	9,073,317	907.33	9,073,317	907.33

b) Rights, Preferences and Restrictions attached to Shares.

Each Compulsory Convertible Preference Share has a par value of Rs. 10 each. The CCPS bear a Coupon rate of 0.001% per annum (calculated on face value) payable when declared by the Board and is cumulative. Until conversion of the CCPS, the each of the holder shall be entitled to participate (with preferential right) on as if converted basis in any dividends or distribution payable to holders of Equity Shares of the Company. Each Holder of CCPS is also having voting rights attached thereto as are in proportion to on as if converted basis, including right to receive notice and vote on all matters that submitted to the vote of the shareholders of the company (including the holders of Equity Shares). In the event of Liquidation, each holder of CCPS will be paid an amount determined as per Clause 16 (Liquidation Preference) of Shareholder' agreement

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

Particulars	March 31, 2023		March 31, 2022	
	No. of shares held	% of Holding	No. of share held	% of Holding
V' Ocean Investments Limited	4,637,478	51.11%	4,637,478	51.11%
Camil Investments Ltd.	4,435,839	48.89%	4,435,839	48.89%

19 Other Equity (Refer Statement Of Changes In Equity)

Purpose of Different Reserves

(a) Securities Premium Reserve

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

(b) Other Comprehensive Income

Other comprehensive income represents the cumulative gains and losses net of taxes arising on actuarial gains & losses on employee benefits net of taxes.

(c) Equity Component of compound financial instrument

The Company had issued 7,963,263 number of 0.0001% compulsory convertible debentures (CCD) at nominal value of Rs. 10 per debenture at a premium of Rs 167.37 per unit during the year 2018-19 and 2019-20 to Oaks Assets Management Private limited and V' Ocean Investment Limited. Premium of these debenture was recorded as securities premium under reserves and surplus. The Company has recognised the total nominal value amounting to Rs. 796.32 lakhs as a component of equity in the books of accounts as each CCD was convertible into 0.97 equity shares as per the agreed terms and conditions between the debenture holders. On May 19, 2021 has allotted 7,711,019 equity shares to the said debenture holders and their beneficiaries on Conversion.

(d) Retained Earnings

Retained earnings represents amount that can be distributed by the Company to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act 2013.

(e) Share Based Payment Reserve

The share options-based payment reserve in respect of equity settled share options granted to the company's employees in pursuance of Employee Stock Option Plan. Refer Note no 50.

20 Financial Liabilities- Borrowings

(A) Non-Current Borrowings

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non-Current	Current	Non-Current
Secured				
Debentures				
15.90 % Debenture	985.00	-	-	-
Vehicle Loans	65.39	61.99	73.10	118.34
Term Loans from Banks	1,145.73	2,020.61	182.10	674.56
Term Loans from Financial Institutions	1,447.20	-	4,000.00	-
Inter-Corporate Deposits	2,000.00	-	1,500.00	-
	5,643.32	2,082.60	5,755.20	792.90
Less: Current maturity shown under Current Borrowings	5,643.32	-	5,755.20	-
Total Non-Current Borrowings	-	2,082.60	-	792.90

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

Financial Liabilities- Borrowings (Cont.)

Note :

S.No.	Particulars	Balance outstanding as at March 31, 2023	Balance outstanding as at March 31, 2022	Interest Rate	Security Details	Terms of Repayment
Debenture						
(i)	Karnation Fund**	985.00	-	15/90%	The loan is secured by second charge by means of a hypothecation over Inventory, trade receivables and fixed assets as per the valuation report dated 19th December, 2022. Value of the Hypothecated Properties which is at least 1x of the outstanding Repayment Amount and the Secured Obligations of the Company.	10 Fortnightly Instalments of Rs. 25 lakhs, 12 fortnightly instalment of Rs. 25 lakhs, 2 fortnightly instalments of Rs. 37.50 lakhs, 4 fortnightly instalment of Rs. 100 lakhs and last instalment of Rs. 200 lakhs. Fortnightly Instalment starting from January 2023 and last instalment due in March 2024.
Vehicle Loan						
(i)	ICICI Bank	-	2.76	8.95%	-Secured by the exclusive charge on the asset financed by the banks	These loans are repayable in monthly instalment of 48 to 60 months.
(ii)	HDFC Bank	39.95	64.88	9.00%-10.00%	-Secured by the exclusive charge on the asset financed by the banks	These loans are repayable in monthly instalment of 48 to 60 months.
(iii)	Kotak Mahindra Prime Ltd.	49.93	69.64	7.20%-9.40%	-Secured by the exclusive charge on the asset financed by the banks	These loans are repayable in monthly instalment of 48 to 60 months.
(iv)	Toyota Financial Services India Ltd (Car Loan)	37.50	54.17	7.76%-8.69%	-Secured by the exclusive charge on the asset financed by the banks	These loans are repayable in monthly instalment of 48 to 60 months.
Term Loans from Banks						
(i)	Kotak Mahindra Bank Term Loan Under ECLGS(KMBL)	129.17	189.95	7.50%	-Exclusive charge over the assets constructed/ purchased out of KMBL's loan. -Personal Guarantee of Mr. Naveen Munjal.	12 monthly installments of Rs. 1.23 lakhs, 35 monthly instalment of Rs. 6.22 lakhs and last instalment of Rs. 11.70 lakhs starting from February 2021 and last instalment due on January 2025.
(ii)	HDFC Bank Term Loan Under ECLGS *	300.00	400.00	8.25%	- Exclusive charge on Movable Fixed Assets financed out of Term Loan proceeds. - First Pari-passu charge on Immovable Fixed Assets of Company, - Exclusive charge on Fixed Deposit @30% on sanctioned amount lien marked in favour of IDFC FIRST Bank. - Personal Guarantee of Mr. Naveen Munjal	Variable Monthly installments starting from July 2021 and last instalment due on June 2025.
(iii)	IDFC First Bank	137.09	156.68	9.15%	Extention of second ranking charge over existing primary and collateral securities in favour of the bank. Extention of second ranking charge over existing primary and collateral securities in favour of the bank. Existing Primary and collateral securities: - First Pari-passu charge on Current Assets of the company both present and future. - First Pari-passu charge on Movable Fixed Assets both present and future (except exclusively charged to any lender). - Personal Guarantee of Mr. Naveen Munjal	Variable Monthly installments starting from March 2022 and last instalment due on March 26.
(iv)	Kotak Mahindra Bank	2,600.08	110.03	8.50%	-Exclusive charge over the assets constructed/ purchased out of KMBL's loan. -Personal Guarantee of Mr. Naveen Munjal.	Variable Monthly installments starting from February 2022 and last instalment due on December 2024.
Inter Corporate Deposits						
(i)	SLK Software Private Ltd.	2,000.00	1,500.00	11.50%	-first charge on Plant & Machinery and second charge on existing assets or assets purchased within deposit including inventory.	Payable by June 2023
Term Loan from financial institution						
(iii)	Vivriti Capital Private Limited**	1,447.20	-	12.00%	-First Pari-passu charge on current and movable fixed assets, both present and future, of the Company (excluding Movable Fixed Assets exclusively funded by Term Loan from Kotak Mahindra Bank and any other lender and FDRs charged to other banks) - First pari-passu charge on immovable fixed assets (mortgage of leasehold rights on land parcel of approx. 10 acre)	The loans is repayable within 1 year.

*Subsequent to the year end, the Company has defaulted in payment of the outstanding dues.

**Subsequent to the year end, the Company delayed in payment of the outstanding dues.

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Hero Electric Vehicles Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2023
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

20 Financial Liabilities- Borrowings (Cont.)

(B) Current Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured Short Term Borrowings:		
Working Capital Limits/Loans repayable on demand		
Loan from Banks	19,879.42	14,734.54
Current Maturities of Long Term Borrowings refer Note No. 20(A) as above	5,643.31	5,755.20
Unsecured Loans repayable on demand		
Loan from Related Party	326.00	326.00
TOTAL	25,848.73	20,815.74

Working Capital Limits/Loans repayable on demand

S.No	Bank Name	Balance outstanding as at March 31, 2023	Balance outstanding as at March 31, 2022	Security Details	Terms of Repayment
(i)	RBL Bank Ltd.	1,101.24	1,080.88	-First Pari Passu on all Current Assets of the borrower both present & future. -First Pari Passu on all unencumbered Immoveable Fixed Assets -Unconditional & Irrevocable Personal Guarantee of Mr. Naveen Munjal to remain valid during tenor of facilities;	On Demand, However renewable on annual basis.
(ii)	HDFC Bank	4,544.54	2,906.60	-60% in form of FD -First Pari passu charge on current assets of the company. -First Pari passu charge on moveable fixed assets of the company.	On Demand, However renewable on annual basis.
(iii)	Axis Bank	3,455.59	6,319.62	-First Pari Passu charge on entire Current Assets and Movable Fixed Assets (Excluding MFA exclusively funded by TL from other banks and FDRs charged to other banks) -Personal guarantee of Mr. Naveen Munjal -Any additional security/collateral other than those mentioned herein above offered by borrower to other lenders shall also be available to the Bank	On Demand, However renewable on annual basis.
(iv)	Indusind Bank	249.68	226.26	First Pari Passu charge by way of hypothecation on entire Current Assets and entire movable assets of the company (both present & future) (excluding moveable fixed assets exclusively funded by TL from Kotak Mahindra Bank)	On Demand, However renewable on annual basis.
(v)	Kotak Mahindra Bank	984.26	777.87	-First Pari Passu charge on entire Current Assets and Movable Fixed Assets (Excluding MFA exclusively funded by TL from other banks and FDRs charged to other banks) -Any additional security/collateral other than those mentioned herein above offered by borrower to other lenders shall also be available to the Bank	On Demand, However renewable on annual basis.
(vi)	IDFC First Bank	1,470.00	1,468.67	a. First Pari-passu charge on Current Assets of the company both present and future. b. First Pari-passu charge on Movable Fixed Assets both present and future (except exclusively charged to any lender). c. Personal Guarantee of Mr. Naveen Munjal	On Demand, However renewable on annual basis.
(viii)	Indusind Bank	-	1,954.63	First Pari Passu charge by way of hypothecation on entire Current Assets and entire movable assets of the company (both present & future) (excluding moveable fixed assets exclusively funded by TL from Kotak Mahindra Bank)	On Demand, However renewable on annual basis.
(x)	South Indian Bank*	3,079.42	-	First Pari Passu on all Current Assets and movable fixed assets of the company (excluding MFA exclusively funded from Other Banks/ Firs/ NBFSc and FDRs charged to other banks.	On Demand, However renewable on annual basis.
(xi)	Bank of Baroda	4,994.68	-	First pari passu charge on the entire current assets of the company both present and future.	On Demand, However renewable on annual basis.
Unsecured Loans repayable on demand					
(i)	Loan from Related Party (Refer Note 34)	326.00	326.00	Unsecured	These loans are repayable on demand

*Subsequent to the year end, the Company has defaulted in payment of the outstanding dues.

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

20 Financial Liabilities- Borrowings (Cont.)

Notes:-

(i) During the year ended March 31, 2023, the interest rate on short-term Indian currency loans range from 6% to 10% per annum

(ii) Comparison of the quarterly returns/statements filed by the Company with banks with the books of accounts of the Company

Quarter ending	Value per books of account	Value per quarterly return/statement	Difference
June 30, 2022			
Inventories	22,973.47	22,973.47	-
Trade Receivables	1,469.95	1,469.95	-
Other Current Assets	53,886.78	53,886.78	-
Bank borrowing	12,350.97	12,350.97	-
Trade Payable	13,855.03	13,855.03	-
Other Current Liabilities	24,193.70	24,193.70	-
September 30, 2022			
Inventories	22,963.84	22,963.84	-
Trade Receivables	1,830.29	1,830.29	-
Other Current Assets	71,160.46	71,160.46	-
Bank borrowing	34,592.89	34,592.89	-
Trade Payable	28,432.13	28,432.13	-
Other Current Liabilities	10,218.10	10,218.10	-
December 31, 2022			
Inventories	27,202.42	27,202.42	-
Trade Receivables	3,808.06	3,808.06	-
Other Current Assets	78,536.11	78,536.11	-
Bank borrowing	33,012.60	33,012.60	-
Trade Payable	44,140.16	44,140.16	-
Other Current Liabilities	17,939.70	17,939.70	-
March 31, 2023			
Inventories	16,480.37	17,013.24	(532.87)
Trade Receivables	6,142.98	7,945.78	(1,802.80)
Other Current Assets	82,462.10	83,570.82	(1,108.72)
Bank borrowing	25,848.73	26,239.94	391.21
Trade Payable	41,757.22	43,741.39	1,984.17
Other Current Liabilities	28,590.82	29,901.46	1,310.64
Total			241.63

Return submitted in Quarter ended March 31, 2023 are based on the Provisional Figures which were changed during this Audit. In submitted return to Banks, Net Working Capital was Rs. 8,647.05 Lakhs, however In Audited Figures Net working Capital improved to Rs.8,880.69 Lakhs.

21 Lease Liability

Particulars	As at March 31, 2023	As at March 31, 2022
Non- Current	1,619.40	1,402.40
Current	233.17	134.11
Total Lease Liability	1,852.57	1,536.51

22 Other Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
NON-CURRENT		
Security Deposits From Others	5.10	-
(A) Total Non Current Other Financial Liabilities	5.10	-
CURRENT		
Security Deposits From Customers	1,441.88	1,314.94
Interest Accrued but not Due	20.87	27.76
Interest payable to micro, small & medium enterprises	472.19	-
Other Employee benefits payables	1,524.39	686.58
(B) Total Current Other Financial Liabilities	3,459.33	2,029.28
Total Other Financial Liabilities	3,464.43	2,029.28

23 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
NON-CURRENT		
For Employee Benefits		
- Provision For Gratuity	42.00	51.99
- Provision for Compensated absences	6.07	22.90
For Others		
Provision For Warranty	3,602.16	1,833.51
Total Non Current Provisions (A)	3,650.22	1,908.40
CURRENT		
For Employee Benefits		
- Provision for Compensated absences	38.87	9.97
For Others		
- Provision for Warranty	357.01	136.91
Total Current Provisions (B)	395.88	146.88
Total Provisions (A)+(B)	4,046.10	2,055.28

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Hero Electric Vehicles Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

24 Financial Liabilities-Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2022
Outstanding Dues to Micro, Small & Medium Enterprises # (Refer note 44)	7,581.76	499.85
Outstanding Dues to Other than Micro, Small & Medium Enterprises*	34,175.46	14,172.48
TOTAL	41,757.22	14,672.34

This information as required to be disclosed under the Micro, Small & Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

*Trade Payables are non interest bearing and are normally settled in 45 to 90 days depending upon their respective credit Terms.

Ageing of Trade Payables as on March 31, 2023 (prepared on invoice posting basis)

Particulars	Less Than one Year	1-2 Years	2-3 Years	More than 3 years	Grand Total
Micro, Small & Medium Enterprises	7,581.76	-	-	-	7,581.76
Other than Micro, Small & Medium Enterprises	34,091.12	77.17	2.49	4.68	34,175.46
Disputed Dues Micro, Small & Medium Enterprises	-	-	-	-	-
Disputed Other than Micro, Small & Medium Enterprises	-	-	-	-	-
Total	41,672.88	77.17	2.49	4.68	41,757.22

24 Financial Liabilities-Trade Payables (Cont.)

Ageing of Trade Payables as on March 31, 2022 (prepared on invoice posting basis)

Particulars	Less Than one Year	1-2 Years	2-3 Years	More than 3 years	Grand Total
Micro, Small & Medium Enterprises	499.85	-	-	-	499.85
Other than Micro, Small & Medium Enterprises	14,153.22	12.78	6.48	-	14,172.49
Disputed Dues Micro, Small & Medium Enterprises	-	-	-	-	-
Disputed Other than Micro, Small & Medium Enterprises	-	-	-	-	-
Total	14,653.07	12.78	6.48	-	14,672.34

25 Other Current Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from Customers	23,921.69	3,912.55
Other payables	-	-
- Statutory Liabilities	457.02	747.49
- other Accruals	123.72	92.96
TOTAL	24,502.43	4,753.00

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Hero Electric Vehicles Private Limited
Notes forming part of the Financial Statements as at and for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

26 Revenue From Contract with Customers

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Sale of Product		
- Sale of Finished Goods	98,158.89	84,006.90
Other Operating Revenue		
- Sale of Manufacturing Scrap	107.36	93.57
Total Revenue from Operations	98,266.25	84,100.47

Detail of Revenue from operations

Sale of Product

Sale of Products include sale of Electronic Bikes, spare parts related to E- Bikes and traded material for similar line of business.

Timing of Revenue Recognition

- Goods transferred at a point in time

Total Revenue from Operations

Reconciliation of Revenue from sale of products with the contracted price

Contracted Price

Less: Trade discounts and volume Rebates

Sale of products

98,158.89	84,006.90
98,158.89	84,006.90
101,282.97	86,014.60
(3,016.72)	(1,914.13)
98,266.25	84,100.47

27 Other Income

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest Income		
- Bank Deposit	825.50	651.57
- Others	3.80	3.01
Net Gain on Fair valuation of Investments through Profit & Loss	6.86	311.91
Net Foreign Exchange Gain/(Loss)	-	41.70
Profit on sale of Investments	177.86	12.38
Miscellaneous Income	70.32	118.24
Total Other Income	1,084.34	1,138.81

28 Cost Of Raw Materials And Components

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Inventory at the beginning of the year	22,051.07	11,431.46
Add: Purchases	80,504.06	82,447.43
Less: Inventory at the Closing of the year	14,515.19	22,051.07
Cost of Raw Material and Components Consumed	88,039.94	71,827.82

29 Change In Inventories Of Finished Goods, Stock In Trade And Work-In-Progress

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Opening Inventories		
- Finished Goods	972.25	650.79
- Finished Goods in transit	-	43.78
- Scrap	0.08	15.90
Sub Total : (a)	972.33	710.47
Closing Inventories		
- Finished Goods	1,363.61	972.24
- Scrap	-	0.08
Sub Total : (b)	1,363.61	972.32
Total (a) - (b)	(391.28)	(261.85)

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2022

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

30 Employee Benefits Expense

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
i) Salaries & Wages	4,606.26	3,976.12
ii) Contribution to Provident funds and Gratuity etc.	190.01	180.62
iii) Staff Welfare Expense	252.28	184.99
iv) Share Based Payment Expenses (Refer Note 48)	70.64	-
Total Employee Benefit Expenses	5,119.19	4,341.73

Code on Social Security

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post -employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

31 Finance Cost

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest Expenses		
- Banks and Other Financial Institutions	3,056.61	957.23
- Lease Liability	181.69	106.97
- Others*	472.19	0.00
Other Borrowing Costs	705.82	617.91
Total Finance Cost	4,416.31	1,682.11

* This includes interest expense on dues payable to MSME Vendors

32 Depreciation

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Depreciation on Tangible Assets	339.70	247.87
Depreciation on Intangible Assets	27.02	12.10
Depreciation on Right Of Use Assets	274.20	133.59
Total Depreciation	640.92	393.56

33 Other Expenses

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Power and Fuel	91.99	62.54
Contract Labour	1,315.63	955.47
Fabrication/Job work Expenses	482.39	21.71
Rent	471.86	237.27
Rates and Taxes	9.11	8.28
Insurance	171.68	104.11
Repair & Maintenance		
- Repairs to Machinery	19.72	8.50
- Repairs to Buildings	4.26	8.46
Auditors' Remunerations		
- Audit fee	17.00	17.00
- Reimbursement of expenses	2.83	-
- Other Services	2.10	-
Foreign Exchange Fluctuation	1,114.61	-
Packing, Forwarding and freight	2,997.39	2,696.87
Advertisement, Publicity & Sales Expenses	1,350.05	2,104.32
Loss on sale/ write off of Property Plant and Equipment	3.41	-
Legal & Professional	3,113.67	1,905.44
Travelling Expenses	569.85	312.90
Warranty Expense (net of income)	5,196.05	1,669.88
Provision for Doubtful Debts	123.24	11.07
R & D Expenses	126.85	154.55
Insurance claim written Off	-	356.43
Bad Debts Written Off	-	237.78
Miscellaneous Expenses*	455.71	360.63
Total Other Expenses	17,639.40	11,233.21

* Does not include any item of expenditure with a value of more than 1% of Revenue from Contract with Customers

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34 A. Related Party Disclosures

Particulars	
1 Key Management Personnel :	
- Sh. Vijay Munjal	Director
- Sh. Naveen Munjal	Director
- Sh. Gaurav Munjal	Director
- Sh. Sohinder Gill (w.e.f. August 11, 2022)	Chief Executive Officer
- Sh. Hemant Kundavaram (w.e.f. August 11, 2022)	Chief Financial Officer
- Sh. Dinmani Goswami (Upto May 31, 2022)	Company Secretary
- Ms. Akanksha Gupta (w.e.f. August 11, 2022)	Company Secretary
2 Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
a) Companies	
- Hero Eco Med Private Ltd.	
- Hero Eco Tech Ltd.	
b) Firms :	
- Hero Exports	
- V.R. Holdings	
3 Subsidiary Companies	
- Hero Eco Ltd. (BVI)	
4 Step Down Subsidiary	
- Hero Eco Ltd. (UK)	
- Hero Eco Inc. (USA)	

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

34 B. Transactions And Outstanding Balances Between The Company And Related Parties.

Sr. No.	Name of the Related Party	Particulars	Nature	Key Management Personnel (Inc. Independent Directors)		Enterprises over which KMP & their relatives are able to exercise significant influence		Subsidiary Companies and Step Down Subsidiary Companies	
				2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
1	Sh. Vijay Munjal	Loan Balance	Balance Outstanding	276.00	276.00	-	-	-	-
2	Sh. Naveen Munjal	Remuneration	Transaction	1,458.64	151.65	-	-	-	-
		Loan Balance	Balance Outstanding	50.00	50.00	-	-	-	-
		Advances Received Back	Transaction	97.57	-	-	-	-	-
		Advances Given	Balance Outstanding	-	253.74	-	-	-	-
		Advances Recoverable	Balance Outstanding	156.17	253.74	-	-	-	-
3	Sh. Sohinder Gill	Remuneration	Transaction	333.31	-	-	-	-	-
4	Sh. Hemanth Kundavaram	Remuneration	Transaction	92.83	-	-	-	-	-
5	Sh. Dinmani Goswami	Remuneration	Transaction	1.41	13.37	-	-	-	-
6	Ms. Akanksha Gupta	Remuneration	Transaction	11.15	-	-	-	-	-
7	Hero Eco Tech Ltd.	Purchase of Goods/Services	Transaction	-	-	1.49	14.78	-	-
		Sales of Goods / Services	Transaction	-	-	7.61	0.92	-	-
		Rent Paid	Transaction	-	-	92.24	82.11	-	-
		Other Services Taken	Transaction	-	-	56.60	44.49	-	-
		Security Deposit Paid	Balance Outstanding	-	-	-	50.00	-	-
		Advances Received	Transaction	-	-	4,200.50	-	-	-
		Security Deposit Receivable	Balance Outstanding	-	-	56.75	56.75	-	-
		Advance from Customer	Balance Outstanding	-	-	4,200.50	-	-	-
		Balance Payable	Balance Outstanding	-	-	71.07	61.48	-	-
8	Hero Exports	Sales of Goods / Services	Transaction	-	-	-	0.81	-	-
		Purchase of Goods/Services	Transaction	-	-	2.00	2.00	-	-
		Purchase of License	Transaction	-	-	-	182.36	-	-
		Other Services Taken	Transaction	-	-	-	1.45	-	-
		Balance Receivable	Balance Outstanding	-	-	2.40	458.12	-	-
		Balance Payable	Balance Outstanding	-	-	-	-	-	-
9	V R Holdings	Purchase of Goods/Services	Transaction	-	-	2.00	2.00	-	-
		Balance Payable	Balance Outstanding	-	-	3.60	1.80	-	-
10	Hero Eco Med Pvt Ltd	Other Services Given	Transaction	-	-	20.00	-	-	-
		Security Deposits Received	Transaction	-	-	5.10	-	-	-
		Security Deposits	Balance Outstanding	-	-	5.10	-	-	-
		Balance Receivable	Balance Outstanding	-	-	9.92	-	-	-

Note: All transactions are exclusive of GST amounts.

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

35 Financial Instruments

A 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 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:

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	27,931.33	21,608.65
Less: Cash and Cash equivalents	(16,112.31)	(16,914.68)
Net Debt (I)	11,819.02	4,693.97
Share Capital	3,934.20	3,934.20
Compulsory Convertible Preference Share Capital	907.33	907.33
Equity Reserves	13,291.55	24,447.08
Total Capital (II)	18,133.08	29,288.61
Capital and net debt (III = I+II)	29,952.10	33,982.58
Capital Gearing Ratio	39.46%	13.81%

B 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:

Particulars	Fair value as at March 31, 2023		
	Level1	Level2	Level3
Financial assets at fair value through Profit & Loss			
Current			
Investments in mutual funds & Bonds	144.20	-	-

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35 Financial Instruments (Contd.)

Particulars	Fair value as at March 31, 2022		
	Level1	Level2	Level3
Financial assets at fair value through Profit & Loss			
Current			
Investments in mutual funds	4,759.46	-	-

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; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house.

- Investment not traded in active market are determined at cost of investments for non traded equity

- 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.

C Financial risk management

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. Financial instruments affected by market risk includes loans, borrowings, deposits and investments etc. 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.

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.

Particulars	March 31, 2023			Amount in Lakhs.	
	USD	INR	EUR	Amount in Foreign Currency	Net Exposure
Foreign currency exposure					
Trade Payable	(22.97)	(1,888.45)	(0.27)	(24.09)	(1,853.85)
Trade Receivables	0.71	58.69	-	-	-

Particulars	March 31, 2022			Amount in Lakhs.	
	USD	INR	EUR	Amount in Foreign Currency	Net Exposure
Foreign currency exposure					
Loan Receivables	-	-	-	-	-
Trade Payables	(89.49)	(6,784.27)	-	-	(6,784.27)

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35 Financial Instruments (Contd.)

Foreign Currency Sensitivity

The following table represents the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies.

(+)(-)% 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 (+)(-)% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

Particulars	Currency	March 31, 2023		March 31, 2022	
		5% Increase	5% Decrease	5% Increase	5% Decrease
Trade Receivables	USD	(2.93)	2.93	-	-
Trade Payables	USD	94.42	(94.42)	(339.21)	339.21
	EUR	1.20	(1.20)	-	-

D 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 worthiness 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 mutual funds, trade receivables, loans and advances.

Financial assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in Statement of profit and loss.

The company measures the expected credit loss of trade receivables and loan given based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience, past trends and forward looking information.

Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- A: Low credit risk on financial reporting date
B: Moderate credit risk
C: High credit risk

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances and other financial assets	12 month expected credit loss
Moderate credit risk	None	None
High credit risk	Investments, Trade receivables & Loan	Life time expected credit loss

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

35 Financial Instruments (Contd.)

Asset group	Basis of categorisation	March 31, 2023	March 31, 2022
Low credit risk	Cash and cash equivalents, other bank balances and other financial assets	68,671.57	23,748.44
High credit risk	Investments, Trade receivables & Loan	6,383.94	6,529.23

Credit risk exposure

March 31, 2023

Nature of financial asset	Estimated Gross Carrying Amount At Default	Expected Credit Losses	Carrying Amount Net of Impairment Provision
Cash and cash equivalents	4,823.98	-	4,823.98
Fixed deposits	11,288.33	-	11,288.33
Trade and other receivables	6,277.29	134.31	6,142.98
Loan (excluding security deposit)	18,733.30	18,636.55	96.75
Security deposit	888.32	-	888.32
Investment	144.20	-	144.20
Other financial assets	51,670.94	-	51,670.94

March 31, 2022

Nature of financial asset	Estimated Gross Carrying Amount At Default	Expected Credit Losses	Carrying Amount Net of Impairment Provision
Cash and cash equivalents	584.85	-	584.85
Fixed deposits	16,329.83	-	16,329.83
Trade and other receivables*	1,672.18	11.07	1,661.11
Loan (excluding security deposit)	18,745.20	18,636.55	108.65
Security deposit	248.71	-	248.71
Investment	4,759.46	-	4,759.46
Other financial assets	6,585.06	-	6,585.06

*For ageing of Trade Receivable refer Note No.12

Movement in the Expected Credit Loss Allowance of Financial Assets	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Provision	18,647.62	18,686.08
Add: Provided during the year	123.24	11.70
Less: Reversal of provision	-	(50.16)
Less: Amount Written off	-	-
Closing Provision	18,770.86	18,647.62

Provision For Warranties and Free Service Coupons	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Balance	1,970.42	1,503.24
Add: Provision made during the year*	3,959.17	1,970.42
Less: Amount Utilised	1,970.42	1,503.24
Closing Balance	3,959.17	1,970.42

* Includes provision on account of reassessment of discontinuance of certain models.

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

35 Financial Instruments (Contd.)

E Other Price Risks including Interest Rate Risk

The Company has deployed its surplus funds into financial instruments i.e. units of mutual funds. 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.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Subsequent to the year end, there has been decrease in company's credit rating to "D". This downgrade reflects Company's current assessment by rating agencies, impacting its ability to secure favorable lending terms and potentially affecting investor perceptions.

Exposure to Interest Rate Risk

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total Borrowings	27,931.33	21,608.64
% of Borrowings out of above bearing variable rate of interest	91.38%	94.82%
Interest rate sensitivity	For the year ended March 31, 2023	For the year ended March 31, 2022
A change of 50 bps in interest rates would have following Impact on profit before tax		
50 bp increase would decrease the profit before tax by	127.61	102.45
50 bp decrease would Increase the profit before tax by	(127.61)	(102.45)

Liquidity Risk

Liquidity Risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to manage liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the company's liquidity position and cash & cash equivalents on the basis of expected cash flows. The company takes into account the liquidity of the market in which the entity operates.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Maturity patterns of borrowings and other Liabilities

Particulars	March 31, 2023		March 31, 2022	
	Within 1 Year	Beyond 1 Year	Within 1 Year	Beyond 1 Year
Long term borrowings (Including current maturity of long term debt)	5,643.32	2,082.60	5,755.20	792.90
Short term borrowings	20,205.41	-	15,060.54	-
Trade Payables	41,757.22	-	14,672.34	-
Lease Liabilities	233.17	1,619.40	-	-
Other Financial liability (Current and Non Current)	3,464.43	-	2,029.28	-
Total	71,303.54	3,702.00	37,517.36	792.90

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36 Tax Expense

(a) Tax charge/(credit) recognised in profit or loss (including on exceptional items)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax		
Current Tax on Profit for the Year	-	-
Tax with respect to earlier year	(3.20)	-
Total Current Tax (a)	(3.20)	-
Deferred Tax:		
Origination and reversal of temporary differences	(4,770.49)	(1,075.98)
Credit in respect of exceptional items	-	-
Total Deferred Tax (b)	(4,770.49)	(1,075.98)
Net tax charge/ (benefit) (a+b)	(4,773.69)	(1,075.98)
Profit/(Loss) before tax	(16,434.78)	(4,072.21)
Effective income tax rate (%)	29.05%	26.42%
OCI Section		
-Tax on items recognised in OCI On remeasurement of defined benefit plans	(14.72)	12.56

Tax expense

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
Tax expense/(benefit) - others	(4,773.69)	(1,075.98)
Net tax charge/ (benefit)	(4,773.69)	(1,075.98)

(b) A reconciliation of income tax expense/(credit) applicable to profit/(loss) before tax at the Indian statutory income tax rate to recognised income tax expense for the year indicated are as follows:

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/(Loss) before tax	(16,434.78)	(4,072.21)
Previous year tax Adjustment	(3.20)	-
Tax at statutory income tax rate of 31.20% (March 31, 2022 : 31.20%)	(5,127.65)	(1,270.53)
Deferred Tax on previous year losses de-recognised	440.50	577.98
Taxes in respect of previous years	-	-
Other differences	(83.33)	(383.43)
Total	(4,773.69)	(1,075.98)

(c) Deferred Tax Assts /Liabilities

Significant components of Deferred tax (assets)/Liabilities recognised in the balance sheet are as follows:

For the Year Ended March 31, 2023

Significant components of Deferred tax (assets) & liabilities	Opening Balance	Charged/ (Credited) to statement of Profit & Loss	Charged/(Credited) to statement of Other Compare- hensive Income	Closing Balance
Deferred tax Liabilities				
- Property, Plant and Equipment & Intangible Asset	96.56	(49.92)	-	46.64
- Fair value of Financial Assets	339.46	(336.00)	-	3.46
Less:- Deferred Tax Asset				
- Other temporary differences	(28.72)	(55.04)	14.72	(69.04)
- Unabsorbed depreciation and tax losses	(2,680.18)	(4,344.25)	-	(7,024.43)
- Unused tax asset MAT Credit Entitlement	(44.32)	-	-	(44.32)
Total	(2,317.20)	(4,785.21)	14.72	(7,087.69)

For the Year Ended March 31, 2022

Significant components of Deferred tax (assets) & liabilities	Opening Balance	Charged/ (Credited) to statement of Profit & Loss	Charged/(Credited) to statement of Other Compare- hensive Income	Closing Balance
Deferred tax Liabilities				
- Property, Plant and Equipment & Intangible Asset	68.13	28.43	-	96.56
- Fair value of Financial Assets	201.79	137.67	-	339.46
Less:- Deferred Tax Asset				
- Other temporary differences	(146.59)	130.43	(12.56)	(28.72)
- Unabsorbed depreciation and tax losses	(1,320.23)	(1,359.95)	-	(2,680.18)
- Unused tax asset MAT Credit Entitlement	(44.32)	-	-	(44.32)
Total	(1,241.22)	(1,063.42)	(12.56)	(2,317.20)

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

37 Capital Work in Progress (CWIP) and Intangible Assets under Development (IAUD)

Details of capital Work in Progress (CWIP) and Intangible Assets under Development (IAUD) are as follows:

Capital Work In Progress Ageing Schedule

As on 31.03.2023

Particulars	Amount in CWIP for a period of				Total
	Less Than 1 Year	1-2 Year	2-3 Year	More Than 3 Years	
Projects in progress	1,678.33	31.00	-	-	1,709.33
Project temporarily suspended	-	-	-	-	-

As on 31.03.2022

Particulars	Amount in CWIP for a period of				Total
	Less Than 1 Year	1-2 Year	2-3 Year	More Than 3 Years	
Projects in progress	31.00	-	-	-	31.00
Project temporarily suspended	-	-	-	-	-

Intangible Assets Under Development Ageing Schedule

As on 31.03.2023

Particulars	Amount in IAUD for a period of				Total
	Less Than 1 Year	1-2 Year	2-3 Year	More Than 3 Years	
Projects in progress	44.85	129.66	120.86	-	295.37
Project temporarily suspended	-	-	-	-	-

As on 31.03.2022

Particulars	Amount in IAUD for a period of				Total
	Less Than 1 Year	1-2 Year	2-3 Year	More Than 3 Years	
Projects in progress	129.66	120.86	-	-	250.52
Project temporarily suspended	-	-	-	-	-

There are no Capital Work in Progress and Intangible Assets under Development for which completion is overdue or has exceeded its cost compared to its original plan.

38 Disclosure of Net Cash Flow from Financing Activities pursuant to Ind AS 7 (Statement of Cash Flows):

Particulars	Balance at the Beginning of the Year	Cash Flows (net)	Non- cash Transactions			Balance at the end of the Year
			Processing Cost	Others	Interest Accretion	
For the Year ended March 31, 2023						
Share Application money Received	-	400.00	-	-	-	400.00
Debentures and shares	4,841.53	-	-	-	-	4,841.53
Securities Premium (Net of Issue Expenses)	53,452.33	-	-	-	-	53,452.33
Long-term borrowings	6,548.10	1,177.83	-	-	-	7,725.92
Short-term borrowings	15,060.54	5,144.88	-	-	-	20,205.42
Interest Paid	-	(4,234.62)	-	-	-	-
Lease Liabilities	1,536.51	(378.14)	-	512.51	181.69	1,852.57
Total	81,439.01	2,109.95	-	512.51	181.69	88,477.77
For the Year ended March 31, 2022						
Debentures and shares	3,959.43	882.09	-	-	-	4,841.53
Securities Premium	32,304.10	21,148.23	-	-	-	53,452.33
Long-term borrowings	4,401.93	2,146.17	-	-	-	6,548.10
Short-term borrowings	3,086.67	11,973.87	-	-	-	15,060.54
Interest Paid	-	(1,575.15)	-	-	-	-
Lease Liabilities	767.81	(185.20)	-	846.93	106.97	1,536.51
Total	44,519.94	34,390.01	-	846.93	106.97	81,439.01

39 Earning per Share

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss) after taxation attributable to Equity Shareholder (A)	(11,626.18)	(3,031.98)
Weighted Average number of Equity Shares for Basic and Diluted EPS (B)	47,973,020	45,337,745
Basic and Diluted (Loss)/Earning per share (Face Value Rs. 10 per Share) (A)/(B)	(24.23)	(6.69)

40 Segment Information

Business Segments

Since the Company's business activity falls within the single business segment viz, sales of electric vehicles, there are no further disclosures to be provided under Ind AS 108- 'Operating Segments'

Geographical Segments

The Company's secondary segments are the geographical distribution of activities. The Company's receivable, advance from customers related to sales of electric vehicles and other non current assets are located in the domestic country viz, India, there are no further disclosure to be provided under Ind AS 108- 'Operating Segments'

Information about major customers

There were no customers who contributed more than 10% of the total revenue of the Company during the year.

41 CSR Expenditure

The company has suffered Losses in preceding years and requirement provided under sub-section (5) of section 135 are not applicable.

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42 Contingent Liabilities And Commitments (To The Extent Not Provided For) Etc.
(A) Commitments

The company has a number of continuing operational and financial commitments in the normal course of business such as commitments for completion of the making/ construction of certain assets amounting to Rs. 5,510.70 Lakhs (March 31, 2022: 1,167.88 Lakhs)

(B) Guarantees

Particulars	March 31, 2023	March 31, 2022
i) Bank Guarantee	329.05	329.63
ii) First Loss Deficiency Guarantee	303.96	150.00
Total	633.01	479.63

(C) Contingent Liabilities

Particulars	March 31, 2023	March 31, 2022
i) Outstanding Letter of Credit with Bank	13,802.39	12,906.89

(D) Details of Claims against the company not acknowledged as debt:-

As on March 31, 2023 the Contingent liability of the Company is amounting to Rs. 149.79 Lakhs (Previous Year Rs. 149.79 Lakhs). Detail of the same provided below:

(a) Hero Electric Vehicle Private Limited has imported battery chargers on which the Company has paid IGST at the rate of 18%. After the assessment, Joint Commissioner via SCN:66/2019-20PCA/JNCH/NH-IV DTD, July 23, 2019 - NHAVA SHEVA C.L. 822/2018-19 DT December 20, 2018 concluded that as per the Central Board of Excise and Customs Act 1962 the IGST on battery charger to be paid at the rate of 28% and passed order dated June 26, 2020 demanding INR 694,297 along with penalty of INR 65,000. After that the Company has filled an appeal with Commissioner which was rejected vide order dated November 30, 2021. The Company has again filed an appeal with CESTAT on February 24, 2022 and the matter is pending with CESTAT. Based on internal assessment, no provision is required in relation to said matters in the financial statements of the Company.

(b) The Company has classified E-Bike parts under CTH 87149990 and paid BCD at the rate of 10% and 0% but the department of Central Excise and Custom classified the parts under CTH 87141090 according to which the BCD rate is 15%. After the assessment, Joint Commissioner passed an order demanding amount INR 1,150,923 vide O-I-O: LDH-CUS-JC-NS-41-44-19-20 DT, September 30, 2019 and INR 1,160,951 with penalty of INR 835,774 vide O-I-O: LDH-CUS-JC-NS-11-20-21 DT July 21, 2020. Assistant Commissioner passed order demanding INR 6,448,826 vide consultative letter no. 1366/2019 dated August 19, 2019 and INR 38,922 vide OIO dt. June 17, 2021. Against these four orders the Company has filled an appeal to Commissioner. Based on the internal assessment, no provision is required in relation to said matters in the financial statements of the Company.

(c) The company has received the show cause notice under C.NO. V(STC) Tech/SCN/LDH-I/Hero/298/10/3133 dt. October 19, 2012 alleged that company had manufactured E-Bike on behalf of M/s Hero Export and received job charges which are liable to service tax. Company submitted reply vide their letter dated February 11, 2017. Ld Asst. Comm, CGST division East, Ludhiana vide O-I-O No. 01/ST/AC/GST/LDH-EAST/2018-19 dt. July 27, 2018 demanded service tax of INR 317,267. The penalty of INR 10,000 and INR 317,267 also imposed. After that Company filled an appeal against O-I-O with commissioner appeals which was dismissed vide O-I-A no. EXCUS-001-APP-418-2020 dt. September 10, 2020 on the ground that company did not deposit Pre-deposit before filling appeal. Being aggrieved with O-I-A company deposited the amount INR 31,727 as Pre deposit and filled an appeal with CESTAT, Chandigarh. CESTAT Vide order no. 60556/2021 dt. March 17, 2021 remand the matter back to Commissioner appeals and give directions to dispose off the matter on merit without insisting any pre-deposit. Now matter is pending before commissioner appeals. Based on the internal assessment, no provision is required in relation to said matters in the financial statements of the Company.

(d) The company has received the show cause notice under C.NO. V(87)CE/JC/LDH/77/2014 dt. June 5, 2014 alleged that Company has failed to comply with the condition of the Notification no. 12/2012 - custom dated March 17, 2012, Notification no. 21/2012 - Cus dated March 17, 2012, Notification no. 12/2012 - CE dated March 17, 2012 as they have not themselves used the battery packs/battery in the manufacture of E-bikes as required under the conditions of said notifications. During the period under department audit company cleared 2657 sets of imported battery pack without fitting in E-bike involving custom duty of INR 1,814,931 and 450 sets of Battery pack without fitting in E-Bike involving Excise duty of INR 310,236. Company filled a reply dated December 22, 2016 against the SCN. Assistant commissioner confirmed the demand as mentioned in SCN and also imposed penalty amounting INR 1,814,931 vide O-I-O No. 38/CE/AC/LDH-East/2017-18 dated November 30, 2017. After that company filled an appeal with commissioner appeal dated January 27, 2018 against O-I-O. Commissioner appeals vide O-I-A no. LUD-EXCUS-001-APP-1134-18 dated May 15, 2018 remand the appeal to original authority with the directions to adjudicate the matter afresh.

(e) The Company had received show cause notice vide SCN F. No. DRI/MZU/E/INT-25/2019 issued under Section 28(4) and Section 124 of the Customs Act, 1962 dated December 28, 2020 for evasion of Custom duty by mis-declaring the e-scooter/e-bike imported in CKD condition amounting to INR 311 Crores on total assessable value of INR 511 Crores. The Company has filled a writ petition against the show cause notice with High Court, and, High Court vide order CWP-18276-2022 (O&M) dated August 22, 2022 stated that further proceedings in this matter shall held in abeyance. Meanwhile the Company has received notice for personal hearing from Office of the Commissioner of Customs (Adjudication) dated July 5, 2022 and July 22, 2022. In response, the Company has sent a mail attaching High Court Order in respect of transferring the case into abeyance list. Further, the Company has received notice from Office of the PR. Commissioner of Customs (Adjudication) dated September 5, 2022 for intimation regarding transfer of the case to abeyance list under section 28(9A)(b) of the Customs Act, 1962 in case of SCN F. No. DRI/MZU/E/INT-25/2019 dated December 28, 2020 issued to the Company. Further SCN - 19 /CSCN/LDH/22-23 DT. September 23, 2022 received amounting INR 775,142,140/-, reply submitted for the same on February 14, 2023 to Comm LDH, further This case has been considered held in abeyance, as per the original SCN F. No. DRI/MZU/E/INT-25/2019

(f) The Company has provided for in the books of accounts, Investment and loan given to its wholly owned subsidiary namely Hero Eco Ltd. (BVI) amounting to Rs. 18,636 lakhs and due to continuous losses and resulting in erosion of net worth of subsidiary, the Company has provided 100% provision for the amount. Also the company has filled an application with RBI dated February 19, 2021 for request for approval for write-off of financial commitment related to aforesaid Subsidiary.

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43 In the opinion of the Board, all assets other than fixed assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the foregoing Balance Sheet.

44 Details of dues to Micro Enterprises and Small Enterprises as per MSMED ACT, 2006:

The Information relates to such vendors identified as MSME on the basis of information available with the Company.

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
a)	The Principle amount and interest (Previous year interest was Rs 14.90 Lakhs) due thereon remaining unpaid to any supplier as at the end of each accounting year.	8,068.85	520.94
b)	The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	472.19	14.90
c)	The amount of interest due and payable for the period of delay in making payment (which have been but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	493.28	21.09
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date, when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	493.28	21.09

45 Gratuity and other Post Employment Benefit Plans:

Disclosures pursuant to Ind AS-19 "Employee Benefits"(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below

(a) Gratuity

The employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the trust maintained with Life Insurance Corporation of India (LIC). Under the gratuity plan, every employee who has completed at least five years of service usually gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service subject to a maximum of Rs. 20 Lakhs. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method by independent qualified actuaries as at the year end, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The disclosures as required pursuant to the IND AS-19 is as under:-

Particulars	March 31, 2023	March 31, 2022
Net Employee Benefit Expense recognised in the Statement of Profit and Loss		
Current service cost	38.12	32.62
Add: Interest cost on present value of defined benefit obligation as at the beginning of the year	17.12	10.81
Less: Expected return on plan assets	13.34	9.57
Net (Benefit)/Expense	41.90	33.87
Analysis of Amounts Recognised in Other Comprehensive (Income)/Loss at Period-End		
Amount recognized in OCI, Beginning of Period		
Remeasurements due to:		
Effect of experience adjustments	(0.66)	0.96
Gain/(Loss) on Curtailments/Settlements	35.57	(36.71)
Total remeasurements recognized in OCI at the end of Period	34.91	(35.75)
Details of Provision for gratuity recognised in the Balance Sheet		
Present value of defined benefit obligation at the end of year	239.58	235.23
Less: Fair value of plan assets at the end of year	197.58	183.24
Funded Status-Net Liability/(Asset)	42.00	51.99
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	235.23	158.77
Add: Interest cost	17.12	10.81
Add: Current service cost	38.12	32.62
Less: Benefits paid	15.32	3.69
Add: Actuarial (gain)/loss on obligation	(35.57)	36.71
Closing defined benefit obligation	239.58	235.23
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	183.24	140.50
Add: Expected return on plan assets	12.68	10.53
Add: Contributions by employer	16.98	35.89
Less: Benefits paid	15.32	3.69
Closing fair value of plan assets	197.58	183.24

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45 Gratuity and other Post Employment Benefit Plans (Cont.)

Actual Return on Plan Assets		
Expected Return on Plan Assets	13.34	9.57
Add: Actuarial gain on Plan Assets	(0.66)	0.96
Actual Return on Plan Assets	12.68	10.53
The following payments are expected contributions to the defined benefit plan in future years		
within the next 12 months (next annual reporting periods)	34.37	31.56
Year 2	4.23	4.16
Year 3	4.63	7.06
Year 4	12.64	5.18
Year 5	10.81	11.94
After 5th year	616.88	611.39
	683.57	671.29

Particulars	March 31, 2023	March 31, 2022
Sensitivity Analysis		
Impact on Defined Benefit Obligation		
- Discount Rate + 50 basis points	226.88	222.27
- Discount Rate - 50 basis points	253.43	249.38
- Salary Escalation Rate + 100 basis points	267.41	262.89
- Salary Escalation Rate - 100 basis points	215.78	211.64
- Withdrawal Rate + 1% increase	240.10	235.58
- Withdrawal Rate - 1% decrease	238.87	234.71
Reconciliation of Balance Sheet Amount		
Balance Sheet (Asset)/Liability, Beginning of Period	51.99	18.27
Total Charge/(Credit) Recognised in Profit and Loss	41.90	33.87
Total Remeasurements Recognised in OC (Income)/Loss	(34.91)	35.75
Actual Employer Contribution	(16.98)	(35.89)
Balance Sheet (Asset)/Liability, End of Period	42.00	51.99

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity analysis presented above may not be representative of actual change in the defined benefit obligation as it is unlikely that the change in assumption 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 obligation has been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The gratuity scheme is invested in a group of gratuity-cum-life assurance cash accumulation policy offered by LIC of India. The expected return on plan assets is taken on the basis of the LIC fund statement received.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:-

Particulars	March 31, 2023	March 31, 2022
	Funded	Funded
Insurer Managed Fund through Approved Trust	100%	100%
The principal assumptions used in determining gratuity for the Company's plans are shown below :		
Discount rate	7.52%	7.28%
Expected rate of return on plan assets	7.28%	6.81%
Salary escalation*	7.00%	7.00%
Withdrawal Rate	1% - 3%	1% - 3%
Mortality Rate	IALM (2012-14)	IALM (2012-14)
	ULTIMATE	ULTIMATE
Retirement Age	58 years	58 years
Method of Valuation	Projected Unit	Projected Unit
	Credit	Credit
Promotion and other relevant factors, such as supply and demand in the employment market.	100%	100%

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

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45 Gratuity and other Post Employment Benefit Plans (Cont.)

(a) Bifurcation of Present Value of Obligation at the end of year as per schedule III of the Companies Act

Particulars	March 31, 2023 Funded	March 31, 2022 Funded
i) Current liability	32.28	29.72
ii) Non Current liability	207.30	205.51
Total Present Value of Obligation at the end of year	239.58	235.23

(b) Compensated Leave Benefit :

During the Year, the company has recognised an expense of Rs. 24.77 Lakhs (previous Year Rs. 32.87 Lakhs). Out of Total Rs. 24.77 Lakhs, Rs. 21.33 Lakhs related with Accumulated Leaves valued as per Actuary valuations on the assumptions as given in Gratuity Valuations as above.

(c) Contribution to Defined Contribution Plans :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Provident Fund	125.99	121.70
Superannuation Fund	5.53	6.82

46 Derivative Instruments

(a) Outstanding forward exchange contracts as at March 31, 2023 entered by the Company for the purpose of hedging its foreign currency exposures are Rs. Nil (Rs. Nil on March 31, 2022)

(b) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at March 31, 2023 and March 31, 2022 are as under:

As at	Particulars	Buy		Sell		Net	
		FC	INR	FC	INR	FC	INR
March 31, 2023	Trade Payable -USD	22.97	1,888.45	-	-	(22.97)	(1,888.45)
	Trade Receivable-USD	-	-	0.71	58.69	0.71	58.69
	Trade Payable -EURO	0.27	24.09	-	-	(0.27)	(24.09)
	Trade Receivable-EURO	-	-	-	-	-	-
March 31, 2022	Trade Payable -USD	89.49	6,784.27	-	-	(89.49)	(6,784.27)
	Trade Receivable-USD	-	-	1.12	84.56	1.12	84.56
	Trade Payable -EURO	-	-	-	-	-	-
	Trade Receivable-EURO	-	-	-	-	-	-

47 The Company has granted advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to its employees. Of these following are the details of the aggregate amount of loans or advances in the nature of loans granted to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

Particulars	All Parties	Promoter	Related Parties
Aggregate amount of loans/ advances in nature of loans			
- Repayable on demand	156.17	156.17	-
Percentage of loans/ advances in nature of loans to the total loans	100%	100%	0%

48 Employee Stock Option Scheme

Employee stock option plan namely "HEVPL- Employee Stock Option Plan 2021" (the "Plan") was adopted by the Board of Directors in their meeting held on September 20, 2021. As per the Plan the Company, at its discretion, may grant share options to eligible employees as per the plan. Vesting of the share options is dependent on fulfilment of performance conditions as may be specified in this regard. Employees have a graded option plan where in the fair value of share options granted is estimated at the date of grant using a Black Scholes Model of Valuation, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the share options is Rs. 248 per equity share. As discussed under the sub-section "ESOP Plan" under the Background section, the Options can only be exercised upon or in connection with the liquidity event and not otherwise.

The expense recognised for employee services received during the period/year is shown in the following table:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expense arising from equity-settled share-based payment transactions	70.64	-
Total expense arising from share-based payment transactions	70.64	-

There were no cancellations or modifications to the awards in year ended March 31, 2023

Movements during the year

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year are as follows:

Particulars	March 31, 2023		March 31, 2022	
	Number	WAEP (In Rs.)	Number	WAEP (In Rs.)
Opening Balance	-	-	-	-
Granted during the year	376,000	248.00	-	-
Exercised during the year	-	-	-	-
Closing Balance	376,000	248.00	-	-
Exercisable at the end of the year	376,000	248.00	-	-

The weighted average fair value of options granted during the period/year is Rs. 85.36 (March 31, 2022: Nil).

The exercise prices for options outstanding at the end of the period/year is Rs. 248 (March 31, 2022: Nil).

List the inputs to the models used for the three plans for the years ended March 31, 2023 :

Particulars	March 31, 2023
Weighted average fair values at the measurement date	248.00
Expected volatility (%)	23.82%
Risk-free interest rate (%)	7.16%
Average Expected life of share options (years)	2.35
Weighted average fair value (INR)	85.36
Model used	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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Hero Electric Vehicles Private Limited

Notes forming part of the Financial Statements as at and for the year ended March 31, 2023

(All amounts in Indian Rupees Lakhs, except as otherwise stated)

49 The Company has incurred loss of Rs. 16,434.78 Lakhs (including cash losses of Rs. 14,406.78 Lakhs) during the year ended March 31, 2023 and Rs. 4,072.20 lakhs (including cash losses of Rs. 3,500.22 Lakhs for the previous year ended March 31, 2022). The Company has positive net worth of Rs. 18,133.06 Lakhs as at March 31, 2023 (PY 29,288.61 Lakhs).

Further, subsequent to the year end, the Credit rating of the Company has been downgraded to "Care U" rating. Also, as described in Note 52 to the financial statement, the management is responding to the letters received by Ministry of Heavy Vehicle (MHI) relating to refund of subsidy received/subsidy claim filed.

These factors create uncertainty over the going concern assumption of the entity but do not indicate a material uncertainty on the going concern assumption on the entity. The Company's ability to continue as a going concern is dependent on its ability to raise funds as required and generation of cash flow from its operations that it needs to settle its liabilities as they fall due.

The Entity has performed a comprehensive analysis of the appropriateness of going concern assumption in light of the facts and circumstances. As of date, the Company has been making efforts to fulfil its obligations towards vendor in the best possible manner to met all its obligations payable to its vendors on due date or any other date as mutually agreed. The Company is also in process of negotiating additional credit terms with its vendors. The Board of Directors have reviewed a detailed cashflow forecast for the period until March 31, 2025 prepared by management and have considered various factors to mitigate the aforesaid uncertainties around the going concern assumption including the following:-

- Subsequent to the year end, the Company has received equity infusion from existing investors which has been primarily used to repay certain debts and other liabilities
- Signed term sheet for additional fund infusion by existing investors and Munjal Family and draft term sheet for additional fund infusion by New Investor
- Support letters from all Shareholders. These support letters indicate strong and continued support from the existing shareholders.
- Successful negotiation for the credit period with its existing vendors.

Considering the continued support from shareholders, expected (successful) negotiations with vendors and generation of above cash flows as stated above, the management strongly believe that its these mitigating factors/ strategies would have a positive effect on the entity and accordingly it is appropriate to prepare the financial statements on the going concern basis and the entity is confident that it would be able to realize its assets and settle its liabilities in the normal course of business.

50 Except for the regrouping/reclassifications mentioned below in accordance with revised schedule III of Companies Act, 2013, There are no other regroupings done during the year:-

- a) Loan given to employees of Rs. 75.79 lakhs reclassified from Other current assets to Non Current other financial assets
- b) Advance tax amounting to Rs. 89.12 lakhs reclassified from Current Tax Asset to Non Current Tax Asset
- c) Provision made for Scheme amounting to Rs. 163.66 lakhs reclassified from Trade Payable to Trade Receivable
- d) Warranty Provision amounting to Rs. 1,696.60 lakhs reclassified from Short term provision to Long term provision.

Consequent adjustments to cash flow and other disclosures has also been made.

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51 Ratio Analysis and its elements

Following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reasons of Variance if more than 25%
Current ratio	Current assets	Current liabilities	1.09	1.62	-32.64%	Due to proportionate high increase in Payables
Debt equity ratio	Total Debt (including lease liabilities)	Shareholder's Equity	1.64	0.79	107.75%	Mainly due to reduction in Equity due to loss
Debt service coverage ratio	Earnings available for debt service = Net profit after taxes + Depreciation + Finance cost + Non cash expenses - Non cash income.	Debt payments including lease payments during the year	(0.78)	(0.14)	464.37%	Due to Increase in Borrowing cost
Return on equity	Net profit after taxes	Average shareholder's equity	-64.31%	-15.14%	324.74%	Due to increase in Loss
Inventory turnover ratio	Cost of goods sold includes cost of raw material consumed, purchase of stock in trade and change in inventories of finished goods, stock in trade and work-in-progress	Average Inventory	4.41	4.03	9.51%	
Trade receivables turnover ratio	Sale of products + income from services	Average Trade receivables	25.18	82.21	-69.37%	Mainly due to increase in Trade receivables by 315% from previous Year
Trade payables turnover ratio	Purchase of stock in trade + Purchase raw material and components - cash discount	Average Trade Payables	2.86	5.50	-47.93%	Mainly due to increase in Trade payables by 188% from previous Year
Net capital turnover ratio	Revenue from operations	Working capital (Current assets - current liabilities)	11.06	3.18	247.82%	Mainly due to decrease in working capital by 57% from previous year
Net profit ratio	Net profit after taxes	Net Sales	(0.12)	(0.04)	228.17%	Due to increase in increase in Loss by 243% from previous Year
Return on capital employed (ROCE)	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + deferred tax liability	-29.42%	-4.77%	517.25%	Due to increase in increase in Loss by 243% from previous Year
Return on investment (ROI)	Income generated from investments and Fixed Deposits with Banks carried at FVTPL and amortised cost respectively	Investments and Fixed Deposits with Banks carried at FVTPL and amortised cost	7.22%	3.09%	133.71%	Mainly due to reduction in Current Investments by 97% from Previous Year.

- 52 The Faster Adoption and Manufacturing of Electric Vehicles (FAME) 2 initiative was a refinement of its predecessor, FAME 1, which offered incentives to encourage the adoption of electric two-wheelers. However, the implementation of FAME 2 brought unexpected challenges, particularly regarding localization targets for electric vehicle components. The Ministry of Heavy Industries (MHI) attempted to mitigate concerns by extending localization targets in increments, providing temporary relief to Original Equipment Manufacturing (OEMs) but failing to offer long-term clarity for suppliers to invest in localization efforts. MHI also revised the policy in 2020, increasing subsidies to stimulate customer adoption of electric vehicles, which led to a surge in sales. Subsequently, component suppliers began showing interest in investing in electric mobility. However, efforts to localize production faced setbacks due to the onset of the second wave of COVID-19 in March 2021.

Despite these challenges, the Company complied with the final PMP timelines of March 2021, but due to covid shutdown the ARAI could not certify the products for 6 to 8 months, instead gave written permission to continue to sell as per the old certificates, however only to face complications later when during the current year, the government contested their claims and demanded reimbursement of previously disbursed subsidies. Till previous year subsidy re-imbursed to the Company amounts to Rs. 13,347.98 lakhs and is being demanded back by MHI. Further, the Company has recognised receivable of Rs. 51,605.42 lakhs from MHI regarding subsidy for sales already made under FAME 2 scheme. MHI has debarred/blacklist the Company for a period of 2 years from FAME and any such schemes, bids etc vide their order dated March 11, 2024.

The Company have taken legal opinion on this matter that vindicates its stand. Basis continued discussions with authorities and legal opinion on the matter, the Company has concluded that pending final outcome on the matter, no liability devolve on the Company to refund the amount of subsidy already received. Further the outstanding amount of subsidy receivable under the FAME 2 Scheme is recoverable. The Company after exploring various legal avenues has filed writ petition in the state of Punjab & Haryana at High Court Chandigarh against the demand raised by MHI.

Accordingly no provision is required to be recorded in the financial statements for the refund of subsidy previously received or receivable in respect of subsidy.

- 53 The Company is in non-compliance of The Companies Act, 2013 provision pertaining to holding of Annual General Meeting within the prescribed time limit for the year ended March 31, 2023. The management has granted approval for extension of the time limit for next three months by Ministry of Corporate Affairs. However, the company has not filed the financials within the extended stipulated timelines as well. As per the provision, there is no process for extending the time limit beyond 3 months. Hence, No extension has been filed thereafter. Pending the outcome of such actions, the Company is confident that liability, if any, would not be material and it would be able to get the default rectified in due course.

Also, subsequent to year, the Company is in non-compliance of the Companies Act, 2013 provision pertaining to appointment of Chief Financial Officer and Company Secretary. The Company is in the process of appointing the same and to rectify the non-compliance in due course. Also, The Company is confident that liability, if any, would not be material.

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54 Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory year.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments
- (viii) The Company is not declared as wilful defaulter by any bank or financial institution.

55 Events after reporting date

Except for the events stated in Note 17 (f) and 20 B(e), There are no other events occurred after the reporting period which may impact the financial position as on March 31, 2023.

For S R Batliboi & Co. LLP -
Chartered Accountants
ICAI Firm Registration No. 301003E
E30005



per Pravin Tulsyan
Partner
Membership Number: 108044
Place : Gurugram
Date : 23-04-2024

For and on behalf of board of directors

Vijay Munjal
Director
DIN 00002782
Place: Ludhiana

Naveen Munjal
Managing Director
DIN 00084789
Place : Gurugram

Sohinder Singh
Chief Executive Officer
Place : Gurugram

Date : 23-04-2024

